FRANCHISE DISCLOSURE DOCUMENT

Legacy Franchisors, LLC
a Maine Limited Liability Company
8200 Seminole Blvd.
Seminole, FL 33772
(888) 668-8170
www.Hydrodog.com
franchising@Hydrodog.com

As a HydroDog franchisee, you will operate a mobile pet grooming business under the trademark "HydroDog" (a "HydroDog Business(es)" or "Business(es)").

The total initial investment necessary to begin operation of a HydroDog Business in one territory ranges from $51,550 to $293,200. This includes $50,000 to $52,500 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 the Franchise Administration Department, Attn: Ashby Green, Ashby@hydrodog.com, 8200 Seminole Blvd., Seminole, FL 33772 and (888) 668-8170.

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

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

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

Issuance Date: May 1, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits and 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 Exhibits "J" and "K."
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 supplies you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21, or Exhibit "A" 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 HydroDog 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 HydroDog franchisee?	Item 20 or Exhibits "J" and "K" 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 registration requirements, or to contact your state, use the agency information in Exhibit "H."

Your state also may have laws and 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 requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Florida. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Florida than in your own state.

2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

4. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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

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

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies and equipment. Personalized materials which have no value to the franchisor and inventory, supplies, and equipment not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

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

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

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

In this disclosure document, "we," "us," "our" mean Legacy Franchisors, LLC, the franchisor, and "you" or "your" means the person or entity that has been granted the right to develop one or more HydroDog franchised businesses, the franchisee. If you are an entity, "Designated Principal" means one of the individuals with an ownership interest in you who will be responsible for the day-to-day operation of the franchise, attending training, and communication with us.

The Franchisor

We are a Maine limited liability company formed on December 7, 2022. Our principal business address is 8200 Seminole Blvd., Seminole, FL 33772. We conduct business under our corporate name and HydroDog. We have offered franchises since January 2023.

We are an approved supplier of HydroDog Vehicles and subleases for our franchisees; however, we are not the exclusive approved supplier.

Other than as stated above, we are not in any other business, we do not operate businesses of the type being franchised, we have not conducted business in any other line of business and we have not offered or sold franchises in any other line of business.

Our Parent, Predecessor and Affiliates

Our predecessor, HydroDog, LLC, was a Florida Limited Liability Company established on August 21, 2014 and was located at 2861 Executive Drive, Suite 210, Clearwater, FL 33762. In December 2022, we purchased the assets of HydroDog, LLC. Our predecessor offered franchises from August 2014 to December 2022.

Except as described above, we have no parents, predecessors or affiliates that have offered franchises in other lines of business or provide products or services to our franchisees.

Our Agent for Service of Process

Our agent in Maine for service of process is Ashby Green, 239 Hunter Way, Falmouth, ME 04105. Our agent in Florida for service of process is Ashby Green, 8200 Seminole Blvd., Seminole, FL 33772. Our agents for service of process in the states that require franchise registration are disclosed in Exhibit "H."

The HydroDog Business

We and our predecessor have expended considerable time and effort developing retail businesses offering, on a mobile basis, pet grooming services (the "Products" and/or the "Services"), in a distinctive and innovative mobile environment (each a "HydroDog Business"). HydroDog Businesses utilize our distinctive and innovative vehicles and vans (the "HydroDog Vehicles") and operate in accordance with our standards and specifications (our "System Standards"). A key to the development, operation, franchising and success of the HydroDog Businesses is the use of our System. The "System" includes distinctive designs, layouts, color schemes and signs, equipment, inventory, marketing methods, service requirements, standards and specifications, products, inventory, and suppliers; rules; training and assistance; and other methods and procedures relating to the establishment and operation of a HydroDog Business.

We use, promote and license in the operation of HydroDog Businesses certain trademarks, service marks and other commercial symbols, including the trade and service mark "HydroDog" and other assorted associated logos, designs, and commercial symbols (collectively, the "Marks"). We also use, promote and license in the operation of HydroDog Businesses certain information capable of being rendered into tangible form that we claim as our copyrights, including spreadsheets, pro forma documents, forms, marketing materials, manuals, pricing lists, vendor lists, product and service offering menus, formulas, advertisements, our website, and any other written materials, marketing materials or advertisements (including the look, compilation, feel and content of them) (collectively, the "Copyrights").

Each HydroDog Business operates on a mobile basis using the HydroDog Vehicle within a defined geographic area ("Territory") within which it must confine its operations and must provide only the products and services we designate or approve in accordance with our System and using our Marks and Copyrights. The HydroDog Vehicle must be acquired from us or our Approved Supplier and must be the make, model and year we specify. Furthermore, it must be outfitted and painted in the colors, specifications and manner we specify. Depending on the population of your Territory, you may be required to add additional HydroDog Vehicles in accordance with a schedule as set forth in the Franchise Agreement.

Our Franchise Program

We grant to qualified individuals or entities, who are prepared to make the necessary investment and effort, a franchise to operate a HydroDog Business within a geographic area that we approve (the "Franchise"). HydroDog Businesses operate under the Marks and under the System. Our current form of Franchise Agreement is attached as Exhibit "B" (the "Franchise Agreement"). If you are a corporation, limited liability company or limited partnership (a "Business Entity"), your owners will sign our principal owner's guaranty (the "Principal Owner's Guaranty") our current form of which is attached to the Franchise Agreement as Exhibit "B." If you are an individual owner/operator, you must be trained as a professional dog groomer through either: (i) an approved certification program, (ii) an apprenticeship program of not less than one (1) month and not more than three (3) months, or (iii) attendance at a third-party dog grooming academy or school that we approve, prior to attending our Initial Training.

Competition

The mobile pet grooming and pet supply market is a moderately well-developed market, and includes other franchise competitors. You will compete with national chains and franchise systems, such as pet grocery stores, groomers, and veterinarians, as well as regional chains, small local businesses, and internet/mail order companies that sell grooming products, pet accessories and related items. The primary market for the products and services you will offer are pet owners looking for convenient pet grooming services. Your services will be offered to the general public, to individual consumers, for on-site service and delivery. Your HydroDog Business may be seasonal and business volume may depend on the weather in your Territory.

Regulations

You must comply with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation those relating to: (i) health and sanitation, (ii) pet grooming and animal welfare, (iii) commercial vehicle operation and maintenance, (iv) workplace safety, and (v) any other requirements that apply to mobile pet grooming businesses. You must comply with all applicable state and local certification, licensing, and registration requirements for pet grooming businesses. Many states and localities have specific requirements for pet grooming businesses. You should investigate whether any of these certification or registration requirements will apply to your HydroDog Business. You must comply with all applicable federal, state, and local truth in labeling laws and regulations. Additionally, every state has enacted laws, rules, regulations and ordinances which may apply to the operation of a HydroDog Business,

including those which: (a) regulate matters affecting the health, safety and welfare of your customers and their pets, such as general health and sanitation requirements, restrictions on smoking in work spaces, and availability of and requirements for public accommodations or restrooms for your workers; (b) set standards pertaining to employee health and safety; and (c) set standards and requirements for fire safety and general emergency preparedness. You must comply with laws regulating sexual harassment and discrimination, as well as, federal, state and local regulations concerning retail business practices. You will also be required to comply with immigration and social security laws regarding the personnel you hire.

Before you buy a franchise, you should investigate these regulations and other laws that may be applicable to your business. You should consider their impact on your business and any increased cost of doing business.

ITEM 2
BUSINESS EXPERIENCE

Chief Financial Officer and Co-Founder: Ashby Green

Ashby is our Chief Financial Officer and has served in that position since January 2024. Ashby served as our Chief Executive Officer from December 2022 to January 2024. Since October 2016, Ashby has served as the founder of Gazelle Capital in Tampa, FL. Since January 2017, Ashby has also served as an adjunct professor with the University of Tampa in Tampa, FL. From February 2021 to October 2022, Ashby was the Chief Financial Officer for SOMA Global in Tampa, FL. From December 2019 to December 2021, Ashby was a Member on the Board of Directors for US Federal Contractor Registration in Tampa, FL. From May 2019 to December 2019, Ashby was an Entrepreneur in Residence/Growth Catalyst for Warren Averett in Tampa, FL. From November 2017 to December 2018, Ashby was an Advisor for KineticFuse in Tampa, FL. From November 2016 to December 2018, Ashby was a financial advisor for The Penny Hoarder in Tampa, FL. Ashby also serves on the Board of Directors with Tradebank International Franchising Corporation in Canton, GA.

Chief Executive Officer and Co-Founder: Kylee Hudson

Kylee is our Chief Executive Officer and has served in that position since January 2024. From January 2023 to December 2023, Kylee served as our Chief Growth Officer. From November 2020 to March 2023, Kylee as a franchise sales broker with the Franchise Brokers Association. From May 2019 to December 2022, Kylee was the owner of Hudson Hounds, LLC a franchisee with our predecessor in Nebraska, Iowa and Tennessee. Since 2013, Kylee has been an owner of AKH, LLC in Omaha, Nebraska which has owned SNAP Fitness, 9Round and Mosquito Shield franchises.

Chief Growth Officer: Tim Schoenfelder

Tim is our Chief Growth Officer and has served in that position since January 2025. Since March 2023, Tim has been an owner of Zoom Room Dog Training in Overland Park, Kansas. Since June 2014, Tim has been the owner of Heart of America Invisible Fence in Overland Park, Kansas. Since March 2013, Tim has served as a Business Coach and Consultant with TS Management, LLC in Knoxville, Tennessee. From June 2024 to November 2024, Tim was the Chief Executive Officer for Bar K Dogbar in Kansas City, Missouri. From January 2013 to March 2023, Tim served as the Founder and Chief Executive Officer for easyvet in Knoxville, Tennessee. From February 2008 to September 2020, Tim was the owner of Invisible Fence of Tennessee Valley in Knoxville, Tennessee.

Director of Accounting: Alexander Malm

Alexander is our Director of Accounting and has served in that position since January 2025. Since May 2021, Alexander has been the owner and accountant with Gazelle Collaborative in St. Petersburg, Florida. From January 2020 to November 2021, Alexander was an accountant with USFCR in St. Petersburg, Florida. From March 2019 to May 2021, Alexander was an accountant with Gazelle Capital in St. Petersburg, Florida.

Franchise Training Coordinator: Leslie Ann Bennett

Leslie is our Franchise Training Coordinator and has served in that position since April 2025. Since July 2023, Leslie has also operated as our franchisee in Lake Charles, Louisiana as an operator/groomer. From August 2022 to July 2023, Leslie was the manager/groomer for Doggie Styles Pet Salon in Westlake, Louisiana. From June 2021 to July 2023, Leslie was the owner of Gumbeauxs Dog Cuts in Lake Charles, Louisiana. From August 2019 to June 2021, Leslie was a homemaker.

Franchise Coach: Patrick Mourar

Patrick is our Franchise Coach and has served in that position since January 2025. From January 2023 to December 2024, Patrick served as our Chief People Officer. Since March 2020, Patrick has also served as a Legacy Franchisors, LLC franchisee in Washington. From 2015 to March 2021, Patrick was the owner of a 9Round fitness franchise in Washington.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you sign your franchise agreement, you must pay us an Initial Franchise Fee ("Franchise Fee") of $40,000 for a Territory with a population of up to 150,000. The Franchise Fee is uniform, due in lump sum, and fully earned and non-refundable upon payment.

U.S. Veterans' Discount

If (i) you are a veteran, (ii) your spouse is a veteran or on active duty, (iii) your biological mother or father is a veteran or on active duty, (iv) your spouse's biological mother or father is a veteran or on active duty, (v) your child is a veteran or on active duty, or (vi) the shareholders, members, or partners owning at least 51% of franchised business are veterans then we will discount our initial franchise fee for your first HydroDog franchise by 15%. This discount applies solely to the Franchise Fee for your first franchise and does not apply to any Additional Territory Fees, subsequent franchise purchases, or any other fees or charges under the Franchise Agreement. "Veteran" means honorably discharged from the U.S. Army, Navy,

Air Force, Marines, Coast Guard or SpaceForce and can provide proof of veteran or military status by providing a DD214 or military orders. A child is defined as a biological child or a legally adopted child.

Additional Territory Fee

You may purchase additional territory rights for areas with populations of up to 50,000 each for an additional fee of $15,000 per additional territory ("Additional Territory Fee"). The Additional Territory Fee shall not be prorated if the population of the additional territory is less than 50,000. The Additional Territory Fee is uniform, due in lump sum, and fully earned and non-refundable upon payment.

Grand Opening Marketing

When you sign your franchise agreement, you must pay to us a non-refundable grand opening marketing fee of $5,000 per HydroDog Vehicle you intend to operate within the Territory. We will use this grand opening marketing fee to perform your grand opening marketing. The grand opening marketing fee is uniform, due in lump sum and is fully earned and non-refundable upon payment.

Initial Tools Package

If you possess less than 5 years of grooming experience and/or you are not a certified groomer, you are required to pay us a fee of $2,500 for your Initial Tools Package. The Initial Tools Package will be customized for each franchisee based on the tools needed. The Initial Tools package is due in lump sum and is fully earned and non-refundable upon payment.

Initial Training Fee

When you sign your franchise agreement, you must pay us an Initial Training Fee ("Initial Training Fee") of $5,000. The Initial Training Fee is uniform, due in a lump sum and is fully earned and non-refundable upon payment.

ITEM 6
OTHER FEES

Name of Fee[(1)]	Amount[(4)]	Due Date	Remarks
Royalty Fee	7% of Gross Sales per week or $250 per week per Territory, whichever is greater	Payable on Monday of each week (the "Payment Day") for the previous week's Gross Sales. [(3)]	Your first Royalty payment is due on the first Monday following your first week of business operations. Paid via automatic funds transfer (ACH). May be increased annually based on changes in the Consumer Price Index for All Urban Consumers (CPI-U), as published by the U.S. Department of Labor, or its successor index.
Marketing Fund Fee	2% of Gross Sales.	Payable at the same time and in the same manner as the Royalty	The Marketing Fund Fee will be used for system-wide national or regional marketing activities, as we determine in our sole discretion, to promote and build the HydroDog brand. We maintain sole control over the Marketing Fund and all decisions regarding the use and distribution of Marketing Fund contributions.

Name of Fee[1]	Amount[4]	Due Date	Remarks
Technology Fee	A Technology Fee of $150 per month plus $99 per month for each HydroDog Vehicle	Payable on the 1st day of each calendar month	The Technology Fee includes, but is not limited to, website listing, data hosting, scheduler, customer relationship management (CRM), workflows, virtual assistant technology, and learning and development platforms. We reserve the right to modify, add, or remove technology services as business needs evolve, in our sole discretion, and you agree to comply with all such modifications and additions, including paying any associated increased fees. Fees may be payable to us or directly to vendors.
Additional HydroDog Vehicle Marketing Fee	$5,000 per HydroDog Vehicle	Upon demand	For each HydroDog Vehicle you acquire for use in the Territory, you must pay us an additional marketing fee of $5,000 for use in your Territory.
Paragon Training Fee	The then current fee, currently $999 per program	As incurred	Payable to our approved vendor if you elect to utilize our approved supplier for grooming training.
Transfer Fee	$20,000 per Territory sold plus any related broker fees	Payable upon approval of transfer.	If you sell your franchise to a prospect, we shall be entitled to a commission. The rate, terms, and conditions of this commission will be outlined in a separate agreement, and you will be required to pay this commission upon the transfer of the franchise (subject to state law).
Encroachment Fee	$1,000 for each instance	Upon demand	If you provide any services to customers in another franchisee's territory without permission you shall pay an encroachment fee of $500 to us and $500 to the franchisee who owns the territory.
Renewal Fee	$20,000	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Customer Sales Center Fee	Currently $0 - $99	If implemented, monthly	We may establish, at our discretion, a centralized call center and online booking system (the "Customer Sales Center") to process all orders for services or products.

Name of Fee[1]	Amount[4]	Due Date	Remarks
Customer Account Transfer Fee	An amount agreed upon by the parties	As Agreement	If a customer account is identified by us as belonging to the territory of another franchisee, and you desire to provide services or products to such customer account, you may submit a written request to such other franchisee, with a copy of such written request provided to us, to purchase from the other franchisee the rights to provide services or products to the customer account. The other franchisee shall have no obligation to sell the customer account to you. In the event the other franchisee desires to sell the rights to the customer account to you, then the other franchisee shall respond to you in writing of such acceptance of your offer, and you shall pay such other franchisee a customer account transfer fee in an amount that shall be mutually agreed by both parties.
Additional On-Site Training or Assistance	Our then current fee, currently $500 per trainer, per day (plus travel and living expenses)	As incurred	Included with the Franchise Fee is the training detailed in Item 11. We charge this fee if we require or you request, and we agree to provide additional on-site training or opening team training. You are also required to pay to us all expenses we incur for travel, lodging, meals and other expenses and costs we incur associated with providing additional on-site training.
Audit Expenses	Cost of inspection or audit, plus travel.	On demand	Payable only if you fail to furnish reports, supporting records or other required information or you under report Gross Sales by 2% or greater.
Interest	2% per month or maximum allowable by law.	As incurred	Payable on all overdue amounts.
Late Payment Fee	10% of the amount due, or the maximum allowable by law	As incurred	Payable on all amounts paid after the date such payment is due.
Insufficient Funds	$50	As incurred	If any payment from you to us does not successfully convey due to insufficient funds, stop payment instructions, or any similar event, you must pay us an insufficient funds fee.
Insurance	Reimbursement of our costs plus a $500 administrative fee	On demand	We may (but are not required to) obtain insurance coverage for your HydroDog Business if you do not do so.

Name of Fee[1]	Amount[4]	Due Date	Remarks
Temporary Management Fee	$0-$400 per day, plus expenses	If incurred	We are permitted to step in and operate your HydroDog Business in certain circumstances, such as default, death, disability or prolonged absence.
Non-Compliance Fee	$250 for the first non-compliance for which we give you written notice; $500 for the second; $750 for the third and subsequent.	If incurred	Payable upon your failure to comply with our System standards and requirements. This fee is in addition to, and not in lieu of, all other rights and remedies we have under the Franchise Agreement, including our right to terminate the franchise for repeated or uncured violations. This fee will only be charged if you fail to comply with our System standards and requirements and fail to cure such failure within the stated cure period.

Explanatory Notes

1. All fees paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer ("EFT") or other similar means. You are required to complete our then-current, EFT authorization. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. "Gross Sales" are defined in the Franchise Agreement as all revenue you derive from operating the Business, including, but not limited to, all amounts you receive at or away from the HydroDog Vehicle from any Services, Products or activities whatsoever including any that are in any way associated with the Marks, Copyrights or System, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding: (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (2) customer refunds, adjustments, credits and allowances actually made by your HydroDog Business, provided that such refunds, adjustments, credits and allowances are documented and verifiable.

3. We will designate the day of the week (the "Payment Day") the payments are due. Currently, Payment Day is Monday of each calendar week for the previous week. If the Payment Day falls on a national holiday, the payment is due on the first weekday following the national holiday. We require you to pay all payments due us by electronic funds transfer. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Payment Day, you will report to us by telephone, internet, intranet or electronic means or on written form, as we direct, your HydroDog Business' true and correct Gross Sales for the immediately preceding week. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure [1]	Estimated Amount or Estimated Low – High Range		Method Of Payment	When Due	To Whom Payment is To Be Made
Franchise Fee [2]	$40,000	$40,000	Lump Sum	At the time of signing Franchise Agreement	Us
HydroDog Vehicle[3]	$1,000 (leased) $105,000 (purchased)	$2,500 (leased) $155,000 (purchased)	Monthly	Monthly	Approved Supplier
HydroDog Vehicle Delivery[3]	$0	$5,000	Lump Sum	By agreement with us or dealer	Third Party
Grand Opening Marketing (Per HydroDog Vehicle) [4]	$5,000	$5,000	Lump Sum	At least 60-days before opening	Us
Initial Tool Package [5]	$0	$2,500	Lump Sum	At the time of signing Franchise Agreement	Us
Construction, Improvements for home office	$0	$1,000	As Agreed	By agreement with provider	Lessors, Contractors, Subs
Professional Fees (lawyer, accountant, etc.)	$0	$3,500	As Agreed	By agreement with provider	Third Parties
Computer System	$0	$1,500	Lump Sum or As Agreed	By agreement with provider	Third Parties
Office Equipment	$0	$2,500	Lump Sum or As Agreed	By agreement with provider	Third Parties
Utility Deposits	$0	$750	Lump Sum	As Incurred	Third Parties
Insurance (monthly premium)	$250	$750	Lump Sum or As Agreed	As Incurred	Third Parties
State and local business licenses, permits, filing fees, etc.	$300	$700	As Required	As Incurred	Third Parties
Grooming School costs [6]	$0	$20,000	As Agreed	By agreement with provider	Third parties
Initial Training Fee [7]	$5,000	$5,000	Lump Sum/As required	As Incurred	Us
Additional Funds - 3 months [8]	$0	$50,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (with leased HydroDog Vehicle) [9]	**$51,550**	**$140,700**			

Type of Expenditure [1]	Estimated Amount or Estimated Low – High Range		Method Of Payment	When Due	To Whom Payment is To Be Made
TOTAL ESTIMATED INITIAL INVESTMENT (with purchased HydroDog Vehicle) [9]	**$155,550**	**$293,200**			

NOTES:

1. All payments and fees due to us or our affiliates in this Item are non-refundable under any circumstances, including if you do not open for business or terminate the franchise relationship. Payments to third parties may be refundable if you and the third party agree to allow for a refund. The availability and terms of financing for third parties will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan.

2. The Franchise Fee is due when you sign the Franchise Agreement and is not refundable. The estimate is based upon a territory with a population of up to 150,000. You may purchase additional territory rights for areas with populations of up to 50,000 each for an additional fee of $15,000 per additional territory.

3. Currently you must lease or purchase the HydroDog Vehicle from an approved supplier. Your HydroDog Vehicle must be outfitted and wrapped in the colors, specifications and manner we specify. The low-end estimate assumes will lease the required HydroDog Vehicle for the business. The high-end estimate assumes you purchase the HydroDog Vehicle with certain fees and costs payable upon signing the purchase agreement and assumes that you have good credit. If you choose to lease the HydroDog Vehicle, the estimate for payments in the chart above does not include any deposit. You must maintain one (1) HydroDog Vehicle for every 100,000 population (or fraction thereof) in your Territory. If additional vehicles are required based on population, you must add each required additional HydroDog Vehicle within 6 months after commencing operations or within 6 months of any population increase that triggers the requirement for an additional vehicle. Failure to add required vehicles within these timeframes will constitute a default under the Franchise Agreement.

4. When you sign your franchise agreement, you must pay to us a non-refundable grand opening marketing fee of $5,000 per HydroDog Vehicle you intend to operate within the Territory. We will use this grand opening marketing fee to perform your grand opening marketing. The grand opening marketing fee is uniform, due in lump sum and is fully earned and non-refundable upon payment.

5. If you have less than 5 years' experience in grooming and/or you are not a certified groomer, you will pay us $2,500 for your Initial Tools Package. The Initial Tools Package will be customized for each franchisee based on the tools needed. The Initial Tools package is due in lump sum and is fully earned and non-refundable upon payment.

6. If you are not already a dog groomer, you must hire a lead groomer and complete our designated online grooming training program prior to Initial Training. The cost of the online training program is estimated to range between $1,000 and $3,000. If you are already a dog groomer, you must complete and pass a skills assessment administered by us prior to Initial Training. If you fail to meet our standards in the skills assessment, you will be required to attend a dog grooming academy of our choosing at your expense prior to Initial Training.

7. The Initial Training Fee covers our expenses in providing training to you. If you choose to bring additional trainees then you will incur an additional Initial Training Fee per person. You will still be responsible for your travel and living expenses. Any training required beyond the initial training will be at your expense and will incur additional fees.

8. Additional Funds is an estimate of the funds needed to cover business (not personal) expenses during the first 3 months of operation of your HydroDog Business. You will need capital to support on-going costs of your business. New businesses (franchised or not) often have larger expenses than revenues. As with most businesses, your costs will depend on factors such as how much you follow our recommended systems, your technical, marketing and general business skills, local economic conditions, the local market for your business, competition, local cost factors, location and the sales levels achieved by you. This is only an estimate, and we cannot guarantee that the amounts specified will be adequate. You may need substantial additional funds during the 3 months of initial operation or afterwards. The 3 month period from beginning business covers the time by which most Franchisees are fully in operation but does not mean that you will have reached "break-even" or any other financial position by that time. In addition, the estimates presented relate only to costs associated with your HydroDog Business and do not cover any personal, "living" or other expenses you may have. We've based this estimate of Additional Funds on our experience and that of our predecessor.

9. Total costs to begin operations and other financial requirements may be more or less than the figures specified above, as a function of the size of business (staff, anticipated volume of business, etc.) which you intend to operate, the area in which you intend to operate and other factors, as mentioned above. Many of these factors are primarily under your control in your independent operation of your HydroDog Business. You should review these figures carefully with a business advisor (such as an accountant) before making any decision to purchase the franchise. We've based this estimate of Additional Funds on our experience and that of our predecessor.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

System Standards

To protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate the HydroDog Business in strict conformance with our System standards, including the methods, standards, and specifications we prescribe from time to time in the Manual or otherwise in writing. The System standards may relate to any aspect of the appearance, function, cleanliness, and operation of the HydroDog Business.

Suppliers

You must purchase the products, supplies, equipment, and services that you use or sell in the HydroDog Business in accordance with our specifications and quality standards and, if applicable, only from suppliers we have designated or approved (which may include us or our affiliates). You will at all times maintain a complete inventory of approved items and supplies necessary for operating your HydroDog Business and providing services to customers.

If we require you to use an approved supplier for a particular item, but you wish to purchase the item from a supplier that we have not approved, you may submit a written request for approval of the supplier, unless it is an item for which we have designated a particular vendor as the source for the particular product or service. We will provide our standards and specifications to you or to the proposed supplier, subject to the supplier's execution of a confidentiality agreement in a form acceptable to us. We have the

right to inspect the proposed supplier's facilities and to require delivery of product samples either to us or to an independent laboratory designated by us for testing. You may be required to pay a fee, which will not exceed our reasonable costs incurred in evaluating the supplier, regardless of whether or not we approve the supplier. You may not purchase, sell, or offer for sale any products or services of the proposed supplier until you receive our written approval of the proposed supplier. We will notify you of approval or disapproval of the proposed supplier within 30 days after receiving your request and completion of evaluation and testing, if required. Our failure to respond within this timeframe shall not constitute approval of the proposed supplier. You may not sell or offer for sale any products or services of the proposed supplier until you receive our written approval.

We have the right to revoke approval of particular suppliers if we determine that the suppliers or their products or services no longer meet our standards. Upon receipt of written notice of revocation, you must stop buying from the disapproved supplier. In addition, if we revoke our approval of the products because they fail to meet our standards, you may be required not to use your remaining inventory of those products.

As of the issuance date of this disclosure document, we are the only approved supplier for the Initial Tools Package. We are also an approved supplier of HydroDog Vehicles and subleases for HydroDog Vehicles. We reserve the right to designate ourselves as an approved supplier, or as the only approved supplier, for additional particular products and services in the future.

We and our affiliates may receive rebates or other consideration from unaffiliated suppliers with respect to their sales of products or services to you or other HydroDog franchisees, whether or not the product or service is presently mentioned in this Item. We have negotiated agreements with Groomer's Choice and Evan's Apparel whereby each will pay us a 15% rebate on purchases made by our franchisees. These rebates will be retained by us to offset our costs of operating the franchise system and will not be shared with franchisees. However, as of the issuance date of this disclosure document and for our fiscal year 2024, no rebate amounts have been paid to us under these agreements, and we and our affiliates had not established any other rebate programs.

Except for Legacy Franchisors, LLC, none of our officers or directors owns an interest in any suppliers of products or services to our franchisees. In our last fiscal year, we and our affiliates did not receive any rebates or payments from approved suppliers on account of franchisee purchases or leases of required and approved items from those suppliers.

There currently are no purchasing or distribution cooperatives for the System. We and our affiliates negotiate purchase arrangements with suppliers (including price terms) for the benefit of our franchisees and our affiliates for the items and services that you may obtain only from approved suppliers. In doing so, we and our affiliates seek to promote the overall interests of the HydroDog Businesses system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

Lease

If you intend to lease the vehicle for your HydroDog Business from a vendor other than our approved vendor, you are required to submit the proposed lease to us for approval prior to signing it.

Furnishings, Fixtures and Equipment

We have identified a specific recommended brand and model for many of the furnishings, fixtures and equipment items required to equip a HydroDog Business. You must purchase these items only from approved suppliers, which may include us or an affiliate. We may negotiate with vendors for the price,

warrantees, guarantees, delivery costs, maintenance contracts, etc. We do not represent that we will be able to obtain for you the lowest costs or best terms available.

HydroDog Vehicle

You must purchase or lease all HydroDog Vehicles to be used in the operation of your HydroDog Business from us, our affiliate, or our designated supplier.

Point-of-Sale System and Other Computer System Requirements

You must purchase a point of sales system and certain other components of the Computer System (including software and other technology provided as part of the Technology Fee) from the suppliers that we designate from time to time. Other components of your Computer System may be purchased from suppliers of your choice and expense; however, the components must strictly adhere to our standards and specifications.

Insurance

You will be required to procure and maintain insurance in the amounts we prescribe. You agree to provide us with proof of coverage within 10 business days of our request, in the form of a certificate of insurance or other evidence satisfactory to us.

Currently we require the following insurance: general liability ($1,000,000/$2,000,000) with pet groomer professional liability coverage, animal bailee ($5,000), commercial automobile ($1,000,000) with uninsured motorist coverage (HydroDog Vehicle) and Worker's Compensation where necessary.

All insurance policies, except your workers compensation and commercial property liability policies, must contain, or be endorsed to contain, a provision naming us and our related entities as an additional insured. Specifically, with respect to liability arising from your premises, operations, products, and completed operations, the general liability policy should include an additional insured – grantor of franchise endorsement.

All required insurance policies, except for your Workers' Compensation policy, must be written by insurance companies with a rating of A-VIII (eight) or better in the most recent A.M. Best's Insurance Report (or other comparable publication we specify). Workers' Compensation policies can be issued by insurance companies with a policyholder rating of B plus (B+) or better. Insurance coverage requirements are more specifically set forth in the Manual and are subject to change from time to time. We may require that you obtain all or a portion of your insurance policies from a supplier designated by us.

Currently, the purchases and leases that you must make from us or our affiliates, from approved suppliers, or according to our System Standards represent approximately 70%-100% of your total purchases and leases in establishing, and approximately 80% of your total purchases and leases in operating, your HydroDog Business.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/ lease	2.1, 2.3, 4.1, 4.3 and 5.1	Items 7, 11 and 12
b. Pre-opening purchases/leases	2.3, 4.3, 5.1, 5.2, 5.3, 5.4 and 6.4	Items 5, 6, 7, 8, 11 and 16
c. Site development and other pre-opening requirements	2.1, 2.3, 4.1, 4.3, 5.7, 6.4, 7.1 and 7.3	Items 6, 7 and 11
d. Initial and ongoing training	6.5, 7.1, 7.2 and 7.3	Item 11
e. Opening	5.1, 5.2 and 5.7	Item 11
f. Fees	6.1, 6.2, 6.3, 6.4, 6.5, 6.8, 6.9, 6.10 and 6.15	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manuals	5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 6.13, 8.2, 9.2, 11.1, 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9, 11.1 and 11.12	Item 11
h. Trademarks and proprietary information	8.1, 8.2, 8.3, 8.4, 9.1, 9.2 and 9.3	Items 13 and 14
i. Restrictions on products/services offered	5.3, 5.4, 11.2 and 11.11	Items 11 and 16
j. Warranty and customer service requirements	5.5	None
k. Territorial development and sales quotas	2.1	Item 12
l. On-going product/service purchases	5.2, 5.4, 11.2 and 11.11	Item 8
m. Maintenance, appearance and remodeling requirements	11.2 and 11.4	Items 11 and 17
n. Insurance	6.14, 11.2, 19.1, 19.2, 19.3 and 19.4	Items 7 and 8
o. Advertising	12.1, 12.6, 12.8, 12.9 and 12.10	Items 6, 7 and 11
p. Indemnification	18.4	Item 6
q. Owner's participation/ management/staffing	1.3, 7.1 and 11.12	Items 11 and 15
r. Records and reports	11.2, 11.6, 13.1 and 13.2	Item 11
s. Inspections and audits	14.1 and 14.2	Items 6 and 11
t. Transfer	15.1, 15.2, 15.3, 15.4, 15.5 and 15.8	Items 6 and 17
u. Renewal	3.1, 3.2 and 3.3	Items 6 and 17
v. Post-termination obligations	17.1, 17.2, 17.3, 17.4, 17.5 and 17.6	Item 17
w. Non-competition covenants	10 and 17.4	Item 17
x. Dispute resolution	21.1, 21.2, 21.3, 21.4, 21.5, 21.6, 21.7, 21.9, 21.10, 21.11, 21.12, 21.13, 21.14, 21.15, 21.16 and 21.17	Item 17

ITEM 10
FINANCING

Parameter	Initial Franchise Fee and for additional territories
Item Financed ([1])	Up to 50% of the Initial Franchise Fee
Source of Financing	Us
Down Payment	$20,000
Amount Financed	Up to 50%
Interest Rate/Finance Charge	8% per annum (including finance charges)
Period of Repayment	60 months
Security Required	Personal Guarantee
Whether a Person Other than the Franchisee Must Personally Guarantee the Debt ([2])	If the franchisee is an entity, its owners must personally guarantee the debt
Prepayment Penalty	None
Liability Upon Default	Accelerated obligation to pay the entire amount due, pay our court costs and attorney fees incurred in collecting the debt, and termination of the franchise.
Waiver of Defenses or Other Legal Rights	Waiver of right to a jury trial; homestead and other exemptions; waiver of presentment, demand, protest, notice of dishonor.
Intent to Sell ([3])	There is no intent to sell, assign or factor the debt to a third party.
Consideration for placement of financing ([4])	None

Notes:

1. We may, at our sole discretion, provide financing to you. We do not require that anyone other than you personally guarantee the note.
2. We do not guarantee your notes, leases, or financial obligations.
3. We do not have any past or present practice to sell, assign, or discount to any third party, any note, contract, or other instrument signed by you, but we reserve the right to do so.
4. We do not receive any direct or indirect payments or other consideration for placing financing.

Except as stated above, we do not offer direct or indirect financing. We do not guarantee your note, lease or other obligation.

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

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

Pre-Opening Obligations: Before you open your HydroDog Business:

1. Before you purchase your HydroDog Business, you and we shall jointly agree on a Territory in which you will operate your HydroDog Business. As you will be operating a mobile business, we expect that you will run your HydroDog Business from a home office, and we will not review or approve the location of your office. You will need to secure sufficient parking for your HydroDog Vehicles. We will not review or approve your parking accommodations. (Franchise Agreement, Section 4.1).

2. We will sell and deliver the items in your Initial Tools Package which will contain the equipment, inventory and materials needed, minus your truck, to start your HydroDog Business. Currently, we are the only Approved Supplier of the Initial Tools Package. (Franchise Agreement, Section 6.4).

3. We will identify the other equipment, hardware and software (the "Operating Assets"), products, services, materials, inventory, equipment, uniforms, apparel, supplies and signs, emblems, lettering, logos and display materials, advertising, vehicle wraps, and financial and accounting services, necessary for the Business to begin or sustain operations (collectively, the "Business Materials"), the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). We do not install or deliver the Operating Assets or Business Materials. (Franchise Agreement, Section 5.2)

4. We will provide you with access in text or electronic form to our Manuals during the term of your Franchise Agreement. As of the date of this disclosure document, the Manuals contain a total of 171 pages. A copy of the Table of Contents to the Manuals is attached to this disclosure document as Exhibit "G." (Franchise Agreement, Section 11.1).

5. Before the Business opens, we will provide to you and any person owning at least 20% of you and that plans to work in the Business at least 50% of the time, our Owner/Manager Training, including online HydroLink training. (Franchise Agreement, Section 7.1).

Time To Opening

We estimate that there will be an interval of approximately 3 to 12 months between the signing of the Franchise Agreement and the opening of your HydroDog Business; however, you must be open and operational within 30-days after receipt of your HydroDog Vehicle. Factors that may affect the time period include HydroDog Vehicle and equipment availability,shipping delays, custom orders, your ability to obtain financing, obtain business permits and licenses, schedule initial training, take delivery of required equipment, and hire employees.

We do not require that you purchase all HydroDog Vehicles at the time of signing your franchise agreement if you own multiple Territories; however, you must acquire each vehicle through us or our approved suppliers no later than 9-months after receipt of the previous HydroDog Vehicle.

You may not open your HydroDog Business for business until: (1) we approve your HydroDog Business as developed according to our specifications and standards; (2) training has been completed to our satisfaction; (3) the Franchise Fee has been paid to us, subject to state law; (4) the HydroDog Vehicle has been acquired; (5) the Initial Tools Package has been received; (6) we have approved the managers of your HydroDog Business if you are a Business Entity, and you have demonstrated to our satisfaction that the pre-opening conditions of the Franchise Agreement have been met; (7) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums we request; (8) we have received signed counterparts of all required documents pertaining to your acquisition of the HydroDog Vehicle. (Franchise Agreement, Section 5.8) You obtain our approval for and open your HydroDog Business within 30 days after receipt of your HydroDog Vehicle, unless there are unforeseen circumstances or factors beyond your control, in which case an extension may be granted at our discretion. (Franchise Agreement, Section 5.1) We may terminate the Franchise Agreement if you fail to open in the time required, unless an extension has been granted. (Franchise Agreement, Section 16.2)

Post-Opening Obligations: During your operation of your HydroDog Business, we will:

1. Advise you from time to time regarding the operation of your HydroDog Business based on reports you submit or inspections we make. In addition, we will provide guidance to you on standards,

specifications and operating procedures and methods utilized by the HydroDog Businesses; purchasing required equipment, signs, products, materials and supplies; inventory practices and purchasing practices; use of suppliers and approved products and supplies sales, pricing policies and the like; employee, and management training; and administrative, bookkeeping and accounting procedures This guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at the HydroDog Business or elsewhere. (Franchise Agreement, Section 7.5).

2. Loan you one copy of the Operations Manuals (or make the Manuals available on-line or via other electronic format), consisting of such materials (which may include audiotapes, videotapes, magnetic media, computer software and written materials) that we generally furnish to franchisees for use in operating HydroDog Businesses. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules ("System Standards") that we prescribe from time to time for operation of HydroDog Businesses and information relating to your other obligations under the Franchise Agreement and related agreements. (Franchise Agreement, Section 11.1).

3. Issue, modify and supplement System Standards for your HydroDog Business. These may establish minimum or maximum prices to the extent permitted by law. We may periodically modify System Standards, which may accommodate regional or local variations as we determine or to comply with applicable laws, rules and regulations, and these modifications may obligate you to invest additional capital in the HydroDog Business and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Agreement. (Franchise Agreement, Section 11.3).

4. As may be permitted by law, inspect and observe, photograph and videotape the operations of HydroDog Businesses, remove samples of any products, materials or supplies for testing and analysis, interview HydroDog Businesses' customers and personnel, and inspect and copy any books, records and documents relating to the operation of your HydroDog Business from time to time to assist you in complying with the Franchise Agreement and all System Standards. (Franchise Agreement, Section 14.1).

5. Provide ongoing training as described later in this Item (Franchise Agreement, Section 7).

Marketing Fund

We currently have a national marketing fund (the "Marketing Fund") for the common benefit of HydroDog franchisees. You currently must contribute 1% of your Gross Sales to the Marketing Fund in the manner we prescribe and participate in Marketing Fund program. We reserve the right to increase your Marketing Fund contribution to up to 2% of Gross Sales upon thirty (30) days' written notice to you. Franchisor and affiliate owned locations will contribute to the Marketing Fund on the same basis as franchisees. (Franchise Agreement, Section 12.1). The monies collected will be separately accounted for on our books and records. These sums are used for the benefit of all franchisees in order to promote and enhance the value of the System. We are not obligated, in administering the Marketing Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund.

As the Franchisor, we maintain a National Marketing Program through the Marketing Fund to promote brand awareness and generate leads for all franchisees. We will direct all marketing programs financed by the Marketing Fund and will have sole discretion over the creative concepts, materials, and endorsements used and the geographic market and media placement and allocation. We will use an in-house advertising department, or national or regional advertising agencies. The Marketing Fund may be used to pay the costs of conducting marketing surveys and research; employing a public relations firm; preparing and producing video, audio, and written marketing materials;: (1) professionally designed social media graphics, templates, and national content calendar management; (2) targeted digital advertising on

platforms such as Meta (Facebook & Instagram), TikTok, and Google to drive appointment bookings and local business growth; (3) email & SMS marketing campaigns managed at the national level to enhance customer retention and engagement; (4) print marketing support, including flyers, banners, and promotional materials for local marketing needs; (5) influencer marketing initiatives featuring collaborations with pet influencers to enhance brand recognition and engagement; (6) special promotions tied to events such as National Dog Day and Adopt-a-Pet Month to generate higher visibility and bookings; (7) administering multi-regional marketing programs including, without limitation, purchasing television, radio, magazine, billboard, newspaper, and other media advertising; (8) employing advertising agencies; (9) providing marketing materials to franchises; and (10) holding conventions and regional meetings for franchisees.

The Marketing Fund will furnish you with approved marketing materials on the same terms and conditions as we furnish these materials to our other franchisees. The Marketing Fund will not use more than 5% for advertising that is principally a solicitation for the sale of franchises. We do not anticipate using over 20% for the above administrative items.

Under the Franchise Agreement, you authorize us to collect any advertising monies or credits due from any of your distributors or other suppliers and any advertising or other rebates or any discounts from distributors and other suppliers based upon purchases or volume purchases by us and our franchisees (including purchases by you). We have the right to negotiate with suppliers, to obtain price reductions, discounts or rebates based on volume purchases. Unless these suppliers designate these payments specifically for advertising and promotion (in which case we will contribute them to the Marketing Fund), we can use these payments as we see fit. Any amounts contributed to the Marketing Fund will be in addition to all other amounts due or contributed under the Franchise Agreement. The Marketing Fund will not be audited. A statement of monies collected and expenditures made by the Marketing Fund will be prepared annually by us and will be provided to you. Any Marketing Fund contributions not spent in the fiscal year in which they accrue are carried over to the next fiscal year. As the Marketing Fund is not yet established, there have been no expenditures. No Marketing Fund contributions were collected in fiscal year 2024.

We have the right, but not the obligation, to establish a Marketing Fund Advisory Committee ("Committee"), consisting of franchisees to advise and consult with us regarding the establishment, modification, continuance, or other decisions or considerations affecting marketing programs. The organizational structure and manner of operation of that Committee will be determined by us in our sole discretion, exercised in good faith. No Committee is presently in existence. We will consult with the Committee and consider the Committee's input and advice concerning the use of the Marketing Fund. However, we will retain sole discretion over all aspects, including administration and use, of the Marketing Fund.

Pre-Launch and Grand Opening Marketing Requirements

When you sign your franchise agreement, you must pay to us a non-refundable grand opening marketing fee of $5,000 per HydroDog Vehicle you intend to operate within the Territory. You will be required to work with our approved marketing agency to complete mandatory pre-launch marketing activities, including establishing your Google Business Profile, social media accounts, and initial local advertising efforts. Additionally, you must execute an approved grand opening marketing strategy that includes local digital marketing, referral incentives, and special opening week promotions. We will work with our approved vendor to implement your Grand Opening Advertising project during the 30-days before you open for business and ending 60-days after you have opened for business. (Franchise Agreement, Section 12.6)

Your Local Advertising

You must maintain an active Local Marketing Plan to support your business growth following the Grand Opening Marketing Period. While we recommend a minimum monthly marketing investment of $100 ("Local Advertising"), you are required to actively participate in ongoing local marketing initiatives. These initiatives include engaging with local businesses, maintaining a presence at pet-friendly locations, and participating in community events to drive awareness and bookings. We and our approved marketing agency will provide guidance and materials to support your local marketing efforts. Additionally, you have the option to enhance your marketing efforts by contracting with our preferred marketing vendor, Sprint Digital ("Preferred Marketing Vendor"). If you choose to engage the Preferred Marketing Vendor, they will provide comprehensive marketing services including additional advertising, social media management, and local SEO optimization. A portion of your investment with the Preferred Marketing Vendor will be allocated to support system-wide marketing initiatives benefiting the entire franchise network. (Franchise Agreement, Section 12.9)

Local Advertising Cooperative

We have the right, in our discretion, to designate any geographic area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"). All franchisees in the designated geographical area must participate in the Cooperative. Cooperative contributions will be credited towards your Local Advertising expenditure, and will not exceed the Local Advertising expenditure unless a majority of the Cooperative's members vote to spend an amount greater than the Local Advertising expenditure on advertising. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. Each Cooperative must operate from written governing documents which will be made available to franchisees. Each year, every operating cooperative will prepare financial statements which will be made available to franchisees. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All such plans and materials will be submitted to us in accordance with the procedure set forth in Article 12.5 of the Franchise Agreement. We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for exemption will be final. We reserve the right to form, change, dissolve, or merge any Cooperative. (Franchise Agreement, Section 12.8)

Advertising Councils

There currently are no franchisee advertising councils or advertising cooperatives that advise us on advertising policies. In our discretion, we reserve the right to establish an advisory council of franchisees that does advise us on advertising policies and other matters. (Franchise Agreement, Section 12.7)

Approval Requirement

All advertising and promotion by you and by any cooperative must be in the type of media and format that we approve, must be conducted in a dignified manner, and must conform to our standards and requirements. You or the cooperative must submit written samples of all proposed advertising and promotional plans and materials for our approval at least 30 days before their intended use, unless the plans and materials were prepared by us or have been approved by us within the last 12 months. (Franchise Agreement, Section 12.5)

Website/Intranet/Social Media

All Websites (as defined below) are managed exclusively by HydroDog web designers and are considered "advertising" under the Franchise Agreement, subject to our review and prior written approval before use. This management includes access to the resource center, store, and vendor list. As used in the Franchise Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to your HydroDog Business, Marks, us, or the System. The term Website includes Internet and World Wide Web home pages. In connection with any Website, the Franchise Agreement provides that you may not establish a Website, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Mark, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

We will also have the right to establish a website or other electronic system providing private and secure communications (such as an intranet) between us, our franchisees, and other persons and entities that we determine appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

Any digital platforms we establish or maintain, including but not limited to websites, apps, or other e-commerce channels, may serve multiple functions, including advertising and promoting HydroDog products, programs, and services, as well as marketing HydroDog franchise opportunities. We exclusively retain all rights to electronic commerce, and these platforms will be managed by our designated web designers.

You are not permitted to promote your HydroDog Business or use any of the Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or X, without our prior written consent. We will provide you with access to branded social media pages, handles, and assets, which you are required to update regularly. We alone may establish, maintain, modify or discontinue all internet activities pertaining to the System, including through the use of a page or profile on a social media website such as Facebook, Instagram, TikTok, X or Snapchat. You must comply with our System standards regarding the use of social media in your HydroDog Business's operation, including prohibitions on your and the Business's employees posting or blogging comments about the Business or the System, other than on a website or social media platform established or authorized by us ("social media" includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like X, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf. In addition, only we may respond to reviews of HydroDog businesses that are posted on Yelp, TripAdvisor and similar Websites. (Franchise Agreement, Section 12.10)

Computer Systems and POS System

You must acquire and use in developing and operating your HydroDog Business a computer system consisting of the computer services, components, equipment, computer hardware, telecommunications equipment or services, point-of-sale system, the software used in connection with the Business Management System and other operating or communications software that we designate or require for use by HydroDog Businesses (collectively, the "Software") that we specify from time to time in the manner we designate (collectively, the "Computer System"). You must sign any standard license agreement or user agreement that may be required to use a system that we specify. You must use the required systems for service calls,

managing inventory, reporting Gross Sales and other information, training personnel, and other functions as we specify from time to time. You must ensure that your employees are adequately trained to use the systems and that they follow applicable policies.

You will have sole responsibility for the acquisition, operation, maintenance, and upgrading of the Computer System. You must use the Computer System for on-line reporting of sales, ordering supplies, keeping customer information, and reporting other information to us as required under the Franchise Agreement (collectively, the "Business Management System"). As of the date of this disclosure document, our mandatory hardware and software requirements for the Computer System include, but are not limited to, the following: (1) laptop or desktop personal computer (like a MAC Book Pro, HP, Dell etc. or equivalent), a network card, a most recent Microsoft or Apple operating system, Adobe Acrobat Reader (most recent version), the most recent Microsoft Office Suite or Apple equivalent and the POS software; (2) a monitor; and (3) a color printer, (4) iPad or Android tablet, and (5) compatible mobile phone. The Computer System must contain and you must be reasonably proficient with such computer software and internet programs that we designate for use from time to time, including: database, spreadsheet, financial, word processing, communications, e-mail and calendaring programs. You must obtain and install a high-speed Internet connection (through DSL or cable modem) to your Computer System at the site and maintain a valid e-mail address and account to which you have access and through which we may contact you. You must maintain a dedicated business mobile phone number that is separate from your personal phone line. If you do not already have a computer system and peripherals that satisfy these requirements, we estimate that the Computer System will cost between $1,000 to $1,500. You will also incur fees for the telephone lines and high-speed Internet connection.

We do not have any obligation to provide ongoing maintenance, repairs, upgrades or updates to the Computer System. Nor do we have any obligation to reimburse you for any Computer System costs. You must maintain your Computer System and keep it in good repair. You must update or upgrade the Computer System, including any point-of-sale system components and software, as we require at any time during the term of the franchise, at your sole expense. We estimate that the cost of optional or required maintenance, updating, upgrading or support contract will be between $100 and $1,000 per year. While we provide an estimate of the annual cost of any maintenance, updating, upgrading, or support contracts, there is no contractual limit on the frequency or cost of your obligation to upgrade or update the Computer System.

We have the right to independently access all information you collect, compile, store or generate at any time without first notifying you, and you must give us password access to your Computer System to enable us to obtain such data. There are no contractual limitations on our right to access or retrieve any information contained and/or utilized by your Computer System. (Franchise Agreement, Section 11.7).

Training

Before your HydroDog Business opens, we will provide our initial training program ("HydroDog Academy") to you upon payment of the Initial Training Fee (Franchise Agreement- Sections 7.1 and 7.2). The HydroDog Academy is designed to equip you with essential operational skills needed to run a successful HydroDog franchise through a comprehensive combination of online and on-site training, focusing on daily operations, grooming practices, and customer management.

The online portion of HydroDog Academy is delivered through our e-learning platform featuring self-paced modules, video tutorials, and interactive assessments. The on-site training may be conducted either at your location with our trainer traveling to you, or at our designated corporate training facility with you and your staff traveling to us. The on-site training includes hands-on instruction in equipment setup and maintenance, real-world practice in client management and service delivery, and direct support with implementing daily operations and HydroDog business protocols.

You and your trainees must successfully complete the HydroDog Academy, as determined in our sole discretion, prior to opening your Business (as described in Section 7.3 of the Franchise Agreement). This includes successfully passing all required assessments designed to evaluate comprehension of training topics. Upon successful completion of the training program and passing of all assessments, you and your trainees will receive a certificate of completion, which may be required for operational approval of your Business. You also must participate in all other activities required to operate your HydroDog Business. You are responsible for all travel, living and compensation expenses which you and your trainees incur in connection with training.

As of the date of this disclosure document, we provide the following initial training:

TRAINING PROGRAM

Subject	Hours Of Classroom /Online Training	Hours Of On The Job Training[1]	Location
Operational Excellence (Daily operations, scheduling and service workflow)	8-10	16	Online and at your location
Equipment Care and Maintenance (Grooming vehicle setup, equipment maintenance and safety)	2-4	8	Online and at your location
Client Relations and Management (Customer Services, sales technicians, and dispute resolution)	6-8	8	Online and at your location
Totals	**16-22**	**32**	

We will schedule Training as needed for new franchisees and you must complete the program at least 30-days before opening your HydroDog Business. We may make all or any portion of training on-line or video based instead of in person.

Training will be conducted by HydroDog corporate representatives or qualified contractors, including Leslie McInnis, who has been a franchisee since 2023 and has 3 years grooming experience. All trainers must possess demonstrated expertise in pet grooming and mobile grooming services; HydroDog operational standards and best practices; and franchise management and support systems.

Each trainer is carefully selected and must maintain current certification in their respective areas of expertise to ensure franchisees receive the highest quality training and support.

Some states and municipalities also may require separate training before permitting the business to open. You should check your state and local laws.

We may, in our sole discretion, provide additional training and support to franchisees and their staff through our continuous education program. While this program is designed to maintain high standards and adapt to evolving business needs, we reserve the right to modify or discontinue any aspect of the program at any time. Our training support includes access to our extensive e-learning platform featuring video

tutorials on practice methods, as well as comprehensive learning aids such as operational checklists, guides, and daily operational resources. Additionally, we offer regular interactive webinars featuring live sessions with our experienced staff covering advanced topics, complemented by personalized one-on-one coaching through scheduled calls and in-person meetings to ensure your success.

In addition to the Initial training, we offer a range of optional business development training modules to support franchisee growth and professional development. These courses are available at your discretion and are designed to enhance business acumen and leadership skills.

Optional Training Module	**Delivery Method**	**Online Duration**
Financial Management (Budgeting, accounting, payroll)	Online	4-6 hrs
Business Growth Strategies (Marketing, local outreach, scaling your business)	Online	4-6 hrs
Leadership Development (Leadership skills, staff training, franchise system integration)	Online	2-4 hrs

Additionally, we have partnered with Paragon School of Pet Grooming, a virtual training program that provides franchisees and their staff with access to professional grooming education. This resource is particularly recommended for franchisees and their staff who have limited or no grooming experience. While enrollment with Paragon is not required, franchisees who wish to enhance their grooming skills or provide additional training for their employees may find this program valuable. Please note that any costs associated with Paragon enrollment are the responsibility of the franchisee and are not included in Item 7 of this disclosure document.

We may require you and/or your previously trained owners to attend periodic refresher training courses at such times and locations that we designate. If we require you, and/or your previously trained owners to re-take or attend additional or extended initial training, it will be at your expense (Franchise Agreement- Section 7.3).

If we require (including if you or your staff do not meet our then-current performance or compliance standards) or you request, and we agree to provide, additional training or assistance, which may be conducted on-site (in your Territory), online, at our location, or at another location we designate, you must pay our then-current fee for additional training (the "Additional Training Fees") which will not exceed $500 per trainer per day of training, plus travel and living expenses for each trainer (the "Training Expenses"). (Franchise Agreement - Section 6.6)

ITEM 12
TERRITORY

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

The franchise is granted for mobile operations within a defined Territory, which will be described in Exhibit "A" to your Franchise Agreement. Your Territory will be defined as a specific geographic area identified using commonly understood state, county, municipal or postal area definitions. There is no minimum area granted for a Territory.

We will not operate or grant franchises for HydroDog Businesses from a fixed location or mobile method (vehicle) within your Territory.

You are required to meet the Territory Development Schedule, which requires you to maintain one (1) HydroDog Vehicle for every 100,000 population (or fraction thereof) in your Territory. You must add each required additional HydroDog Vehicle within six (6) months after commencing operations or within six (6) months of any population increase that triggers the requirement for an additional vehicle. Your failure to achieve either the required customer satisfaction index score results or the required customer retention rate results is grounds either for us to require your mandatory attendance at any remedial training program that we specify or for us to allow other franchisees to operate in your Territory, or for us to terminate the Franchise Agreement. In addition, if you do not open the number of mobile pet grooming vehicles as required by the Territory Development Schedule, we may terminate your Franchise Agreement.

You cannot operate your HydroDog Business outside the Territory or relocate without our prior written approval. If, in our business judgment, there is a change in character of your Territory sufficiently detrimental to its business potential to warrant your HydroDog Business's relocation to a new geographic area, we will permit you to relocate your HydroDog Business.

You must notify us of all inquiries for Products and Services received from any prospective customer outside of your Territory. We will forward these types of inquiries to the franchisee, if any, in whose Territory the prospective customer account is situated. If there is no existing franchisee within whose territory the prospective customer account is situated, we may allow you to provide services or products to such customer account for so long as the customer account is not located in the territory of another franchisee. If you obtain our approval for relocation, you must reopen your HydroDog Business within the new or modified Territory as soon as practicable, but in no event more than 30 days after our approval is given, unless we agree in writing to extend such period due to circumstances beyond your reasonable control.

Except for our HydroDog website and any electronic marketing programs that we authorize, you are prohibited from marketing or selling through the Internet, World Wide Web, or any other electronic means of marketing and distribution of Products and Services, or any other distribution channel outside of your HydroDog Business.

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

Rights We Retain

Under the Franchise Agreement we (and our affiliates) retain the right in our sole discretion to:

1. Sell or otherwise distribute any products or services anywhere, whether at wholesale, retail or otherwise and whether or not using the Marks or System, without restriction of any kind, in any alternative or other channel of distribution other than mobile facilities providing pet grooming services under the Marks and System, whether or not located in the Territory, and to customers located anywhere.

2. Distribute branded products through any outlet (including sales through general retail stores, pet stores or otherwise and/or by electronic means) located anywhere;

3. Own and/or operate ourselves or authorize others to own and/or operate (a) any business located outside the Territory, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and/or System or not, which is not substantially similar to the business franchised to you under the Agreement and/or (c) any business anywhere which does not use the Marks;

4. Acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses are converted to another format, maintained under the HydroDog System or otherwise. The HydroDog Business awarded to you will fully participate in any conversion subject to any person/entity merging with, or acquiring us, reimbursing you for reasonable costs directly related to the conversion; and

5. Offer/provide products and/or services through the Internet, World Wide Web and/or other similar venues no matter where the customer is located.

We are not required to pay you any amount if we exercise any of these rights.

National Accounts

Periodically we may enter into agreements with certain regional or national businesses (each a "National Account") to provide services to clients at designated National Account locations. We will identify and designate any National Account in our Manual, and periodically we may add or remove National Accounts. We have the sole business judgment on who may provide services or products to any National Account, including at a single location of any such National Account. We may, in our sole business judgment, offer you the opportunity to accept and provide services or products under the terms of any such National Account agreement (including, without limitation, any central invoicing or fixed fee terms). In the case of a National Account agreement under which the client will pay a fixed amount for services or products at all locations listed in such agreement, we will allocate reasonably such fixed amount among the HydroDog businesses providing the services or products.

ITEM 13
TRADEMARKS

Primary Trademarks

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating your HydroDog Business. The primary trademarks we use are the "HydroDog" (wordmark and design mark) and other names, logos, symbols, and associated designs and trade dress (the "Marks"). You may use and we require you to use the Marks in operating your HydroDog Business.

Trademark Registration

We registrations for the following Marks on the Principal Register of the United States Patent and Trademark Office (the "PTO"):

MARK	REGISTRATION NUMBER	REGISTRATION DATE
HYDRODOG (word mark)	Reg: 3858755	Reg: October 12, 2010 Renewed: April 12, 2017 and September 23, 2020
	Reg: 7279683	Reg: January 16, 2024

We have filed all required affidavits and renewals due for our principal trademarks.

You agree to follow our rules when using the Marks and not 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 may not use the Marks in connection with the sale of any product or service that is not previously authorized by us in writing.

There are no currently effective material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board or any state trademark administrator or court. We have no pending infringement, opposition or cancellation proceeding or pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Our predecessor's affiliate, FranTank IP, LLC (a dissolved company) previously owned rights to the HydroDog mark. While this company has been administratively dissolved and is not currently operational, all trademark rights have been properly assigned to and are now owned by us.

We have no actual knowledge of any superior prior rights or infringing uses which could materially affect your use of such marks.

If any administrative or judicial proceeding arising from a claim or challenge to your use of any of our marks, you must immediately notify us, and we may take any such action as we deem appropriate in order to preserve and protect the ownership, identity and validity of the marks. We are only obligated to defend you from any claims arising from your use of our primary marks. If we decide to modify or discontinue the use of any mark and/or use one or more additional or substitute marks, you will be responsible for the tangible costs (such as replacing signs and materials) associated with such a change. We are not required to reimburse you for any costs you incur in relation to any change or substitution, such as the cost of changing stationery or signage, and have no obligation or liability to you as a result of any change or substitution.

You are required to immediately notify us of any use of, or claims of rights to, a mark identical to or confusingly similar to our marks. We have the right, but not the obligation, to bring any action against any third party using such a similar mark. You are required to participate in any such action we bring against a third party at your own expense. We have the right to control any such litigation or administrative proceedings, including any settlement.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise that are owned or licensed by us. Neither we nor our affiliates have any pending patent applications that are material to the franchise.

We claim copyright protection and proprietary rights in all copyrightable aspects of the System, including our Operations Manual, our website, correspondence and communications with you or other franchisees relating to the System, training, advertising and promotional materials and other written materials used in operating a HydroDog Business.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect that limit our right to use and/or authorize franchisees to use the copyrighted materials. There are no infringing uses actually known to us which could materially affect use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend

to do so when in the best interest of the System. We need not participate in your defense and/or indemnify you for damages or expenses in proceedings involving a copyright.

The Operation Manual and other materials and information we may give you access to contain our confidential information that we treat as trade secrets. This information includes, but is not limited to, methods, formats, specifications, equipment, standards, procedures, sales and marketing techniques, knowledge of and experience in developing and operating HydroDog Businesses, knowledge of specifications for and suppliers of certain equipment, materials and supplies, and knowledge of the operating results and financial performance of HydroDog Businesses. You and your owners must not communicate or use our confidential information for the benefit of anyone else during the term of the Franchise Agreement. After the Franchise Agreement terminates or expires, you and your owners may no longer use the confidential information and must return it to us. We may require your employees, independent contractors or agents to sign a form of nondisclosure and non-competition agreement. We may regulate the form of agreement that you use and may require that we be made a third party beneficiary of that agreement with independent enforcement rights.

If you or your owners develop or learn of any new ideas, concepts, processes, techniques or improvements relating to the operation or promotion of your HydroDog Business, you must promptly notify us and give us all necessary information about such ideas, concepts, processes, techniques or improvements, without compensation. These ideas, concepts, processes, techniques or improvements will be considered our property and part of the System and will be considered works made-for-hire for us. You and your owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, processes, techniques or improvements.

You must provide us with a copy of an up-to-date signed Confidentiality, Nonsolicitation and Noncompetition Agreement (the "Confidentiality Agreement") in the form attached as Exhibit "F" for each of your personnel that is considered to be in a management capacity within 30 days of their commencement of employment.

You may not use our Confidential Information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

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

You must at all times faithfully, honestly and diligently perform your obligations under any Franchise Agreement, continuously exert your best efforts to promote and enhance HydroDog Businesses and not engage in any other business or activity that conflicts with your obligations to operate your HydroDog Business in compliance with the Franchise Agreement.

Either you, or one of your principal owners (with ownership of at least 20% of your Business Entity) must meet our qualifications and participate personally in the direct operation of your HydroDog Business ("Business Manager"). The Business Manager must be trained as a professional dog groomer, certified through the HydroDog Grooming Academy.

At all times, your HydroDog Business must be under the direct supervision of your Business Manager. Our current qualifications for Business Managers are: (i) have a sufficient amount of experience to demonstrate to us that he/she is capable of managing a HydroDog Business; (ii) have management responsibility and authority over the HydroDog Business on a day-to-day basis; (iii) be actively employed on a full-time basis to manage HydroDog Business operations; (iv) satisfactorily complete our initial

training program and any other training programs we require during the term of your Franchise Agreement; and (v) hold at least 20% ownership interest of the Business Entity.

We require your owners, Business Managers and any of your employees, independent contractors, agents, or representatives who may have access to our confidential information to sign Confidentiality and Non-Solicitation and Non-Competition Agreements with you that lists us as a third-party entity in the form attached to this disclosure document as Exhibit "F." We require you to designate one of your owners as having authority to deal with us and to bind you to obligations with us. We have the right to communicate with and deal with that owner without having to simultaneously contact and obtain approval from each of your owners.

If you are a Business Entity, your owners must not only personally guarantee your obligations under the Franchise Agreement, but also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement. This includes both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. The form of "Principal Owner's Guaranty" is attached as Exhibit "B" to the Franchise Agreement. We require you to complete a "Principal Owner's Statement" in the form attached as Exhibit "D," which describes all of your owners and their interests in you. You are required to identify one of your owners as having authority to communicate with us and enter into agreements with us on your behalf. We do not require the spouses of any owners to sign a Principal Owner's Guaranty.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all products, and perform all services, that we require from time to time for HydroDog Businesses. We reserve the sole right to decide if any supplier, vendor or item is authorized and reserve the right to disapprove or refuse to approve any supplier, vendor or item. You are not permitted, without our prior written approval, to use any inventory or order from any suppliers or vendors that have not been authorized by us. Under no circumstances may you offer for sale any products or perform any services that we have not previously authorized (See Items 8 and 9). Our System Standards also regulate required or authorized products, product categories and supplies. Pursuant to our System Standards, franchisees may not directly contact our or our affiliates' suppliers or vendors. Offering or selling products or inventory that has not been approved by us is grounds for termination of the Franchise Agreement. We have the right to change the types of required and/or authorized goods and services from time to time.

You may serve customers from any location, except that you may not market outside your Territory. We reserve the right to restrict or prohibit your use of Alternative Channels of Distribution. To the extent permitted by applicable law, we may establish maximum and minimum retail prices.

You are obligated to comply with all modifications to System Standards, other than capital modifications, within the time period we specify. There is no limit on this obligation.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP		
Provisions	**Section in Franchise or Other Agreement**	**Summary**
(a) Length of the Franchise Term	Section 2.2	10 years
(b) Renewal or extension of the term	Section 3.1	If you are in good standing, you can acquire a successor franchise for an additional 10-year term on our then current terms and conditions.
(c) Requirements for franchisee to renew or extend	Sections 3.1, 3.3, & 3.4	The term "renewal" refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires. You must give us written notice of your election to acquire a successor franchise; maintain possession of the HydroDog Vehicle, or secure a substitute, and being it into compliance with our then-current standards and specification; sign our then-current franchise agreement, which may be materially different except that the Royalties and Marketing Fund Fees will be the same as the prior franchise agreement; pay our then-current fees except an initial franchise fee; sign a general release; and satisfactorily complete any new training and refresher programs we require.
(d) Termination by franchisee	Section 16.1	You may terminate under any grounds permitted by applicable law.
(e) Termination by franchisor without cause	Not Applicable	Not Applicable
(f) Termination by franchisor with cause	Section 16.2	We can terminate only if you commit one of several violations. (subject to state law)
(g) "Cause" defined - curable defaults	Sections 16.2	You have 5 days to cure health, safety or sanitation law violations; 10 days to cure monetary defaults to us or Approved Suppliers; 24 hours to cure the sale of unauthorized products; and 30 days to cure any order appointing receiver, trustee or liquidator. (subject to state law)
(h) "Cause" defined - non-curable defaults	Section 16.2	Non-curable defaults include, but are not limited to, material misrepresentation or omission; failure to complete training; failure to open your HydroDog Business within 90 days

THE FRANCHISE RELATIONSHIP		
Provisions	**Section in Franchise or Other Agreement**	**Summary**
		of the Agreement Date; abandonment; unapproved transfers; conviction of or a plea of no contest to, a felony or other serious crime; dishonest or unethical conduct; unauthorized assignment of the Franchise Agreement or of an ownership interest in you or the HydroDog Business; loss of the HydroDog Vehicle; unauthorized use or disclosure of the Manuals or confidential information; failure to pay taxes, repeated defaults (even if cured); and bankruptcy. All non-curable defaults are subject to applicable state law.
(i) Franchisee's obligations on termination/ non-renewal	Sections 17.1 - 17.4	Obligations include payment of outstanding amounts, complete de-identification and return of confidential information (also see (r) below).
(j) Assignment of contract by franchisor	Sections 15.1, 15.4, 15.5 and 15.6	No restriction on our right to assign.
(k) "Transfer" by franchisee - defined	Section 15.2	Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement, you or the HydroDog Business.
(l) Franchisor's approval of transfer by franchisee	Section 15.2	We have the right to approve all transfers, even to a Business Entity controlled by you.
(m) Conditions for franchisor approval of transfer	Section 15.3	New franchisee qualifies, you pay us all amounts due, transferee and its managerial employees agree to complete training, transferee agrees to be bound by terms and conditions of Franchise Agreement, our then-current form of Franchise Agreement is signed and the then-current initial franchise fee is paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require - including general releases in the form provided in Exhibit "E" (also see r below).
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 15.8	We can match any offer for an ownership interest in you, your Franchise Agreement or your HydroDog Business provided that we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 60 days to prepare for closing and we receive all customary representations and warranties, as we specify.
(o) Franchisor's option to purchase franchisee's business	Section 17.5	Upon 60 days' notice to you, we have the option to buy the Business, including the HydroDog Vehicle, at fair market value after our termination, or your termination without cause, of the agreement (but not expiration).

THE FRANCHISE RELATIONSHIP		
Provisions	**Section in Franchise or Other Agreement**	**Summary**
(p) Death or disability of franchisee	Sections 15.5 and 15.6	Franchise or an ownership interest in you must be assigned to an approved buyer within 3 months and must be run by a trained manager during the period prior to the assignment. Assignment is subject to our right of first refusal.
(q) Non-competition covenants during the term of the franchise	Section 10	No interest in a competitive business, no controlling ownership interest in, or performance of services for, a competitive business anywhere. (subject to state law)
(r) Non-competition covenants after the franchise is terminated or expires	Section 17.4; Exhibit "F"	No interest in competing business for 2 years at or within 25 miles of the Territory or within 25 miles of any Territory or any other HydroDog Business in (same restrictions apply after assignment). (subject to state law)
(s) Modification of the agreement	Section 20.1	No modifications except by written agreement, but Manuals and System Standards are subject to change.
(t) Integration/merger clause	Section 21.19	Only the terms of the Franchise Agreement (including the Manuals, System Standards, addenda and exhibits) are binding, subject to applicable state law. Notwithstanding the foregoing, nothing in the Franchise Disclosure Document, Franchise Agreement, or other documents provided to the franchisee by the franchisor is intended to limit or disclaim any representations or warranties made by the franchisor or its agents.
(u) Dispute resolution by arbitration or mediation	Sections 21.1 - 21.6 and 21.9	Arbitration is required under the Franchise Agreement; except in situations in which we seek injunctive relief or seek to protect our intellectual property (Marks or Copyrights) or to enforce the non-compete or confidentiality obligations, Mediation is not required as a condition precedent to litigation.
(v) Choice of forum	Section 21.4	Arbitration in Hillsborough County, Florida (subject to applicable state law).
(w) Choice of law	Section 21.12	Florida law applies (subject to applicable state law).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the

actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

As of December 31, 2024, there were 20 franchisee-owned HydroDog businesses in operation. As of the issuance date of this disclosure document 15 of the franchisee-owned HydroDog businesses have reported financial data for the 2024 calendar year.

Financial Performance of all Franchisee-Owned HydroDog Businesses that were open January 1, 2024 through December 31, 2024		
Franchisee	**Gross Sales January 1, 2024 – December 31, 2024**	**Tips Collected by Franchisee January 1, 2024 – December 31, 2024**
A&M Pups, LLC	$237,972.64	$30,542.33
Clinesmith Company, LLC	$358,757.02	$66,372.34
Amelia Jenks	$117,355	$10,772
P&A Passauer, LLC	$106,703	Not disclosed
Hannah's Hounds, LLC	$61,735	$11,067.45
Jody Maple	$69,540	Not disclosed
Blacksmith, LLC	$118,445	$20,363.68
Mingling Paws, LLC	$71,933.96	$4,237.25
Tia Paws, LLC	$77,337	Not disclosed
Tail Waggin Grooming, LLC	$71,349.50	$9,226
BP Grooming, LLC	$126,767,30	$20,316.05
Leslie McInnis	$181,045.57	$8,420.57
KC Mobile Grooming, LLC (opened December 2024)	$361,267.50	$33,380.73
HydroDog Coda, LLC (opened October 2024)	$98,690.60	$12,336.60
Dominion Dogs Inc. (opened August 2024)	$85,540.13	$10,721.63

Combined Performance of all Franchisee-Owned HydroDog Businesses that were open January 1, 2024 through December 31, 2024				
Average	**High**	**Low**	**Median**	**Percentage that achieved or exceeded the Average**
$144,119.42	$361,267.50	$61,735	$102,696	27%

Explanatory Notes:

1. "Gross Sales" means all revenue derived from operating the HydroDog Business, including, but not limited to, all amounts received at or away from the HydroDog Vehicle from any Services, Products or activities whatsoever including any that are in any way associated with the Marks, Copyrights or System, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed regardless of whether such gift certificates are issued by the HydroDog Business or someone else; but excluding: (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (2) customer refunds,

adjustments, credits and allowances actually made by the HydroDog Business, provided that such refunds, adjustments, credits and allowances are documented and verifiable.

2. "Tips" is defined as voluntary monetary gratuities provided by the customer directly to the groomer in recognition of services rendered. These payments are made at the discretion of the customer and are intended as a token of appreciation for the groomer's service quality and professionalism.

3. We suggest strongly that you conduct an independent investigation and consult your attorney and financial advisor concerning this investment before you sign any agreement with us.

4. The information in this Item 19 is not audited.

Written substantiation of the data used in preparing this information will be provided upon reasonable request.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.

Other than the preceding financial performance representation, we do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of Company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations whether orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance or projections of your future income, you should report it to the franchisor's management by contacting Ashby Green, Ashby@hydrodog.com, 8200 Seminole Blvd., Seminole, FL 33772 and (888) 668-8170, the Federal Trade Commission, and the appropriate state regulatory agency.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	19	19	0
	2023	19	18	-1
	2024	18	20	+2
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	1	1
Total	**2022**	**19**	**19**	**0**
	2023	**19**	**18**	**-1**
	2024	**18**	**21**	**+3**

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2022 to 2024

State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0

State	Year	Number of Transfers
Total	**2022**	**0**
	2023	**0**
	2024	**0**

Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	1	0	0	0	0
Georgia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Louisiana	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	1	0	0	0	1
Maryland	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Massachusetts	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Missouri	2022	5	0	0	0	0	0	5
	2023	5	0	1	0	0	0	4
	2024	4	1	0	0	0	0	5
Nebraska	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
North Carolina	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Ohio	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
South Carolina	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
South Dakota	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
Texas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
Virginia	2022	1	0	0	0	0	0	1
	2023	1	1	1	0	0	0	1
	2024	1	1	0	0	0	0	2
Washington	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2024	1	1	0	0	0	0	2
Total	**2022**	**19**	**0**	**0**	**0**	**0**	**0**	**19**
	2023	**19**	**3**	**4**	**0**	**0**	**0**	**18**
	2024	**18**	**5**	**3**	**0**	**0**	**0**	**20**

*Note that the above franchised locations were signed by our predecessor. During the 2023 calendar year, many of these franchisees were assigned to us or signed new franchise agreements with us.

Table No. 4
Status of Company-Owned Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
New Jersey	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
Total	**2022**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**1**	**0**	**0**	**0**	**1**

Table No. 5
Projected Openings as of December 31, 2024

State	Agreements Signed But Outlet Not Opened	Projected New Outlets in the Next Fiscal Year	Projected New Company-owned Outlets in the Current Fiscal Year
Florida	0	1	1
Missouri	1	0	0
Texas	1	0	0
Totals	**2**	**1**	**1**

The name, business address, and business telephone number of each current franchisee as of the date of this disclosure document are listed on Exhibit "J."

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of each franchisee who has had a HydroDog Business franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement and who has left the system during the most recently completed fiscal year, or has not communicated with us within 10 weeks of the issuance date of this disclosure document are listed Exhibit "K."

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we

begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

As of the date of this disclosure document, there are no franchisee organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

The franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years. Our audited financial statements for the periods of fiscal year ending December 31, 2024 and December 31, 2023 are attached as Exhibit "A" to this disclosure document. Our fiscal year end is December 31 of each year.

ITEM 22
CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included as exhibits to this disclosure document. These include:

Exhibit B:	Form of Franchise Agreement
Exhibit C:	Form of Conditional Assignment of Telephone Numbers and Listings
Exhibit D:	Form of Principal Owner's Statement
Exhibit F:	Confidentiality, Non-Solicitation and Non-Competition Agreement
Exhibit I:	State Specific Addenda and Riders

ITEM 23
RECEIPTS

You will find 2 copies of a detachable Receipt as the last 2 pages of this disclosure document. One Receipt must be signed, dated and delivered to us. The other Receipt should be retained for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

LEGACY FRANCHISORS LLC D/B/A HYDRODOG

FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

LEGACY FRANCHISORS LLC D/B/A HYDRODOG

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Passionate for what's next®

INDEPENDENT AUDITORS' REPORT

To the Ownership of
Legacy Franchisors LLC D/B/A Hydrodog

Opinion

We have audited the accompanying financial statements of Legacy Franchisors LLC D/B/A Hydrodog (a Maine Limited Liability Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, members' equity, and cash flows for the years 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 Legacy Franchisors LLC D/B/A Hydrodog as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Legacy Franchisors LLC D/B/A Hydrodog and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Legacy Franchisors LLC D/B/A Hydrodog's ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Legacy Franchisors LLC D/B/A Hydrodog'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 Legacy Franchisors LLC D/B/A Hydrodog'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.

Aprio, LLP

Raleigh, North Carolina
March 27, 2025

LEGACY FRANCHISORS LLC D/B/A HYDRODOG
BALANCE SHEETS
DECEMBER 31,

ASSETS

	2024	2023
Current assets		
Cash	$ 108,139	$ 13,418
Accounts receivable - trade, net	14,387	24,896
Prepaid expenses	2,250	2,250
Notes receivable - current	197,948	-
Total current assets	322,724	40,564
Property and equipment, at cost		
Computer equipment	6,411	3,523
Vehicles	315,000	315,000
Accumulated depreciation	(173,752)	(109,470)
Total property and equipment, net	147,659	209,053
Other assets		
Notes receivable, non-current	64,514	165,484
Security deposits	192,400	120,800
Finance right of use assets	768,039	1,004,246
Total other assets	1,024,953	1,290,530
Total assets	$ 1,495,336	$ 1,540,147

LIABILITIES AND MEMBER'S EQUITY

Current liabilities		
Accounts payable	$ 46,005	$ 42,471
Accrued liabilities	81,349	1,544
Current portion of finance lease liability	726,597	565,445
Total current liabilities	853,951	609,460
Non-current liabilities		
Finance lease liability, net of current portion	370,067	596,097
Member's equity	271,318	334,590
Total liabilities and member's equity	$ 1,495,336	$ 1,540,147

See auditors' report and accompanying notes

LEGACY FRANCHISORS LLC D/B/A HYDRODOG
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	2024	2023
Revenues		
Franchise royalties	$ 240,041	$ 255,237
Technology fees	48,703	33,314
Lease income	404,801	403,717
Franchise fee	137,940	15,500
Other	43,678	9,976
Total revenues	875,163	717,744
Operating expenses		
Advertising and promotion	44,511	32,075
Depreciation	64,284	109,470
General and administrative	820,564	865,385
Total operating expenses	929,359	1,006,930
Loss from operations	(54,196)	(289,186)
Other income		
Interest income	13,424	8,937
Gain on disposal of property and equipment	-	32,000
Net loss	$ (40,772)	$ (248,249)

See auditors' report and accompanying notes

LEGACY FRANCHISORS LLC D/B/A HYDRODOG
STATEMENT OF MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31,

Balance at January 1, 2023	$ -
Contributions	582,839
Net loss	(248,249)
Balance at December 31, 2023	334,590
Distributions	(22,500)
Net loss	(40,772)
Balance at December 31, 2024	$ 271,318

See auditors' report and accompanying notes

LEGACY FRANCHISORS LLC D/B/A HYDRODOG
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2024	2023
Cash flows from operating activities		
Net loss	$ (40,772)	(248,249)
Adjustments to reconcile net loss to net cash provided by operating activities		
Change in allowance for credit losses	(10,606)	33,893
Non-cash lease expense	335,119	256,401
Depreciation	64,284	109,470
Prepaid expenses	-	(2,250)
(Increase) decrease in assets:		
Accounts receivable - trade, net	(37,674)	(58,789)
Security deposits	(71,600)	(11,600)
Increase (decrease) in liabilities:		
Accounts payable	3,534	42,471
Accrued liabilities	79,806	1,544
Total adjustments	362,863	371,140
Net cash provided by operating activities	322,091	122,891
Cash flows from investing activities		
Advances made on notes receivable	(96,978)	(165,484)
Acquisition of property and equipment	(578)	(3,522)
Net cash used in investing activities	(97,556)	(169,006)
Cash flows from financing activities		
Reduction of finance lease liability	(107,314)	(99,106)
Contributions	-	158,639
Distributions	(22,500)	-
Net cash provided by (used in) financing activities	(129,814)	59,533
Net increase in cash	94,721	13,418
Cash, beginning of the year	13,418	-
Cash, end of the year	$ 108,139	$ 13,418
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS		
Contribution of property and equipment	$ -	$ 315,000
Contribution of security deposit	$ -	$ 109,200

See auditors' report and accompanying notes

LEGACY FRANCHISORS LLC D/B/A HYDRODOG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Note A
Summary of Significant Accounting Policies

Nature of Operations:

Legacy Franchisors LLC D/B/A Hydrodog (the "Company"), a single-member limited-liability company, formed in Maine on December 15, 2022, is engaged in the business of selling franchises to own and operate mobile dog grooming businesses under the name "Hydrodog" throughout the United States. The Company has 19 active franchises as of December 31, 2024.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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. Estimates are used for, but not limited to, the allowance for credit losses, the recording of ROU assets and liabilities and contingencies. Actual results could differ from these estimates.

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Company maintains cash balances at one commercial bank. The Company's bank balance can at times exceed the FDIC insured deposit limit of $250,000 per financial institution. The Company has not experienced any losses in this account through the date when the financial statements were available to be issued.

Accounts Receivable - Trade:

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326), or CECL, which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning member's equity as of the beginning of the fiscal year of adoption.

The Company recorded an allowance for credit losses as of December 31, 2024 and 2023, in the amount of $23,287 and $33,893, respectively. Financial assets and liabilities held by the Company that are subject to the "expected credit loss" model prescribed by CECL include trade receivables. Trade receivables are stated at the amount of consideration from customers of which the Company has an unconditional right to receive.

Note A
Summary of Significant Accounting Policies (Continued)

Below is the summary of accounts receivable and allowance for credit losses beginning January 1, 2023 through December 31, 2024:

	December 31, 2024	December 31, 2023
Accounts receivable	$ 37,674	$ 58,789
Allowance for credit losses	(23,287)	(33,893)
Accounts receivable, net	$ 14,387	$ 24,896

Notes Receivable:

On January 31, 2023, the Company entered into a $150,000 secured note receivable with a related party bearing interest at 6.5% per annum. Interest only payments began on March 1, 2023, and are due on the first day of each month thereafter, until February 1, 2025, at which time the remaining principal balance, together with any accrued but unpaid interest became due. The note is secured by certain real estate of the related party. The note receivable has not been repaid as of the date of these audited financial statements. The amount outstanding, including accrued interest, was $168,688 and $158,938 at December 31, 2024 and 2023, respectively. The Company also has an additional note receivable of $93,774 and $6,546 at December 31, 2024 and 2023, respectively due from a third party that relates to the sale of franchises.

Property and Equipment:

Property and equipment are stated at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets, which are as follows:

Computer equipment	5 years
Vehicles	5 years
Accumulated depreciation	Lesser of estimated useful life or life of the lease

Depreciation expense for the year ended December 31, 2024 and 2023, totaled $64,284 and $109,470, respectively.

Note A
Summary of Significant Accounting Policies (Continued)

Leases:

The Company recognizes and measures its leases in accordance with ASC 842 Leases. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of each lease. The lease liability is initially and subsequently recognized based on the present value of the contract's future lease payments.

Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate, if it is readily determinable, or the Company's incremental borrowing rate. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The Company has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term. When contracts contain lease and non-lease components, the Company accounts for both components as a single lease component.

Revenue Recognition:

The Company's revenue consists of franchise fees, royalties, technology fees and lease income. The Company franchises the right to operate Hydrodog mobile dog grooming businesses. The initial term of the franchise agreement is typically 10 years from the signing of the franchise agreement, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer or renewal fee is typically paid.

The Company has obligations to provide franchisees with the franchise rights to operate Hydrodog businesses, training, and other assistance to launch their franchise, as well as to provide software and technology services and brand marketing and advertising support. The Company has elected to adopt Accounting Standards Update No. 2021-02, *Franchisors - Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*, to address concerns about the complexity of applying Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, to private company franchisors, specifically relating to the amount and timing of revenue recognition for initial franchise fees. The Company has concluded that certain preopening services (training, site selection, etc.) are a separate performance obligation distinct from the franchise license. Therefore, initial franchise fees for preopening services are allocated between the preopening services and the franchise right for each individual franchise. The preopening services revenue is recognized when the franchise is opened, as the Company cannot reasonably estimate its progress toward satisfaction of that obligation. Typically, the initial franchise fee is less than the stand-alone selling price of the preopening services provided; therefore, the initial fee is fully recognized by the time the business opens.

Note A
Summary of Significant Accounting Policies (Continued)

Royalties and technology fees are earned on sales by franchisees and are recognized as revenue in the month the underlying sales occur throughout the term of the respective franchise agreement. These fees are calculated as a percentage of sales (or monthly minimum amounts) by franchisees and are paid on a monthly basis. Lease income is recognized on a monthly basis as the franchisee utilizes the leased vehicle.

Payment Terms:

Initial franchise, renewal, and transfer fees are due upon signing of the franchise agreement. Royalties, technology fees and lease fees are paid on a monthly basis.

Allocating the Transaction Price:

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to operate a franchise. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

Advertising:

The Company expenses advertising costs as incurred. Advertising expenses were $44,511 and $32,075 for the years ended December 31, 2024 and 2023, respectively.

Income Taxes:

The Company is a limited liability company. For income tax purposes, the revenues, expenses, and credits of a limited liability company are allocated to its members. Accordingly, no provision, assets, or liabilities have been recorded in the accompanying financial statements for federal and state income taxes.

The Company follows accounting standards applicable to uncertain income tax positions. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company has no liability for unrecognized tax benefits as of December 31, 2024 and 2023. Tax years from December 31, 2022 through the current year remain open for examination by federal and state tax authorities.

Note B
Commitments and Contingencies

Leases:

The Company has obligations as a lessee for vehicles. All leases are classified as finance leases. Payments due under the lease contracts include mainly fixed payments. ASC 842 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less).

The components of the leases for the year ending December 31 are as follows:

	2024	2023
Finance lease interest expense	$ 97,763	$ 77,617
Finance lease amortization	$ 335,119	$ 256,401
Sub-lease income earned	$ 404,801	$ 403,717
Lease liabilities arising from obtaining right of use assets	$ 98,912	$ 1,260,647
Weighted-average remaining lease term - finance lease	1.51 years	1.68 years
Weighted-average discount rate - finance lease	9.00 %	9.00 %

Maturities of the lease liability under the noncancelable financing leases as of December 31, 2024, are as follows:

Year Ending December 31	Total Lease Payments
2025	$ 788,949
2026	341,880
2027	18,600
2028	18,600
2029	17,049
Total undiscounted lease payments	1,185,078
Less: imputed interest	(88,414)
Total lease liability	$ 1,096,664

Note C
Subsequent Events

The Company evaluated subsequent events through March 27, 2025, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the filing of this report, that would have an material impact on the financial statements.

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FORM OF

FRANCHISE AGREEMENT

LEGACY FRANCHISORS, LLC

FRANCHISE AGREEMENT

LEGACY FRANCHISORS, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is effective as of _____ (the "Effective Date"). The parties to this Agreement are Legacy Franchisors, LLC, a Maine limited liability company, with its principal business address at 8200 Seminole Blvd., Seminole, FL 33772 (referred to in this Agreement as "Franchisor," "we," "us" or "our"), and _____, a _____, with its principal office at _____ (referred to in this Agreement as "Franchisee," "you," or "your").

1. **INTRODUCTION.**

1.1 **The HydroDog System.** We, our affiliates and our predecessor have expended considerable time and effort developing retail businesses offering, on a mobile basis, pet grooming services (the "Products" and/or the "Services"), in a distinctive and innovative environment (each a "HydroDog Business"). HydroDog Businesses utilize our approved vehicles (the "HydroDog Vehicles") and operate in accordance with our standards and specifications (our "System Standards"). A key to the development, operation, franchising and success of the HydroDog Businesses is the use of our System. The "System" includes, but is not limited to, distinctive designs, layouts, color schemes and signs, equipment, inventory, marketing methods, service requirements, standards and specifications, products, inventory, and suppliers; rules; training and assistance; and other methods and procedures relating to the establishment and operation of a HydroDog Business.

We use, promote and license in the operation of HydroDog Businesses certain trademarks, service marks and other commercial symbols, including the trade and service mark "HydroDog" and other assorted associated logos, designs, and commercial symbols (collectively, the "Marks"). We also use, promote and license in the operation of HydroDog Businesses certain information capable of being rendered into tangible form that we claim as our copyrights, including spreadsheets, pro forma documents, forms, marketing materials, manuals, pricing lists, vendor lists, product and service offering menus, formulas, advertisements, our website, and any other written materials, marketing materials or advertisements (including the look, compilation, feel and content of them) (collectively, the "Copyrights").

Each HydroDog Business operates on a mobile basis using the HydroDog Vehicle within a defined geographic area approved by us within which your HydroDog Business must confine its operations and must provide only the Products and Services we designate or approve in accordance with our System and using our Marks and Copyrights.

We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate a single HydroDog Business offering the Products and Services we authorize and approve and utilizing the Marks, Copyrights and System.

You have applied for a franchise to own and operate a HydroDog Business and we have accepted your application.

1.2 **Representations.** You, represent to us, as an inducement to our entry into this Agreement, that:

(a) all statements you have made and all materials you have submitted to us in connection with your purchase of a HydroDog Business franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise; and you agree to indemnify and hold us, our affiliates, and our respective directors, officers, employees, and agents harmless from any and all claims, losses, damages, liabilities, and expenses, including reasonable attorney's fees, arising out of or related to any such misrepresentations or omissions.

(b) you and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, constitutes good cause for immediate termination of this Agreement; and

We have approved your request to purchase a HydroDog Business in reliance on all of your representations.

1.3 **Business Organization.** If you are at any time a business organization ("Business Entity") (like a corporation, limited liability company or partnership) you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation, and you have provided us with sufficient evidence of the same;

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement; and you will provide us with copies of these documents for our review.

(c) the Principal Owners Statement will completely and accurately describe all of your owners and their interests in you. A copy of our current form of Principal Owners Statement is attached to the Franchise Disclosure Document you were furnished;

(d) you and your owners agree to revise the Principal Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval);

(e) each of your owners during the Term will sign and deliver to us our standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us, and any

amendments or modifications thereto. A copy of our current form of Principal Owners Guaranty is attached to the Franchise Disclosure Document; and

(f) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

(g) a Principal Owner of your HydroDog Business Entity (defined as a person with at least a twenty percent (20%) ownership interest in you) must: (i) have management responsibility and authority over the "Business" (defined as your HydroDog Business) on a day-to-day basis; (ii) be actively employed on a full-time basis to manage your HydroDog Business's operations; (iii) be present at your HydroDog Business for at least fifty percent (50%) of the hours your HydroDog Business is open to the public for business; (iv) be bound by our then-current form of Confidentiality Agreement (or other form satisfactory to us); and (v) satisfactorily complete our initial training program and any other training programs we request during the Term; and

(h) each of your Principal Owners, during the term of this Agreement, will sign and deliver to us our standard form of Principal Owner's Guaranty ("Owner's Guaranty") undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owner's Guaranty is attached as an Exhibit B to the Franchise Disclosure Document.

2. GRANT AND TERM.

2.1 **Grant**. We grant you the non-exclusive right, and you undertake the obligation, on the terms and conditions set forth in this Agreement and any amendments or modifications thereto, to establish and operate a HydroDog Business operating only from and through your HydroDog Vehicle, and marketing to customers within the geographic area we designate or approve (the "Territory"). Subject to the terms of, and upon the conditions contained in this Agreement, we grant you a franchise (the "Franchise") to: (a) operate a HydroDog Business from and through the HydroDog Vehicle only within the Territory; and (b) use the Marks, Copyrights and System solely in connection with operating the HydroDog Business.

2.2 **Initial Term**. Unless terminated sooner as provided in this Agreement, the initial term of this Agreement (the **"**Initial Term**"**) expires ten (10) years from the Effective Date. Your rights to seek a renewal franchise agreement for an additional term are set forth in Section 3. This Agreement may be terminated before it expires only in accordance with this Agreement.

2.3 **HydroDog Vehicle Purchase or Lease**. You must purchase or lease your first HydroDog Vehicle (and/or any replacement or additional HydroDog Vehicles, if approved by us) from us, our designee or an Approved Supplier before attending training and, if necessary, purchase the Initial Tools Package for your HydroDog Business. Failure to do so may result in delay or cancellation of your training and/or termination of this Agreement. You recognize that the HydroDog Vehicle embodies our Marks and may be used or possessed for no purpose other than operating a HydroDog Business. You must maintain one (1) HydroDog Vehicle for every 100,000 population (or fraction thereof) in your Territory. You must add each required additional HydroDog Vehicle within six (6) months after commencing operations or within six (6) months of any population increase that triggers the requirement for an additional vehicle based on the above ratio. Your failure to add required HydroDog Vehicles within these

timeframes will constitute a default under this Agreement, and we reserve the right to terminate this Agreement or otherwise alter the terms of your territorial rights in our sole discretion.

2.4 **Performance.** You agree that you will at all times faithfully, honestly and diligently perform your obligations as set forth in this Agreement, continuously exert your best efforts to promote and enhance the HydroDog Business, and not engage in any other business or activity that conflicts with your obligations to operate the HydroDog Business in compliance with this Agreement.

2.5 **Rights We Reserve**. We (and our affiliates) retain the right, in our Business Judgment, to:

(a) sell or otherwise distribute any products or services anywhere, whether at wholesale, retail or otherwise and whether or not using the Marks or System, without restriction of any kind and in any channel of distribution, other than mobile facilities providing pet grooming services under the Marks and System, whether or not located in your Territory and to customers located anywhere;

(b) Distribute branded products through any outlet (including sales through general retail stores, pet stores or otherwise and/or by electronic means) located anywhere;

(c) Own and operate HydroDog Businesses ourselves or authorize others to own and/or operate (i) any business located outside of your Territory, whether or not using the Marks and/or System, (ii) any business anywhere, whether using the Marks and/or System or no, which is not substantially similar to your HydroDog Business and/or (iii) any business anywhere which does not use the Marks;

(d) acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses (including your HydroDog Business) are converted to another format, maintained under the System or otherwise. Your HydroDog Business will fully participate in any such conversion subject to any person/entity merging with, or acquiring us, reimbursing you for reasonable costs directly related to such conversion.

(e) Engage in any action or exercise any other rights reserved to us described in the Franchise Agreement and engage in any action and exercise any rights not granted exclusive to you under the Franchise Agreement.

For purposes of this Agreement, our "Business Judgment" means that we are allowed to exercise our judgment in a manner we deem fit, in our sole and absolute discretion, provided that such decisions are made in good faith and are not arbitrary or capricious. When this term is used in this Agreement it means that we have the unrestricted right to make decisions and/or take (or refrain from taking) actions, except that we will not do so arbitrarily. We have this right even if a particular decision/action may have negative consequences for you, or a particular individual or group. You understand and agree that the exercise of Business Judgment is critical to our role as Franchisor and to our goals for the System. This is a defined term for purposes of ease and clarity in this Agreement and is not intended and should not be construed to incorporate principles related to the application of the business judgment rule in a corporate law context.

2.6 **National Accounts**. You acknowledge that from time to time, we may enter into agreements with certain regional or national businesses with which we have agreed to provide services or products to customers at certain designated locations ("National Accounts"). We shall identify and designate any such National Accounts in our Manual, and you acknowledge and agree that from time to time during the Term of this Agreement, we may add or remove National Accounts in our sole business judgment. You acknowledge and agree that we have the sole business judgment on who may provide services or products to any National Account location. You acknowledge and agree that we may, in our sole business judgment, offer you the opportunity to accept and provide services or products under the terms of any such National Account agreement (including, without limitation, any central invoicing or fixed fee terms). In the case of a National Account agreement under which the customer will pay a fixed amount for services or products at all locations listed in such agreement, we shall allocate reasonably such fixed amount among the HydroDog businesses providing such services or products.

2.7 **Customer Account Transfer Fee**. In the event, a customer account is identified by us as belonging to the territory of another franchisee, and you desire to provide services or products to such customer account, you may submit a written request to such other franchisee, with a copy of such written request provided to us, to purchase from the other franchisee the rights to provide services or products to the customer account. The other franchisee shall have no obligation to sell or transfer the customer account to you, and we shall have no obligation to facilitate or require any such sale or transfer. In the event the other franchisee desires to sell the rights to the customer account to you, then the other franchisee shall respond to you in writing of such acceptance of your offer, and you shall pay such other franchisee a customer account transfer fee ("Customer Account Transfer Fee") in an amount that shall be mutually agreed by both parties. The Customer Account Transfer Fee shall be due and payable from you to the other franchisee prior to the transfer of the customer account. If the parties cannot agree on a Customer Account Transfer Fee within thirty (30) days of the initial written request, we shall have the right, but not the obligation, to determine a reasonable Customer Account Transfer Fee that shall be binding on both parties. Any transfer of customer accounts must be documented in writing and a copy provided to us within 7 days of the transfer. We shall not be liable for any disputes between franchisees regarding customer account transfers or Customer Account Transfer Fees.

3. SUCCESSOR TERMS.

3.1 **Renewal.** Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us by certified mail or overnight courier with proof of delivery, less than nine (9) months, but more than six (6) months, prior to the end of the initial term of this Agreement) to renew the franchise hereunder for up to one (1) additional period of ten (10) years, if the following conditions are met and provided that we, in our reasonable business judgment, agree to the renewal:

(a) you have been, throughout the initial term of this Agreement, in substantial compliance, and at the expiration of such initial term are current in all payments and in full compliance and not in default of this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us;

(b) you enter into our then-current franchise agreement (which may contain materially different terms, including, without limitation, higher fees, different territory rights, and modified operational requirements) and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current franchise agreement may materially differ from this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the franchise agreements being executed at the time of renewal);

(c) you are able to maintain possession of the HydroDog Vehicle, and agree to add or replace the HydroDog Vehicle, equipment and signs and otherwise modify the HydroDog Business as we require to bring it into compliance with specifications and standards then applicable for the HydroDog Businesses;

(d) if you are unable to maintain possession of the HydroDog Vehicle, you secure substitute a HydroDog Vehicle we approve, develop such HydroDog Vehicle in compliance with specifications and standards then applicable for the HydroDog Businesses;

(e) at the time the renewal option is exercised and at the time such renewal commences, all monetary obligations to us and any affiliate of ours and any of your suppliers must be current and must have been current at all times during the preceding twelve (12) months;

(f) you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders; and

(g) you pay to us a non-refundable renewal fee equal to twenty thousand dollars ($20,000) per Territory, which fee shall be due and payable upon submission of your renewal notice and shall not be refundable under any circumstances, including our decision not to renew the franchise.

3.2 **Refusal to Renew Franchise Agreement.** We reserve the right to refuse to renew your franchise if you cannot satisfy the requirements in Section 3.1. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to remedy any defaults incurred during the initial term of this Agreement, if applicable.

3.3 **Renewal Under Law**. Even though we may choose not to renew your franchise, certain laws, rules, regulations, statutes, ordinances, or legal orders that are applicable in your jurisdiction at the time may legally obligate us to do so. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the franchise agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the franchise agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

3.4 **Your Election Not to Renew**. For the purposes of this Agreement, you will be considered to have irrevocably chosen not to renew the franchise (and the option to do so will consequently terminate) if you fail to sign and return to us our current standard franchise agreement and other supplementary documents required by us for a renewal franchise within thirty (30) days after we have delivered them to you.

4. SITE SELECTION AND DEVELOPMENT.

4.1 **Territory Selection**. You must locate a Territory for your HydroDog Business for our approval. The Territory must meet our then-current criteria for demographic characteristics, competition from and proximity to other pet grooming businesses and other HydroDog Businesses, the nature of other businesses and the total population of the Territory. As you will be operating a mobile business, it is expected that you will run your HydroDog Business from a home office, and we will not review or approve the location of your office. You must secure sufficient parking for your HydroDog Vehicles at your own expense and responsibility. We will not review or approve your parking accommodations.

4.2 **Relocation of the Territory**. You may not operate your HydroDog Business from any location on a fixed or mobile basis other than through your mobile operations of the HydroDog Vehicle without our prior written consent. If, in our Business Judgment, there is a change in character of your Territory sufficiently detrimental to its business potential to warrant your HydroDog Business's relocation to a new geographic area comprising a new or modified Territory, we reserve the right to permit you to relocate your HydroDog Business to operate within a new or modified Territory, subject to your compliance with all of our System Standards. We reserve the right to deny any such relocation at our sole discretion. Any relocation will be at your sole expense. If you obtain our approval, you must reopen your HydroDog Business within the new or modified Territory as soon as practicable, but in no event more than thirty (30) days after our approval is given. Except as stated herein, you are not permitted to relocate your HydroDog Business or operate, promote or market outside your Territory.

4.3 **HydroDog Vehicle**. You must purchase or lease your HydroDog Vehicle(s) exclusively from us or our Approved Suppliers. The vehicle(s) must match the make, model, and year that we specify, and must be outfitted and painted according to the colors and specifications that we provide. If you elect to lease your HydroDog Vehicle(s), upon the expiration of such lease, you must either purchase a new HydroDog Vehicle or enter into a new lease for the HydroDog Vehicle(s) in accordance with our then-current requirements.

5. DEVELOPMENT, DECOR AND OPERATING ASSETS.

5.1 **Business Development.** You are required to obtain our approval and open the HydroDog Business within thirty (30) days after receiving your HydroDog Vehicle (the "Opening Date"). You are solely responsible for complying with all laws, ordinances, rules and regulations relating directly or indirectly to the development of your HydroDog Business. You are solely responsible, as between us (and our affiliates or other franchise owners) and you, for any and all claims, liabilities and costs relating to non-compliance or alleged non-compliance with any such laws, rules, ordinances or regulations, and you must remedy, at your expense, any such non-compliance or alleged non-compliance. Without limiting your foregoing obligations, you agree, at your own expense, to do the following with respect to developing your HydroDog Business:

(a) secure and provide us proof of your securing all financing required to develop and operate your HydroDog Business;

(b) obtain all vehicle, utility, sign, health, sanitation, business and other permits and licenses required to construct, develop and operate your HydroDog Business; and

(c) acquire the HydroDog Vehicle.

5.2 **Operating Assets and Business Materials.** We will identify in the Manual or through written notice to you the necessary fixtures, furnishings, equipment, hardware and software (the "Operating Assets"), as well as products, services, materials, inventory, equipment, uniforms, apparel, supplies, signs, emblems, lettering, logos, display materials, advertising, vehicle wraps, and financial and accounting services necessary for your HydroDog Business to begin or sustain operations (collectively, the "Business Materials"). We will also specify the minimum standards and specifications that must be met, and identify the approved suppliers from whom these items may be purchased or leased (which may include us and/or our affiliates). You agree to acquire all Business Materials and Operating Assets from us or suppliers we have previously approved, which may include us or our affiliates or third parties. If we do not designate or approve a supplier for the Operating Assets or Business Materials, you must purchase

them in accordance with, and they must meet our System Standards. We may designate quantities, models, brands and inventory levels of Operating Assets and Business Materials. We have the exclusive right to require you to purchase from us, or our designated suppliers, any Operating Assets or Business Materials which bear or display our Marks, and we may be the sole source supplier of such items at our sole discretion. We will only approve suppliers whose Business Materials and Operating Assets meet the quality standards that we establish from time-to-time. You agree to only place or display at, in or on the HydroDog Vehicle (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. You must pay for the cost of obtaining and installing any Business Materials and Operating Assets we require.

5.3 **Territory Development Schedule**. You must obtain and operate HydroDog Vehicles in accordance with the deadlines set forth in the Territory Development Schedule. You acknowledge and agree that in order to remain in good standing and maintain the Territory rights granted hereunder, you must open and operate HydroDog Vehicles in according with the Territory Development Schedule. Failure to meet the Territory Development Schedule for six (6) consecutive months is a material default of this Agreement, and we may terminate this Agreement for failure to open and operate HydroDog Vehicles in accordance with the Territory Development Schedule.

5.4 **Approved Suppliers.** You are required to comply with all of our System Standards for the approval and use of, or contracting with, third parties and suppliers:

(a) **Designation and Approval of Suppliers**: The reputation and goodwill of HydroDog businesses are based upon, and can be maintained and enhanced only by the use of high-quality suppliers of services, materials and inventory. You cannot, at any time, use any suppliers of services, materials or inventory that we have not previously approved. We will provide you with a list, that we may modify from time-to-time, in our Business Judgment, of approved manufacturers, suppliers, or distributors of Operating Assets and Business Materials. We may designate approved or designated suppliers, providers, distributors, or manufacturers for any types, models or brands of business materials, inventory, Operating Assets, and other equipment and business services that we approve for the HydroDog Businesses or which we designate in the Manuals as relating to the establishment or operation of the HydroDog Business, which may include us or our affiliates as one of, or the only approved or designated supplier for certain items or services (the "Approved Suppliers"). You can only purchase materials and inventory for your HydroDog Business from Approved Suppliers. Purchasing materials and inventory from suppliers that are not Approved Suppliers is grounds for default and/or termination of this Franchise Agreement. You agree that you will not, without our written approval, use or authorize any of your owners to use any services, material, inventory, supplies or equipment and/or suppliers, distributors, manufacturers or service providers not authorized by us for your HydroDog Business. You must utilize any ordering system that any of our Approved Suppliers (including us or our affiliates) designate. We, our affiliates, or Approved Suppliers may charge a mark-ups/profits margin on the sale of business materials, operating assets, supplies, and inventory that we or they sell to you. We, or they, do not represent or warrant in any manner whatsoever that we, or they, will limit the amount of mark-up/profit margin on such sales, and we, or they, may change, modify, increase, or decrease such mark-up/profit margins at any time.

(b) **Review Procedures**: Our approval of Operating Assets, Business Materials, and Approved Suppliers will be communicated through the specifications and standards designated in our Manuals or via other communications to you from time-to-time. In approving

types, models, brands and suppliers, manufacturers, distributors or service providers, we may take into consideration such factors as quality, warranty and prices. We may approve one or a limited number of suppliers, manufacturers, distributors or service providers in order to obtain lower prices or materials of a more uniform and/or higher quality.

(c) **Changes to Approved Suppliers.** If you wish to use any type, model, manufacturer or brand of materials, supplies or equipment, supplier, manufacturer or distributor of equipment, supplies or material, any service provider or any other brand, manufacturer, distributor or supplier of materials, supplies, services or equipment, which is not currently approved by us, you are required to: (i) notify us in writing; (ii) submit to us sufficient specifications, photographs, samples and/or other information requested by us concerning such type, model, brand, service, service provider and/or supplier, manufacturer or distributor. We will then determine, within a reasonable time not to exceed thirty (30) calendar days, whether such type, model or brand, supplier, distributor, service provider or manufacturer complies with our specifications, and/or whether such supplier, manufacturer, distributor or service provider meets our criteria for approval. We may from time-to-time prescribe procedures for the submission of requests for approval of types, models, brands, manufacturers, distributors, service providers or suppliers and obligations which approved manufacturers, distributors, service providers or suppliers must assume. Under no circumstances are Franchisees permitted to offer for sale any item or order inventory from any suppliers or vendors that have not been expressly authorized by us. We reserve the sole right, in our Business Judgment, to decide if any supplier, vendor or item is authorized and reserve the right to disapprove or refuse to approve any supplier, vendor or item. Under no circumstances may you offer for sale any products or perform any services that we have not previously authorized. Selling unauthorized products or ordering from unauthorized vendors is grounds for default and/or termination of this Agreement.

(d) **Preferred Vendor Programs**: We reserve the right to develop, modify, and terminate certain programs and terms under which we, our affiliates or the HydroDog Businesses receive certain negotiated benefits or terms from Approved Suppliers ("Preferred Vendor Programs"). You must follow all of our policies and procedures which we designate from time-to-time for participation in or termination of Preferred Vendor Programs ("Program Rules"). We can refuse or terminate your participation in Preferred Vendor Programs without terminating this Agreement. We may designate one or more Approved Suppliers ("Preferred Vendors") as an exclusive supplier of types, models or brands of business materials, supplies, operating assets, consumer goods, fixtures or materials and business services that we approve for the HydroDog Businesses. We may receive compensation from Approved Suppliers, fees, rebates or other consideration for such purchases. Certain Preferred Vendors may require that you enter into agreements with them (subject to our approval) in connection with our designation or your use of them as a Preferred Vendor or participation in their Preferred Vendor Program ("Preferred Vendor Agreements"). You agree to do so. We may be a party to such Preferred Vendor Agreements. We may, but are not obligated to, contribute any such fees or rebates received by us from such agreements to the Marketing Fund. However, with respect to such contributions to the Marketing Fund, if any, we will not be obligated to offset or reduce your obligation to pay to us Marketing Fund Fees. If we permit you to receive any form of rebates, contributions or remunerations from Preferred Vendors, we may require that you provide to us accountings of such monies or other remuneration you receive, in the manner we designate in the Manuals. We may charge you fees in the amount we may designate from time-to-time for participating in Preferred Vendor Programs which we evaluate or for which we

provide services. If we cancel your participation in any Preferred Vendor Program, we will direct the Preferred Vendor to stop doing business with you on the same terms as it does for other franchisees.

5.5 **Sale of the Products and Services**. In the sale of the Product and Services to consumers, you are not permitted to distribute the Product or Services in any manner that we have not approved in writing or combine the Product or Services with any other product or service without our prior written approval, which we may grant, withhold, or revoke in our sole and absolute discretion. Accordingly, you have no right to sell any of the Products and Services in wholesale, or by any other similar means, nor do you have the right to sell any of the Products and Services of your HydroDog Business through catalog sales, the internet, or by any means other than your HydroDog Business.

5.6 **Compliance with Laws and Good Business Practices**. You are required to secure and maintain in force and in your name all necessary insurance, licenses, permits, and certificates relating to the operation of your HydroDog Business. You will operate your HydroDog Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, construction warranties, worker's compensation insurance, immigration, unemployment insurance, construction permitting, workplace safety, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, us, and the public, adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct, as defined by us and as may be updated from time to time. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the HydroDog System, the Marks and other HydroDog Businesses.

5.7 **Business Management System**. You are required to use and adhere to all of the rules and regulations, specifications and System Standards for the Computer System, mapping, business management, Purchase Order System, scheduling, cost control, and accounting system we designate from time-to-time (collectively, the "Business Management System"). You must utilize the Computer System, if any, which we may designate or approve, in the manner we approve in your utilization of the Business Management System. You must use our standard supplier or vendor agreements and other agreements related to the Business Management System that we designate from time-to-time. The Business Management System may or will incorporate and consist of such functions as we designate from time-to-time, which may include a mandatory Purchase Order System and rules for participation and use of such Purchase Order System, if any, which we may designate (the "Purchase Order System"). Through, and as part of, the Business Management System we may require that you establish an operating account with a bank or other financial institution that we designate or approve (the "Operating Account"). The Operating Account shall be the primary bank account utilized by your HydroDog Business. We shall have the right to make automated withdrawals from the Operating Account for agreed-upon fees and payments due to us. We, in our sole judgment, shall have the right to designate one of our officers or authorized representatives to have signature rights to the Operating Account, solely for the purpose of conducting transactions related to the franchise agreement. You must utilize the Operating Account in accordance with the System Standards as we designate (e.g. Business Management System rules). We may change, alter or amend the functions, components, System Standards, Computer System, Purchase Order System, Technology Fund and any other aspect of the Business Management System from time-to-time.

5.8 **Business Opening**. You agree not to open your HydroDog Business until:

(a) we have approved your HydroDog Business as developed in accordance with our specifications and standards;

(b) training has been completed to our satisfaction;

(c) the Franchise Fee has been paid (subject to state law or state imposed financial assurance requirements);

(d) the Initial Tool Package has been purchased;

(e) we have approved the Managers of your HydroDog Business, if any, and you have demonstrated to us that the pre-opening conditions of this Agreement have been fulfilled.

(f) you have furnished us with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept; and

(g) you have provided us with copies of all required documents pertaining to your acquisition and delivery of the HydroDog Vehicle.

6. **FEES.**

6.1 **Initial Franchise Fee**. In consideration of the Franchise rights granted in this Agreement, you must pay us a non-refundable initial franchise fee of Forty Thousand Dollars ($40,000) for a Territory with a population of up to one hundred fifty thousand (150,000) people (the "Initial Franchise Fee"). The Initial Franchise Fee is fully earned upon receipt. The Franchise Fee is due in a lump sum payment on the Agreement Date.

6.2 **Additional Territory Fee**. You may purchase additional territory rights for areas with populations of up to 50,000 each for an additional fee of ten thousand dollars ($10,000) per additional territory (the "Additional Territory Fee"). The Additional Territory Fee shall not be prorated if the population of the additional territory is less than 50,000. The Additional Territory Fee is uniform, due in a lump sum, and fully earned and non-refundable upon payment.

6.3 **Royalty.** Beginning the first week following the week you open your HydroDog Business, and continuing throughout the remainder of the Term, you shall pay us a continuing non-refundable weekly royalty fee ("Royalty(ies)") equal to the greater of (a) seven percent (7%) of Gross Sales or (b) two hundred fifty dollars ($250.00) per Territory. Royalties are payable to us every Monday for the previous calendar week (the "Payment Day"). If the Payment Day falls on a national holiday, the payment is due on the first weekday following the national holiday.

6.4 **Technology Fee**. You must pay to us or our designee a fee in the amount we designate from time to time for our proprietary software and technology services (the "Technology Fee"), which includes but is not limited to website listing, data hosting, scheduling system, customer relationship management (CRM), workflows, virtual assistant technology, and learning and development resources. The Technology Fee is currently $150 per month plus $99 per month for each HydroDog Vehicle. The Technology Fee is due on or before the first Payment Day in each month. We may increase this fee upon ninety (90) days written notice to you.

6.5 **Initial Tools Package**. If you have less than five (5) years' experience in grooming and/or you are not a certified groomer, you must purchase your Initial Tool Package from us (the "Initial Tools Fee"). If applicable, the Initial Tools Fee is due when you sign this Franchise Agreement and is non-refundable and fully earned when paid.

6.6 **Additional Training Fees.** As part of the Franchise Fee, we provide the initial training. We may require additional training if you or your staff fail to meet our then-current performance or compliance standards. If we require or you request, and we agree to provide, additional training or assistance, which may be conducted on-site (in Territory), online, at our location, or at another location we designate, you must pay our then-current fee for additional training (the "Additional Training Fees") plus all travel and living expenses for each trainer (the "Training Expenses"), regardless of training location. Training Expenses include, without limitation, reasonable transportation, lodging, meals, and incidental expenses. For any training conducted at our location, you are responsible for all travel, lodging, meals, and incidental expenses incurred by you and your personnel in attending such training.

6.7 **Grooming School**. If you are not already a dog groomer, you must hire a lead groomer (who must be approved by us in writing) and successfully complete our designated online grooming training program prior to Initial Training. The cost of the online training program, including but not limited to registration fees, materials, equipment, travel and living expenses, shall be your sole responsibility. These costs are non-refundable regardless of completion or success in the program. If you are already a dog groomer, you must complete and pass a skills assessment administered by us prior to Initial Training. Should you fail to meet our standards in the skills assessment (as determined by us in our sole discretion), you will be required to attend a dog grooming academy of our choosing at your expense prior to Initial Training.

6.8 **Customer Sales Center Fee**. We reserve the right to establish a centralized call center and online booking system (the "Customer Sales Center"), to process all orders for services or products within the System, including all orders for services or products for your HydroDog Business, and otherwise to handle customer inquiries. If implemented, we will require that you retrieve all orders for services and products for your HydroDog Business from the Customer Sales Center, and comply with all related procedures and protocols as may be updated by us from time to time. We will direct all aspects of planning and operation of the Customer Sales Center that we believe to be in the best interest of the entire System in our absolute and uncontrolled business judgment. If implemented, you must fully participate in all programs and protocols involving the Customer Sales Center, as we may require from time to time at our then-current fee.

6.9 **Electronic Funds Transfer.** We reserve the right to require you to pay all future payments of the Royalties to us by electronic funds transfer. If we do so, we shall designate the Payment Day for the Royalty payment. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Payment Day, you will report to us by telephone, electronic means or in written form, as we direct, your HydroDog Business's true and correct Gross Sales for the immediately preceding week. You will give us authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to your HydroDog Business's bank operating account (the "Account") for payments of Royalties and other amounts due under this Agreement, including any applicable interest charges. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Royalty Payment Day. If we determine at any time that you have under reported Gross Sales or underpaid Royalties or other amounts due to us, we will be authorized to immediately initiate a transfer from the Account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges. Any overpayment will be credited to the Account through a credit, effective as of the 1st reporting date after we determine that such credit is due.

6.10 **Definition of Gross Sales.** As used in this Agreement, the term "Gross Sales" means all revenue you derive from operating your HydroDog Business, including, but not limited to, all amounts you receive at or away from the HydroDog Vehicle from any Services, Products or activities whatsoever including any that are in any way associated with the Marks, Copyrights or System, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding: (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (2) customer refunds, adjustments, credits and allowances actually made by your HydroDog Business.

6.11 **Interest on Late Payments.** All amounts which you owe us or our affiliates will bear interest after their due date at the annual rate of the lesser of two percent (2%) per month or the highest contract rate of interest permitted by law. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, your HydroDog Business. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

6.12 **Late Payment Fees.** All Royalties, Marketing Fund Fees, amounts due for purchases by you from us or our affiliates, and any interest accrued thereon, and any other amounts which you owe us or our affiliates, are subject to a late payment fee of ten percent (10%) of the amount due, or the highest rate permitted by law (the "Late Payment Fee"). The Late Payment Fee is due immediately upon any delinquent payments and is in addition to any other fees due and payable to us. The provision in this Agreement concerning Late Payment Fees does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your HydroDog Business.

6.13 **Insufficient Funds Fee**. If any payment from you does not successfully convey funds due to insufficient funds, stop payment instructions, or any similar event, you shall pay, upon demand, an insufficient funds fee equal to fifty dollars ($50.00).

6.14 **Application of Payments.** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us.

6.15 **Payment Offsets.** You acknowledge and agree that we have the right to set-off from any amounts that we may owe you or your owners or any amount that you owe to us, or our affiliates, for any reason whatsoever, including without limitation, Royalties, Marketing Fund Fees, Late Payment Fees and interest on late payments, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we or our affiliates may make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates from time-to-time. We will notify you monthly if we elect to do so.

6.16 **Software Modifications**. If we require you to license or to modify or obtain new software that we or our affiliates license to you, you must pay us, or our designee, our, or our designee's, then-current fees for such software, including any up-front and ongoing fees.

6.17 **Insurance Reimbursement**. Should you, for any reason, not procure and maintain such insurance coverage as required by this Agreement, we shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to you, which charges, together with a five hundred dollar ($500) administrative fee for our expenses and efforts in connection with such procurement, shall be payable by you immediately upon notice.

6.18 **Non-Compliance Fee**. In the event you are, at any time during the term of this Agreement, found to not be in compliance with the terms hereof and/or the System Standards or this Agreement and have failed to cure such failure within the stated cure period herein, you agree to pay to us two hundred fifty dollars ($250) the first time you are found to not be in-compliance with the System; five hundred dollars ($500) for the second time you are found to not be in-compliance with the System; and seven hundred fifty dollars ($750) for the third and any subsequent times you are found to not be in-compliance with the System. Our election to impose non-compliance fees shall not waive or limit any other rights or remedies we may have under this Agreement, including but not limited to our right to later terminate this Agreement for the same or different breaches. If your non-compliance is monetary in nature, we reserve the right to notify your credit union or other banking institution that issued a loan or line of credit for your HydroDog Business of your failure to comply with this Agreement. You agree that such fee and banking notification is in addition to any other rights or remedies we may have under this Agreement or at law. We may, in our sole and absolute discretion, choose to grant you an opportunity to cure the non-compliance prior to imposing the Non-Compliance Fee or pursuing other remedies, but we have no obligation to do so and our choice to grant a cure opportunity in one instance does not require us to do so in any other instance. We shall have the right to require any form of verification to determine non-compliance, with or without cause, including but not limited to documentation, photos, video tours, etc. You shall be required to furnish such verification within seventy-two (72) hours of our request. We have the right to make personal visits without notice to your HydroDog Business.

6.19 **Encroachment Fee**. You may not directly or indirectly market, solicit or perform any Services in another franchisee's Territory. If you wish to perform services within the Territory of another franchisee (the "Other Designated Territory"), you must first seek written permission from the franchisee whose Other Designated Territory contains the prospective client's principal residence or location (the "Other Franchisee"). We must also receive a copy of the written request, and shall approve or disapprove any such request in writing. Neither we nor the Other Franchisee is under any obligation or duty to grant you permission to perform Services in the Other Designated Territory. If you are granted permission to perform services to clients in the Other Designated Territory by both the Other Franchisee and us, you may service the client as long as you are able to perform the services according to the standards as described in the Operations Manual and any applicable addendum. If you are not granted permission from either the Other Franchisee or us, you may not service the customer in the Other Designated Territory. If you nevertheless service the client in the Other Designated Territory, or fail to provide written notice to the Other Franchisee and we as required by this Section, you shall be in violation of this Agreement. In such a case, we shall provide written notice to you, and within ten (10) days of receiving written notice of such violation, you: (i) must, within forty-eight (48) hours, cease providing services to the client in the Other Designated Territory, except for any pre-scheduled appointments within the next seven (7) days which may be completed to maintain customer goodwill; and (ii) may be required to pay an encroachment fee of five hundred dollars ($500) to us and five hundred dollars ($500) to the Other Franchisee. Additionally, if you engage in three (3) or more unauthorized territorial encroachments during any twelve (12) consecutive month period, such repeated violations shall constitute a material breach of this Agreement and may result in immediate termination of this Agreement at our sole discretion.

7. TRAINING AND ASSISTANCE.

7.1 **Owner/Manager Training**. Before your HydroDog Business opens, we shall provide initial training (the "HydroDog Academy") to you and up to one additional trainee for the Initial Training Fee. Training must be completed at least thirty (30) days before you open your HydroDog Business. Training will be completed at our location or other designated location as well as on-site within your Territory. You must complete the initial training to our satisfaction and pay all expenses of your personnel to attend such training, including tuition, travel, lodging, meals and salaries.

7.2 **Initial Training Fee**. We will provide our HydroDog Academy training as stated herein. At the time you sign this Agreement, you must pay us a five thousand dollar ($5,000) non-refundable initial training fee (the "Initial Training Fee") per trainee in consideration of the pre-opening initial training program that we will conduct for you. You are responsible for all expenses and costs that you incur for training or attending conferences, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee the then-current Initial Training Fee for each of the transferee's owners and employees that attends our initial training program. All training fees and expense reimbursements are due ten (10) days after invoicing.

7.3 **Additional Training.** We reserve the right to require you and/or your previously trained owners to attend periodic refresher training courses at such times and locations as we may designate. If we require you, and/or your previously trained owners to re-take or attend additional or extended initial training at your expense ("Additional Training").

7.4 **Completion of HydroDog Academy**. Successful completion of HydroDog Academy, any other initial training and any additional or extended initial training we require before opening is a condition to the opening of your HydroDog Business to the public.

7.5 **General Guidance.** We will advise you from time-to-time regarding the operation of your HydroDog Business based on reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

(a) standards, specifications and operating procedures and methods utilized by the HydroDog Businesses;

(b) purchasing required equipment, signs, products, materials and supplies;

(c) Product and Service inventory practices and purchasing practices;

(d) use of suppliers and approved products and supplies

(e) sales, pricing policies and the like;

(f) owner and management training; and

(g) administrative, bookkeeping and accounting procedures.

Such guidance will be furnished at our sole discretion, in our Manuals, bulletins or other written materials, during telephone consultations, or during consultations at our office or your HydroDog Business. At your request, we will furnish additional guidance and assistance. If your requests for additional or special training and guidance are, in our opinion, excessive we may charge you our actual expenses that we incur in connection with such training or guidance, including per diem charges and travel and living expenses for our personnel.

8. **MARKS.**

8.1 **Ownership and Goodwill of Marks.** You acknowledge that the Marks are owned by us or licensed to us, and that any references to our right, title or interest in the Marks in this Article 8 shall include the owner's right, title or interest. You agree that your right to use the Marks is derived solely from this Agreement and is limited to your operating your HydroDog Business in strict accordance with this Agreement

and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are for our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your HydroDog Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we authorize you to use.

8.2 **Limitations on Your Use of Marks.** You agree to use the Marks as the sole trade identification of your HydroDog Business, provided that you shall identify yourself as the independent owner of your HydroDog Business in a manner acceptable to us. You may not use any Mark or any variation thereof (1) as part of any corporate or legal business name, (2) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, electronic address or search engine you maintain on any website; (5) in any other manner we have not expressly authorized in writing; or (6) that may damage or cause harm to us, our affiliates, the Marks, the System or our principals. You may not make any disparaging remarks related to us, our affiliates, our franchisees, the Marks, the System or our principals. You may not use any Mark in advertising the transfer, sale or other disposition of the Operating Assets or your HydroDog Business without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently and exclusively in the manner we prescribe at your HydroDog Business, and on forms, advertising, digital platforms, and other materials as designated by us. You agree to give the notices of trademark and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

8.3 **Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

8.4 **Discontinuance of Use of Marks.** If it becomes advisable at any time in our Business Judgment for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable direct expenses of changing your HydroDog Business's signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

9. CONFIDENTIAL INFORMATION.

9.1 **Types of Confidential Information.** We and our affiliates possess (and will continue to develop and acquire) certain confidential information (the "Confidential Information") relating to the development and operation of the HydroDog Businesses, which includes (without limitation):

(a) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating your HydroDog Business (including, without limitation, the System Standards);

(b) market research and promotional, marketing and advertising programs for your HydroDog Business;

(c) client communication programs, along with data used or generated in connection with those programs;

(d) the System and the know-how related to its use;

(e) plans, specifications, size and physical characteristics of the HydroDog Businesses, HydroDog Vehicles;

(f) Territory selection criteria;

(g) design of equipment, furniture, forms, materials and supplies;

(h) training for the HydroDog Businesses;

(i) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of the HydroDog Businesses;

(j) knowledge of specifications for certain Products and Supplies and suppliers of certain Products and Supplies;

(k) pet grooming techniques, products and services;

(l) the Client Database (as described in Section 9.5 below); and

(m) knowledge of operating results and financial performance of the HydroDog Businesses other than those operated by you (or your affiliates).

9.2 **Restriction on Use of Confidential Information.** You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information in operating your HydroDog Business during this Agreement's term and according to this Agreement's terms and conditions, and that your use of any Confidential Information for any purpose not expressly authorized by this Agreement would constitute an unfair method of competition with us and our franchisees and may violate certain laws. You further acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you, your Owners, managers, employees and/or independent contractors who have access to it agree, and they do agree, that you and they:

(a) Will not use any Confidential Information in any other business or capacity;

(b) Will keep the Confidential Information strictly confidential during and indefinitely after this Agreement's term;

(c) Will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

(d) will adopt and implement all reasonable procedures that we periodically prescribe to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Franchised Business personnel and others needing to know such Confidential Information to operate your HydroDog Business, and requiring all employees and independent contractors having access to Confidential Information to sign confidentiality and non-competition agreements in a form acceptable to us. We have the right to regulate the form of confidentiality and non-competition agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

You must disclose to us all ideas, techniques, services and products concerning the development and operation of your HydroDog Business that you or your employees conceive or develop during the term of this Agreement. You must grant to us and agree to obtain from your owners, employees, contractors, and agents a perpetual, irrevocable, royalty-free, non-exclusive, transferable, and worldwide right to use, modify, exploit, and sublicense these ideas, techniques, innovations, improvements and products concerning the development and operation of Franchised Business that you or your employees, contractors, or agents conceive or develop during the term of this Agreement in all pet-related product and service businesses. We will have no obligation to make any lump sum or on-going payments to you with respect to any idea, concept, method, technique or product. You must agree that you will not use nor will you allow any other person or entity to use any of these ideas, techniques or products without obtaining our prior written approval. Such ideas, techniques, services and products will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to sign whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the item.

"Confidential Information" does not include information, knowledge or know-how which: (a) at or prior to the time of receipt was in the public domain; (b) at or prior to the time of receipt by you or the signing of this Agreement, whichever occurred first, was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed; or (c) is subsequently received by you from an independent third party not in breach of any duty of nondisclosure, secrecy, nonuse or similar duty, but only to the extent and in the form, manner and combination so disclosed.

You agree that any failure to comply with the terms of this Article 9 will cause substantial and irreparable damage to us and/or other franchisees, for which there may not be an adequate remedy at law. Therefore, you agree that any violation of the terms of this Article 9 will entitle us to injunctive and all other equitable relief that a state or federal court nearest to our principal place of business (currently Tampa, FL) or any other court with jurisdiction may deem just and proper. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). 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. Any claim, defense, or cause of action that you or your Owners may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Article 9.

9.3 **Client Database**. You agree that the list of the names, addresses and other information regarding your current clients, former clients, and those who have inquired about the Services (the "Client

Database") is included in the Confidential Information, is our property, and constitutes a trade secret of ours. You agree that you may not disclose, sell, assign, transfer or convey the Client Database, or any portion thereof, to any person other than us either during the term of this Agreement or thereafter, and you acknowledge that the Client Database constitutes our sole and exclusive property. You further agree that a breach of this Section shall be grounds for immediate termination of this Agreement pursuant to Section 14.1.12.

10. **EXCLUSIVE RELATIONSHIP.**

You and your Owners acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among the HydroDog Businesses if franchised owners of the HydroDog Businesses were permitted to hold interests in or perform services for a Competitive Business. You also acknowledge that we have granted the franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the term of this Agreement, and subject to applicable state law, neither you, any of your owners, nor any immediate family members of you or your owners (including spouses or children) will:

(a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than your HydroDog Business;

(b) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;

(c) have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business operating (i) within the Territory; (ii) within twenty-five (25) miles of the Territory; or (iii) within twenty-five (25) miles of any other HydroDog Business's Territory in operation or under development on the later of (a) the effective date of the termination or expiration of this Agreement or (b) the date on which you cease to have any direct or indirect interest in a Competitive Business;

(d) perform services as a director, officer, Manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located; or

(e) on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under this Agreement to develop and operate your HydroDog business or otherwise (other than the HydroDog Businesses operated under franchise agreements with us), unless your HydroDog business is managed by a Chief Operating Officer, or equivalent position, approved by us, who has satisfactorily completed our training programs. This provision does not prohibit passive investments in other businesses that do not compete directly or indirectly with HydroDog business. However, an interest in a business in which your capacity is either a director, officer or majority stockholder (or any combination thereof) does not constitute a passive investment, and will be considered a breach of these provisions of this Agreement.

The term "Competitive Business" refers to any business or facility that owns, operates, manages, grants, sells, offers or supports franchises or licenses to others to do so, any mobile, fixed, or internet or catalog based business or facility that provides pet grooming, pet care, pet products or services, or any other pet-related products and services that are identical, similar to, or competitive with the Products and Services offered by HydroDog Businesses, whether now existing or hereafter developed, excluding any HydroDog Business under a franchise agreement with us, or any other business that we, at our sole discretion, determine to be competitive.

11. OPERATION AND SYSTEM STANDARDS.

11.1 **Operations Manuals.** We will loan you (or make available on-line or via other electronic format), during the term of this Agreement, 1 copy of our manuals (the "Manuals"), consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer Software and written materials) that we generally furnish to franchisees from time-to-time for use in operating a HydroDog Business. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules ("System Standards") that we prescribe from time-to-time for the operation of a HydroDog Business and information relating to your other obligations under this Agreement and related agreements. You agree to follow the standards, specifications and operating procedures we establish periodically for the HydroDog System that are described in the Manuals. You also must comply with all updates and amendments to the HydroDog System as described in newsletters or notices we distribute, including via Computer System or other media we select). The Manuals may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manuals for changes to them. If we make the Manuals accessible to you in read-only format and/or on-line (or electronic format), we will not send to you printed copies of any changes to them. However, any form of the Manuals accessible to you on-line is our proprietary information and will be deemed Confidential Information for purposes of this Agreement. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. You agree to keep your printed copy of the Manuals (if any) current and in a secure location at your HydroDog Business, with access limited to authorized personnel who have signed confidentiality agreements. In the event of a dispute relating to the contents of any printed copy of the Manuals, the master copy of the Manuals we maintain at our principal office will be controlling. However, in the event we utilize on-line Manuals, the most recent on-line Manuals will control any disputes between the on-line version and printed copies of the Manuals. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals, except as necessary for training authorized personnel or as explicitly permitted in writing by us. Any permitted copies must be marked as "Confidential" and maintained with the same level of security as the original Manuals.

11.2 **Compliance with System Standards.** You acknowledge and agree that your operation and maintenance of your HydroDog Business in accordance with System Standards are essential to preserve the goodwill of the Marks and all the HydroDog Businesses. Therefore, at all times during the term of this Agreement, you agree to operate and maintain your HydroDog Business in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement. System Standards may regulate any one or more of the following with respect to your HydroDog Business:

(a) design, layout, decor, appearance, make, model, condition, equipment and outfitting of the vehicle and all equipment set to provide products and services of your HydroDog Vehicle, regular maintenance, cleaning and sanitation; regular remodeling; replacement of obsolete or worn-out HydroDog Vehicle, parts, furnishings, equipment and

signs; regular painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;

(b) quantities, types, models and brands of required Products and Services, fixtures, furnishings, equipment, signs, materials and supplies used in establishing and operating your HydroDog Business;

(c) required inventory and inventory levels;

(d) designated or approved suppliers of furnishings, equipment, Products and Services and other items we require for the operation of your HydroDog Business;

(e) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, that you obtain from us, our affiliates or our approved suppliers;

(f) sales, marketing, advertising and promotional programs and materials that are required or approved for use by your HydroDog Business;

(g) use or non-use and display or non-display of the Marks and Copyrights;

(h) qualifications, training, dress and appearance of anyone performing services on behalf of your HydroDog Business;

(i) days and hours of operation of your HydroDog Business;

(j) acceptance of credit cards, gift certificates, coupons, frequent customer programs, and payment systems and check verification services;

(k) bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

(l) types, amounts, terms and conditions of insurance coverage required to be carried for your HydroDog Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for your HydroDog Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(m) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or your HydroDog Business;

(n) regulation of such other aspects of the operation and maintenance of your HydroDog Business that we determine from time-to-time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and the HydroDog Businesses; or

(o) use of vehicle wraps and similar mobile advertising.

You agree that System Standards prescribed from time-to-time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth. All references to this Agreement include all System Standards as periodically modified.

11.3 **Modification of System Standards.** We may periodically modify System Standards, which may accommodate regional or local variations as we determine. Such modifications may obligate you to invest additional capital in your HydroDog Business ("Capital Modifications") and/or incur higher operating costs. However, such modifications will not alter your fundamental status and rights under this Agreement. We agree to give you at least ninety (90) days to comply with Capital Modifications we require. You are obligated to comply with all modifications to System Standards, including Capital Modifications, within the time period we specify. Your failure to comply with any System Standards or Capital Modifications within the specified time period will result in: (a) a non-compliance fee as stated in Section 6.16 (Non-Compliance Fee); (b) mandatory remedial training at your expense; (c) suspension of your rights under this Agreement until compliance is achieved; and/or (d) termination of this Agreement, as we determine in our sole discretion.

11.4 **Interior and Exterior Upkeep.** You agree, at all times, to maintain the HydroDog Vehicle's interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of the HydroDog Vehicle established in the Manuals and by federal, state and local laws.

11.5 **Hours of Operation.** You agree to operate your HydroDog Business during the hours and on the days prescribed by us in the Manuals or otherwise approved in advance in writing by us.

11.6 **Customer Service Programs and Customer Retention Programs**. You acknowledge and agree that you must participate in any customer service program or customer retention program which we may establish from time to time. You acknowledge and agree that your failure to comply in all respects with the requirements of any such customer service program or customer retention program, or your failure to achieve customer satisfaction results in accordance with our required customer satisfaction index score for any customer service program, as determined by us in our sole business judgment, or your failure to achieve our required customer retention rate for any customer retention program, as determined by us in our sole business judgment, shall be sufficient grounds for us in our sole business judgment to: (i) require your mandatory attendance at any remedial training program that we specify at your sole cost and expense, (ii) deem your Territory non-exclusive and authorize any other person to operate a HydroDog business within the Territory, (iii) impose monetary penalties as specified in our then-current operations manual, and/or (iv) terminate this Agreement effective immediately upon your receipt of our written notice to you.

11.7 **Accounting, Computers and Records.** It is your responsibility to obtain accounting services and any required hardware or software related to them, from suppliers approved by us. You will at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, inventory and expense information.

11.8 **Computer System.** We may require that you acquire and use in developing and operating your HydroDog Business a Computer System consisting of the computer services, components,

equipment, computer hardware, telecommunications equipment or services, the software used in connection with the Business Management System and other operating or communications software we designate or approve for use by the HydroDog Businesses (collectively, the "Software") that we may periodically specify in the manner we designate (collectively, the "Computer System"). We may require you to obtain specified computer and communications hardware, equipment, components or Software and services (like DSL, Frac, T-1, Cable Modem or ISP) and may modify specifications for and components of the Computer System from time-to-time. We require you to acquire high speed internet capabilities (like DSL, Frac, T-1, Cable Modem or ISP), as well as mobile tablet and smart phone usage and access. Our and our designees' modifications and specifications for components, equipment, services and operating or communications of the Computer System may require you to incur cost to purchase, lease or license new or modified Software or computer or communications hardware, equipment, components or Software and to obtain service and support for the Computer System during the Term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and Software comprising the Computer System (or additions or modifications) operating it in accordance with our System Standards and ensuring that it is compatible with, and capable of participation in and performing the functions we designate for the Business Management System and engaging in any form of e-commerce we designate or approve, as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in the HydroDog Businesses that we or they own and operate, or an alternative system that we approve in writing. The Computer System must be capable of connecting with our Computer System performing the functions we designate for the Business Management System, permitting us to review the results of your HydroDog Business's operations, and engaging in any e-commerce activities that we designate or approve. We also have the right to charge you a reasonable systems fee, as determined by us, for modifications of and enhancements made to any proprietary Software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. From time-to-time, upon our notice to you, you must enter into the then current form of such Computer System or Software related agreements as we may designate. You must not use the Computer System for any purposes not authorized by us or our affiliates.

11.9 **Trade Accounts and Taxes**. You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly, and to keep us informed of any significant disputes that may affect your HydroDog Business. You agree to timely pay all taxes incurred in connection with your HydroDog Business's operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf, and you shall indemnify us for any such payments or actions taken. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

11.10 **Retail Prices.** Subject only to limitations imposed by applicable law, we reserve the right to designate maximum or minimum retail prices for the Products and Services you offer and sell, and we will provide you with reasonable notice of any changes to these prices. We may further from time to time offer guidance with respect to the selling price for such Products and Services, but you shall be free to set your own prices within any maximum or minimum retail prices we designate. If you elect to sell any or all of your Products and Services at any price recommended by us, you acknowledge that we have made no guarantee or warranty that offering such Products and Services at the recommended price will enhance your sales or profits.

11.11 **Scheduling Fee**. You must use our approved supplier for scheduling all grooming appointments and pay the then-current monthly fee (the "Scheduling Fee"), which will be communicated to you in advance of any changes.

11.12 **Approved Products.** You must only offer and sell the Products and Services and other items we have designated or previously approved for sale at your HydroDog Business. You agree to obtain such designated or approved Products and Services from designated or approved suppliers, that may include only us or our affiliates. You agree not to sell, dispense, give away or otherwise offer or provide Products and Services except by means of retail sales from the HydroDog Vehicle. You agree to maintain an inventory of Products and Services sufficient to meet the daily demands of your HydroDog Business and as designated in our System Standards.

11.13 **Management**. If you are an entity, you are required to complete and update, as necessary, the statement of ownership attached hereto as Attachment B throughout the term of this Agreement, and to provide us with a copy of any such updates within thirty (30) days of making them. Your HydroDog Business shall be managed by you, or if you are an entity, by one of your shareholders, partners, or members who is a natural person, holding at least a ten percent (10%) interest in the franchisee entity, and who is designated in writing to us as the person to make all decisions for the franchisee entity and to be principally responsible for communicating with us about your HydroDog Business ("Designated Owner"). Under certain circumstances we may allow you to appoint a designated manager ("General Manager") to run the day-to-day operations of your Franchised Business; the General Manager need not have an ownership interest in the franchisee entity. In addition, if you are an entity, all persons who own twenty percent (20%) or more of the beneficial ownership interests in the entity and each such person's respective spouse shall personally and unconditionally guaranty franchise owner's performance under this Agreement by signing the Owners Agreement attached hereto as Attachment D. The Designated Owner shall have the authority to speak for and bind the franchise owner in all matters pertaining to this Agreement, and all matters relating to your HydroDog Business.

You must at all times faithfully, honestly, and diligently perform your contractual obligations. System Standards may regulate the staffing levels and employee qualifications, training, dress, and appearance of your HydroDog Business. Any Designated Owner or General Manager must complete the mandatory training to our satisfaction.

Either you, your Designated Owner if you are an entity, or any General Manager must be present to operate the business during all business hours. If your Designated Owner or General Manager resigns, is terminated, or is otherwise no longer performing as a Designated Owner or General Manager, you must designate a replacement Designated Owner or General Manager (either, a "Replacement"), as applicable, and we must pre-approve the Replacement in writing. Before being employed as Designated Owner or General Manager, the Replacement must complete the mandatory training to our satisfaction. You must pay our then-current fee for the Replacement's training and you must pay for your Replacement's costs in attending training, including travel, lodging, meals, wages, and any other related expenses.

Any General Manager and, if you are an entity, any officer (regardless of equity ownership) must sign, and you must ensure they sign, our then current "Confidentiality and Non-Solicitation and Non-Competition Agreement" as a condition of their employment or appointment. All of your employees, independent contractors, agents, or representatives who may have access to our confidential information must sign our standard confidentiality agreement, regardless of whether they have already signed a Confidentiality and Non-Solicitation and Non-Competition Agreement.

12. MARKETING AND PROMOTION

12.1 **Marketing Fund**. We have established a system-wide development, marketing and promotional fund (the "Marketing Fund") for the benefit of HydroDog franchisees. You shall participate in the Marketing Fund and contribute one percent (1%) of your Gross Sales each week to the Marketing Fund (the "Marketing Fund Fees"). We reserve the right to increase your Marketing Fund Fee to up to two percent (2%) of Gross Sales upon thirty (30) days' written notice to you. You must pay the Marketing Fund Fees in the same manner as the Royalty due under this Agreement. We have the right to require that an advertising/marketing cooperative and/or franchisee advisory council be formed, changed, dissolved or merged. We reserve the right, in our Reasonable Business Judgment, to defer or reduce Marketing Fund Fees of a HydroDog Business franchisee and, upon thirty (30) days prior written notice to you, to reduce or suspend contributions to, and operations of, the Marketing Fund for any period of any length and to terminate (and, if terminated, to reinstate) the Marketing Fund. If the Marketing Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Marketing Fund during the preceding 12-month period, or in a manner we determine. We and our affiliates will contribute to the Marketing Fund on the same basis as franchise owners for any the HydroDog Business we or they own and operate.

12.2 **Use of the Funds**. We or our designee will direct all programs financed by the Marketing Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the Marketing Fund may be used to pay the costs of, but not be limited to, developing, preparing and implementing audio or written advertising and marketing materials; developing and servicing corporate accounts; engaging in research and development; administering regional and multi-regional advertising programs; purchasing e-commerce rights, products or services, direct mail and other media advertising; maintaining or paying third parties to maintain on-line ordering and fulfillment systems, the Business Management System and the like; supporting public relations and market research; establishing, developing, maintaining, modifying, servicing or hosting Websites or other e-commerce programs, and other advertising, promotion and marketing activities. The Marketing Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials may be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

12.3 **Accounting for the Fund**. The Marketing Fund may be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Marketing Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Marketing Fund. We may spend on behalf of the Marketing Fund, in any fiscal year an amount greater or less than the aggregate contribution of all the HydroDog Businesses to the Marketing Fund in that year, and the Marketing Fund may borrow from us or others to cover deficits or invest any surplus for future use. In addition to other Marketing Fund fees, we may assess you, and you must pay to the Marketing Fund such Marketing Fund fees as we or the Fund deems necessary to address any deficits or special needs of the Marketing Fund. All interest earned on monies contributed to the Marketing Fund will be used to pay System Development costs before other assets of the Marketing Fund are expended. We may prepare a periodic statement of monies collected and costs incurred by the Marketing Fund and furnish the statement to you upon written request. We have the right to cause the Marketing Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

12.4 **Marketing Fund Limitations**. The Marketing Fund will be intended to maximize recognition of the Marks and patronage of the HydroDog Businesses. Although we may endeavor to utilize the Marketing Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all the HydroDog Businesses, we undertake no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing Fund by the HydroDog Businesses operating in that geographic area or that any the HydroDog Business will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising. We make no representations or warranties, express or implied, regarding the success or effectiveness of the Marketing Fund or any marketing activities, and we specifically disclaim any guarantee of specific results, including but not limited to lead generation, customer retention, sales performance, or revenue growth. You acknowledge that the success of marketing efforts depends on various factors beyond our control, including market conditions, competition, and your execution of the business. Except as expressly provided in this section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the Marketing Fund.

12.5 **Conduct of Advertising; Our Approval**. All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals, or as otherwise provided by us in writing. You shall obtain our written approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us. All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or as otherwise provided by us. You shall obtain our approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the 12 months prior to their proposed use. You shall submit such unapproved plans and materials to us at least 30 days before you intend to use such materials, and we will respond in writing within 30 days from the date we receive all requested information. If we do not provide our specific approval of the proposed materials within this thirty (30) day period, the proposed materials are deemed to be not approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. You shall not advertise or use the Marks in any fashion on the Internet or via other means of advertising through telecommunication without our express written consent.

We reserve the right, in our Reasonable Business Judgment, to require you to include certain language on all advertising to be used locally by you, including, but not limited to, "Franchises Available" and/or "Each Franchise Location Independently Owned and Operated", and reference to our telephone number and/or Website. All of your advertising must also comply with any applicable laws or regulations.

12.6 **Initial Vehicle Marketing Fee and Grand Opening Program**. In addition to the ongoing advertising expenditures set forth herein, you shall pay to us upon signing this Agreement a non-refundable Grand Opening Marketing Program fee of five thousand dollars ($5,000) per HydroDog Vehicle to be used in the Territory. For each additional HydroDog Vehicle acquired after the initial signing of this Agreement, you shall pay an additional non-refundable Grand Opening Marketing Program fee of five thousand dollars ($5,000). For each HydroDog Vehicle, we will perform or contract with our approved supplier to create a designated website or webpage specific to that vehicle within your HydroDog Business and provide all grand opening marketing for that specific vehicle during the period extending thirty (30) days prior to the scheduled opening date for that vehicle and ending sixty (60) days after the scheduled opening date for that vehicle. The payment of the Grand Opening Marketing Program fee does not guarantee any specific level of success, customer acquisition, or revenue generation during or after the grand opening period.

12.7 **Advisory Council**. We reserve the right, in our Reasonable Business Judgment, to establish an advisory council comprised of franchisees and our representatives. Franchisee participants will be chosen by us or may be elected by other franchisees in the System. If you are selected to participate on an advisory council, we will pay all reasonable expenses you incur related to your participation, such as travel and boarding expenses to attend council meetings, subject to our approval. If established, the advisory council will act in an advisory capacity only and will not have decision making authority. The advisory council would be governed by bylaws. We have the right to establish, change, merge or dissolve any advisory council at any time. We shall also have the right to remove council members in our discretion.

12.8 **Local Advertising Cooperatives**. We may, in our discretion, create a regional advertising cooperative ("Cooperative") in any area where two or more HydroDog Businesses are located, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which your HydroDog Business is located. In no event may the HydroDog Business be required to be a member of more than one Cooperative. The Cooperative must be governed in the manner we prescribe. You shall make contributions to the Cooperative in such amounts at the times and in the manner as determined by majority vote of the Cooperative members, subject to our approval. Any amounts that you contribute to a Cooperative will count toward your Local Advertising requirement, but if the amount you contribute to a Cooperative is less than the amount you must spend on Local Advertising you must spend the difference locally. The following provisions apply to each Cooperative:

(a) The Cooperative must be organized and governed in a form and manner, and commence operation on a date that we approve in advance in writing;

(b) the Cooperative must be organized for the exclusive purpose of administering marketing programs; developing, subject to our approval, standardized promotional materials for the members' use in Local Advertising within the Cooperative's area;

(c) the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

(d) except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each franchised business having one vote (including businesses we own that exist within the Cooperative's area), but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of franchised businesses owned;

(e) without our prior written approval, the Cooperative may not use, nor furnish to its members, any marketing or promotional plans or materials; all such plans and materials must be submitted to us for our approval in accordance with the procedure set forth in Section 9.4;

(f) no later than the 15th day of each month, each member/franchisee must submit its contribution to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

(g) if an impasse occurs because of a Cooperative members' inability or failure, within 45 days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.

12.9 **Local Advertising Expenditures**. In addition to any Marketing Funds set forth herein, you may, but are not required to, conduct advertising for the HydroDog Business in your Territory ("Local Advertising"), provided that all such advertising is in compliance with our standards and has been approved by us in writing. If you choose to conduct Local Advertising, you shall submit to us within thirty (30) days of our request, advertising expenditure reports accurately reflecting your Local Advertising expenditures, including verification copies of all advertising and any other information that we require.

12.10 **Websites and Social Media**.

As used in this Agreement, the term "Website" means an interactive electronic document within a network of computers linked by communications software. This includes any online presence that references your HydroDog Business, our Marks, or the System, whether operated by you or authorized others, and includes any associated social media pages or accounts. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

(a) We shall have the exclusive right, but not the obligation, to establish and maintain a Website, which shall be managed by HydroDog web designers and may, without limitation, promote the Proprietary Marks, any or all of the Products or Services, HydroDog businesses, the franchising of HydroDog Businesses, and/or the System. This includes management of the resource center, store, and vendor list. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; we shall also have the right to discontinue operation of the website.

(b) We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your HydroDog Business, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the exclusive right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

(c) You shall not establish, maintain, or operate any separate Website, mobile application, digital platform, social media account, online marketplace listing, or other online presence whatsoever relating to your HydroDog Business or using the Marks (or any variation thereof) without our prior written approval (which we shall not be obligated to provide). This includes, but is not limited to, registering any domain names, usernames, handles, or other digital identifiers that contain any of the Marks or variations thereof. If approved to establish a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any Website owned or maintained by or for your benefit shall be deemed "advertising" under this Agreement, and will be subject to (among other things) our approval under Section 13 below.

(d) You are not permitted to promote your HydroDog Business or use any of the Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without our prior written consent. We alone may establish, maintain, modify or discontinue all

internet activities pertaining to the System, including through the use of a page or profile on a social media website such as Facebook, Instagram, TikTok, Twitter or Snapchat. You must comply with our System standards regarding the use of social media in your HydroDog Business' operation, including prohibitions on you and your HydroDog Business' employees posting or blogging comments about your HydroDog Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly as specified in our social media policies. You acknowledge that we have the exclusive right to execute collective or national campaigns through your local social media accounts on your behalf. We reserve the exclusive right to conduct collective/national campaigns via local social media on your behalf. You further acknowledge and agree that we shall have the sole right and responsibility to respond to any reviews of HydroDog Businesses posted on Yelp, TripAdvisor or any other similar Website, and you shall not respond to any such reviews.

(e) Any digital platforms we establish or maintain, including but not limited to websites, apps, or other e-commerce channels, may serve multiple functions including advertising and promoting HydroDog products, programs, and services, as well as marketing HydroDog franchise opportunities. We exclusively retain all rights to electronic commerce, and you acknowledge that any such platforms may be used by us to exploit these reserved rights.

13. **RECORDS, REPORTS AND FINANCIAL STATEMENTS**.

13.1 **Accounting System**. You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats we prescribe from time-to-time. We may require you to use approved computer hardware and Software in order to maintain certain sales data and other information, including updating the Manuals and for communication purposes. You agree that we may have real-time, continuous, and unrestricted access to all sales data, customer information, financial records, and other business information through the Computer System at all times. You hereby grant us a perpetual, irrevocable, worldwide, royalty-free license to use, modify, analyze and share such data for any business purpose, including but not limited to system-wide analytics, optimization, and franchise sales activities, subject to applicable privacy laws and regulations.

13.2 **Reports**. You agree to furnish to us on such forms that we prescribe from time-to-time:

(a) on the fifth (5^{th}) day of each calendar month: a report on your HydroDog Business's Gross Sales during the immediately preceding calendar month with the Royalty payment;

(b) within fifteen (15) days after the end of each calendar quarter: (i) a profit and loss statement for your HydroDog Business for the immediately preceding calendar month and year-to-date; and (ii) a balance sheet as of the end of such month;

(c) within thirty (30) days after the end of your HydroDog Business's fiscal year: (i) annual profit and loss and source and use of funds statements; and (ii) a balance sheet for your HydroDog Business as of the end of such fiscal year; and

(d) within ten (10) days after our request: (i) exact copies of federal and state income and other tax returns; and (ii) such other forms, records, books and other information we may periodically require.

13.3 **Access to Information**. You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of your HydroDog Business. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis if we reasonably believe that the reports are incorrect. Moreover, we have the right, as often as we deem appropriate (including on a daily basis), to access all computer registers and other Computer Systems that you are required to maintain in connection with the operation of your HydroDog Business and to retrieve all information relating to your HydroDog Business's operations.

13.4 **Copies of Reports**. You agree to furnish us with a copy of all sales, income and other tax returns relating to your HydroDog Business, at our request. You will also send us copies of any sales or other reports sent to any landlord or governmental agency, at our request.

14. INSPECTIONS AND AUDITS

14.1 **Our Right to Inspect your HydroDog Business**. To determine whether you and your HydroDog Business are complying with this Agreement and all System Standards, we and our designated agents have the exclusive right at any time during your regular business hours, and with or without prior notice to you:

(a) enter your HydroDog Business and/or the HydroDog Vehicle and have unlimited and unrestricted access to inspect your HydroDog Business and/or HydroDog Vehicle;

(b) observe, photograph and videotape the operations of your HydroDog Business for such consecutive or intermittent periods as we deem necessary;

(c) remove samples of any products, materials or supplies for testing and analysis;

(d) interview personnel and customers of your HydroDog Business; and

(e) inspect and copy any books, records, websites (or other forms of e-commerce) and documents relating to your operation of your HydroDog Business.

You agree to cooperate with us and/or our agents fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. Any costs you incur due to an inspection will be your sole expense. If we exercise any of these rights, we will use our best efforts not to interfere unreasonably with your HydroDog Business's operation. Your failure to cooperate with us and our agents may result in termination of this Agreement and any other agreements you have with us as outlined in Article 14 of this Agreement. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions we specify within 5 business days after receiving written notice from us, unless a shorter time period is required due to health, safety, or regulatory requirements.

We shall notify you if in our judgment as a result of an inspection, your HydroDog Business's and/or HydroDog Vehicle's appearance, equipment, signs or decor does not meet the System Standards, and to provide written notification of what actions you must take to correct the deficiency(ies). You shall, within thirty (30) days after receipt of this notice, take all steps needed to correct the deficiency(ies) or be subject to the non-compliance fee described in this Agreement for each area that was not corrected within the cure period. Additionally, we reserve the right, in our Reasonable Business Judgment, to correct the deficiency(ies) necessary to your HydroDog Business and/or the HydroDog Vehicle at your expense to ensure compliance with our System Standards. You agree you will reimburse for any and all costs of any and all modifications made in order to bring your HydroDog Business and/or the HydroDog Vehicle compliant. In the event you fail three inspections of your HydroDog Business in any 12-month period, we may, in our sole discretion, either: (i) terminate this Agreement; (ii) impose additional non-compliance fees; (iii) require additional training at your expense; (iv) temporarily suspend your operations until compliance is achieved; and/or (v) implement any other remedial measures we deem appropriate. These remedies are cumulative and in addition to any other rights or remedies we may have under this Agreement or applicable law.

14.2 **Our Right to Audit**. We have the right at any time during your business hours, and with three (3) days prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and your HydroDog Business's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Sales are understated by two percent (2%) or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within 10 days of our notice. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

15. TRANSFER

15.1 **By Us**. We have the exclusive right to transfer or assign this Agreement or any part of our rights or obligations under this Agreement to any person or legal entity, without your prior consent. You agree that we will have no liability after the effective date of the transfer or assignment for the performance of any obligations under this Agreement, unless otherwise stipulated in the terms of the transfer or assignment. You acknowledge that we can sell our assets; sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

15.2 **By You**. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest in it) nor any ownership or other interest that would reduce your voting or equity interest to less than 51% in you or your HydroDog Business may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "transfer" includes your (or your owners') voluntary,

involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) your HydroDog Business.

An assignment, sale, gift or other disposition includes the following events:

(a) transfer of ownership of capital stock or a partnership interest;

(b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;

(c) any issuance or sale of your stock or any security convertible to your stock;

(d) transfer of an interest in you, this Agreement or your HydroDog Business in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

(e) transfer of an interest in you, this Agreement or your HydroDog Business, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

(f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon your HydroDog Business or your transfer, surrender or loss of possession, control or management of your HydroDog Business.

15.3 **Conditions for Approval of Transfer**. If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for the HydroDog Business franchisees. In addition to examining the qualifications of the proposed transferee and other factors we deem relevant, in deciding whether to approve a transfer, we may also consider the length of time your HydroDog Business has been opened and whether transferring the location at the current time is in the best interest of the System. A transfer of ownership, possession or control of your HydroDog Business may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) the transferee has sufficient business experience, aptitude and financial resources to operate your HydroDog Business;

(b) you have paid all Royalties, Marketing Fund Fees, contributions, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;

(c) the transferee (or its owners) have agreed to complete our standard training program;

(d) the transferee has agreed to be bound by, and assume, all of the terms and conditions of the Lease or enter into a new one for the remainder of the Lease term as approved by the lessor;

(e) the transferee has signed our then-current franchise agreement;

(f) subject to state law, you have paid to us a transfer fee of twenty thousand dollars ($20,000) per Territory sold;

(g) if applicable, you have paid to us, or the respective third-party broker, any and all commissions or other fees due;

(h) you (and your transferring owners) have executed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;

(i) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of your HydroDog Business;

(j) if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in your HydroDog Business are subordinate to the transferee's obligation to pay Royalties, Marketing Fund Fees, contributions and other amounts due to us, and you must execute a subordination agreement in a form satisfactory to us evidencing such subordination and otherwise to comply with this Agreement;

(k) subject to state law, you and your transferring owners have executed a non-competition covenant in favor of us and the transferee, agreeing to be bound by the post-term competitive restrictions contained in this Agreement, commencing on the effective date of the transfer; and

(l) you and your transferring owners have agreed that, except with respect to other HydroDog Businesses you own and operate, you and they will not directly or indirectly at any time or in any manner identify yourself or themselves or any business as a current or former HydroDog Business, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a HydroDog Business in any manner that suggests or indicates a current or past connection or association with us, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a current or past connection or association with us.

If the proposed transfer is among your owners, you will not be required to sign a general release, although the transferee is required to reimburse us for any administrative costs we incur in connection with the transfer.

15.4 **Transfer to a Business Entity**. If you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than your HydroDog Business and, if applicable, other HydroDog Businesses, provided that you own, control and have the

right to vote fifty-one percent (51%) or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of your HydroDog Business Entity must recite that the issuance and transfer of any ownership interests in your HydroDog Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in your HydroDog Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of your obligations under this Agreement.

15.5 **Transfer Upon Death or Disability**. Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed 6 months from the date of death or disability, provided that we may extend this period for up to an additional 6 months upon written request showing good cause for such extension, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating your HydroDog Business.

15.6 **Operation Upon Death or Disability**. If, upon your death or disability or the death or disability of the owner of a controlling interest in you, your HydroDog Business is not being managed by a trained Manager, your or such owner's executor, administrator, conservator, guardian or other personal representative must, within a reasonable time not to exceed three (3) months from the date of death or disability, appoint a Manager to operate your HydroDog Business. Such Manager will be required to complete training at your expense. Pending the appointment of a Manager as provided above or if, in our judgment, your HydroDog Business is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a Manager for your HydroDog Business. All funds from the operation of your HydroDog Business during the management by our appointed Manager will be kept in a separate account, and all expenses of your HydroDog Business, including compensation, other costs and travel and living expenses of our Manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty and Marketing Fund Fees and contributions payable under this Agreement) during the period that our appointed Manager manages your HydroDog Business, which will not exceed four hundred dollars ($400) per day plus our reasonable expenses. Operation of your HydroDog Business during any such period will be on your behalf, provided that we shall use commercially reasonable efforts in operating the business but shall have no liability to you, your owners, or any third party for any debts, losses, or obligations incurred by your HydroDog Business or to any of your creditors for any products, materials, supplies or services your HydroDog Business purchases during any period it is managed by our appointed Manager.

15.7 **Effect of Consent to Transfer**. Our consent to a transfer of this Agreement and your HydroDog Business or any interest in you does not constitute a representation as to the fairness of the

terms of any contract between you and the transferee, a guarantee of the prospects of success of your HydroDog Business or transferee, a waiver of any claims we may have against you (or your owners), or a waiver of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement. Furthermore, our consent to a transfer does not release you from your obligations under this Agreement unless expressly stated in writing by us.

15.8 **Our Right of First Refusal**. If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and your HydroDog Business or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror) and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount and must represent the actual consideration being paid for the interest being transferred, without any allocation of value to other assets or rights not covered by this right of first refusal. The offer must apply only to an interest in you or in this Agreement and your HydroDog Business and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and your HydroDog Business must reflect the bona fide price offered and not reflect any value for any other property or rights. We have the right, exercisable by written notice delivered to you or your selling owner(s) within thirty (30) days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

(a) we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);

(b) our credit will be deemed equal to the credit of any proposed purchaser;

(c) we will have not less than sixty (60) days after giving notice of our election to purchase to prepare for closing; and

(d) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

(i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;

(ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and

(iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that they will be bound by the non-competition covenant contained in Article 17.4 of this Agreement. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of this Agreement. If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer, provided that, if the sale to such purchaser is not completed within 120 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30 day period following either the expiration of such 120 day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

16. TERMINATION OF AGREEMENT

16.1 **By You**. If you and your owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct or commence correction of such failure within sixty (60) days after written notice of such material failure is delivered to us, you may terminate this Agreement effective 60 days after delivery to us of written notice of termination. Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause, and is a breach of this Agreement by you.

16.2 **By Us**. Subject to applicable state law and any required notice and cure periods mandated by state franchise laws, we have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

(a) you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;

(b) you fail to meet or exceed the Territory Development Schedule for six (6) consecutive months;

(c) you or the required number of your personnel fail to successfully complete initial training to our satisfaction or you have not fulfilled all of the conditions for management of your HydroDog Business described in this Agreement;

(d) you fail to open your HydroDog Business within thirty (30) days after receipt of your HydroDog Vehicle;

(e) you fail to comply in all respects with the requirements of any customer service program or customer retention program, or you fail to achieve customer satisfaction index results we required for any customer service program, or you fail to achieve customer retention rate results we require for any customer retention program;

(f) you abandon or fail to actively operate your HydroDog Business for five (5) or more consecutive business days, unless your HydroDog Business has been closed for a purpose we have approved or because of casualty or government order;

(g) you surrender or transfer control of the operation of your HydroDog Business without our prior written consent;

(h) you offer or sell any unauthorized product and fail to provide satisfactory evidence that the unauthorized product is no longer being offered for sale within twenty-four (24) hours of written notice;

(i) you offer or sell any unauthorized products on more than two (2) occasions during any twelve (12) consecutive month period, regardless of whether you cured your breach on the prior occasions;

(j) you purchase inventory from a supplier that has not previously been approved by us;

(k) you directly contact, without our prior written approval, one of our, or our affiliates', vendors or suppliers;

(l) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense that, in our sole discretion, is likely to adversely affect your reputation, our reputation, or the reputation of any other HydroDog Business;

(m) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or your HydroDog Business;

(n) in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as required under this Agreement;

(o) you lose the right to possession and use of the HydroDog Vehicle or the HydroDog Vehicle is damaged or destroyed and not fully repaired or replaced within thirty (30) days of such casualty;

(p) you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement;

(q) you violate any health, safety or sanitation law, ordinance or regulation and do not cure the non-compliance or violation within the time period required by the entity issuing such violation;

(r) you fail to make payments of any amounts due to us or our affiliates and do not correct such failure within ten (10) days after written notice of such failure is delivered to you, regardless of whether such notice is received;

(s) you fail to make payments of any amounts due to approved suppliers of products or services and do not correct such failure within ten (10) days after written notice of such failure is delivered to you by such supplier;

(t) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of your HydroDog Business, unless you are in good faith contesting your liability for such taxes;

(u) you fail to obtain and maintain any permits or licenses required by federal, state or local authorities;

(v) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you;

(w) you (or any of your owners) fail on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or our affiliates or otherwise to comply with this Agreement or the lease for the Vehicle, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or

(x) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your HydroDog Business is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or your HydroDog Business is not vacated within thirty (30) days following the entry of such order.

17. RIGHTS AND OBLIGATIONS UPON TERMINATION

17.1 **Payment of Amounts Owed To U**s. You agree to pay us within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that we determine amounts are due to us, all amounts due for Royalties, Marketing Fund Fees, contributions, amounts owed for purchases from us, interest due on any of the foregoing, and any and all other amounts owed to us which are then unpaid.

17.2 **Marks**. Upon the termination or expiration of this Agreement:

(a) you may not directly or indirectly at any time or in any manner (except with respect to other HydroDog Businesses you own and operate) identify yourself or any business as a current or former HydroDog Business, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a HydroDog Business in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

(b) you agree to take immediate action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(c) if we do not have or do not exercise an option to purchase your HydroDog Business pursuant to this Agreement, you agree to deliver to us within thirty (30) days after, as applicable, the effective date of expiration of this Agreement or the Notification Date all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a HydroDog Business and allow us, without liability to you or third parties, to remove all such items from your HydroDog Business;

(d) if we do not have or do not exercise an option to purchase your HydroDog Business pursuant to this Agreement, you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will promptly and at your own expense make such alterations we specify to distinguish your HydroDog Business clearly from its former appearance and from other the HydroDog Businesses so as to prevent confusion by the public;

(e) if we do not have or do not exercise an option to purchase your HydroDog Business pursuant to this Agreement you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify;

(f) you agree to furnish us, within 30 days after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), with evidence satisfactory to us of your compliance with the foregoing obligations;

(g) you, upon notice from us, automatically transfer to us or our designee ownership and right of possession of the HydroDog Vehicle; and

(h) you agree that our trailer shape and design embodies our Marks and is integral to our Goodwill, and you will completely de-identify the shape, size and color of the HydroDog Vehicle, to our sole satisfaction and at your own expense, which may, at our option, require you to remove its outer shell, or build a different shaped shell around the shell.

17.3 **Confidential Information**. You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

17.4 **Competitive Restrictions**. Subject to applicable law, upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a Successor Franchise), you and your owners agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business operating:

(a) within the Territory;

(b) within twenty-five (25) miles of the Territory; or

(c) within twenty-five (25) miles of any other HydroDog Business's Territory in operation or under development on the later of the effective date of the termination or expiration.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

17.5 **Our Right to Purchase**.

(a) **Exercise of Option**. Upon our termination of this Agreement in accordance with its terms and conditions, or your termination of this Agreement without cause, we reserve the right, exercisable by providing written notice to you within sixty (60) days from the date of such termination, to purchase the Business from you, including the leasehold rights to the HydroDog Vehicle. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "Notification Date"). We have the unrestricted right to assign this option to purchase the Business. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(b) **Leasehold Rights**. You agree at our election, and at your own expense:

(i) To assign your leasehold interest in the HydroDog Vehicle to us;

(ii) To enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease; or

(iii) To lease to us if you own the HydroDog Vehicle in accordance with the Agreement to Lease.

(c) **Purchase Price**. The purchase price for the Business will be its fair market value, determined in a manner consistent with reasonable depreciation of the Business's equipment, signs, inventory, materials and supplies; provided that the Business will be valued as an independent business and its value will not include any value for:

(i) The Franchise or any rights granted by this Agreement;
(ii) The Marks or Copyrights; or
(iii) Participation in the network of the HydroDog Businesses.

Your HydroDog Business' fair market value will include the goodwill you developed in the market of your HydroDog Business that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the HydroDog Vehicle will also be considered in determining your HydroDog Business's fair market value. At our option, we may substitute our repurchase right payment at fair market value of the HydroDog Vehicle, and receive credit for such payment.

We reserve the right to exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials, and supplies that are not reasonably necessary (in function or quality) for the operation of the HydroDog Business, or that do not meet our standards for the HydroDog Businesses. The purchase price will be adjusted accordingly to reflect such exclusions.

(d) **Appraisal**. If we and you are unable to agree on your HydroDog Business's fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint 1 appraiser, you will appoint one (1) appraiser and the two (2) party appointed appraisers will appoint the third (3rd) appraiser. You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we are exercising our option to purchase your HydroDog Business, and the two (2) appraisers so chosen are obligated to appoint the third (3rd) appraiser within fifteen (15) days after the date on which the last of the two (2) party-appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the fees and expenses of the third (3rd) appraiser chosen by the two (2) party-appointed appraisers. The appraisers are obligated to complete their appraisal within thirty (30) days after the third (3rd) appraiser's appointment.

The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us. At the closing, you agree to deliver instruments transferring to us:

(i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and

(ii) All licenses and permits of your HydroDog Business which may be assigned or transferred; and

(iii) The leasehold interest and improvements in the HydroDog Vehicle.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

17.6 **Continuing Obligations.** All of our and your (and your owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include indemnification, payment, identification and dispute resolution provisions.

18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

18.1 **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Business personnel and others as the owner of your HydroDog Business under a Franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time-to-time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so.

18.2 **No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability

for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. Under no circumstances shall we be held liable for any damages, whether direct or indirect, to any person or property arising out of the operation of your HydroDog Business or the business you conduct under this Agreement.

18.3 **Taxes**. We will have no liability for any sales, use, alcohol surcharge, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your HydroDog Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

18.4 **Indemnification.** You agree to indemnify, defend and hold harmless us, our affiliates, our parents, and our and our affiliates' and parents' respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Party(ies)") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in this Agreement and any and all claims and liabilities directly or indirectly arising out of your HydroDog Business's operation (even if our negligence is alleged, but not proven) or your breach of this Agreement. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys', paralegals' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

19. INSURANCE.

19.1 **Types Required.** Throughout the duration of this Agreement, you are required to maintain, at your own expense, the following types of insurance coverage under policies issued by carriers that we approve. These insurance coverage types must not be altered or reduced without obtaining our prior written approval:

(a) general liability ($1,000,000/$2,000,000) with pet groomer professional liability coverage;

(b) animal bailee ($5,000);

(c) commercial automobile ($1,000,000) with uninsured motorist coverage ;

(d) workers' compensation in the amounts required by applicable law for your HydroDog Business; and

(e) such other insurance as is required under the automobile lease agreement and any lease or other financing document (if any) for your HydroDog Business.

19.2 **Coverage Requirements.** You must maintain the insurance coverages in the minimum amounts we prescribe from time-to-time in our System Standards. We may periodically increase the amounts of coverage required under these insurance policies, but will not decrease them, and may require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

19.3 **Policy Terms.** All insurance policies must, without exception:

(a) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;

(b) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;

(c) name us and our affiliates as additional insureds;

(d) contain a waiver of the insurance company's right of subrogation against us;

(e) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;

(f) provide that the insurance company will provide us with at least 30 days' prior written notice of termination, expiration, cancellation or material modification of any policy; and

(g) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent, and any such attempt to do so without our consent shall be considered a material breach of this Agreement.

19.4 **Evidence of Coverage.** Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment. If you fail to maintain the required insurance coverage, or fail to furnish us with satisfactory evidence of insurance coverage and premium payments, we reserve the right, in addition to our other rights and remedies under this Agreement, to obtain any required insurance coverage on your behalf at your expense. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your HydroDog Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf will reduce or absolve you of any obligations of indemnification described in this Agreement.

20. **ENFORCEMENT.**

20.1 **Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provision will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

20.2 **Waivers**. We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

20.3 **Force Majeure.** Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from any of the following and is not caused or exacerbated by the non-performing party: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy, or the voluntary forgoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any national, state, provincial, municipal or other government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement, or instruction of any national, state, provincial, municipal or other government or any department or agency thereof; (c) acts of God; (d) acts of war or insurrection; (e) strikes, lockouts, boycotts, fire and other casualties; (f) pandemics or epidemics; or (g) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance in whole or in part as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of amounts or fees thereafter, and as soon as performance is possible the non-performing party shall immediately resume performance, unless both parties mutually agree in writing to extend such period; provided, however, that in no event shall such period of excused non-performance exceed six (6) months. The ability to invoke this clause is conditioned upon delivery of written notice to the other party stating the basis for such invocation as soon as reasonably practical – in no event longer than ten (10) days – after learning of the basis. The party invoking this clause shall use reasonable efforts to limit damages to the other party.

20.4 **Approval and Consents**. Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right, in our sole discretion, to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

21. **DISPUTE RESOLUTION.**

21.1 **Agreement to Arbitrate**. You and we acknowledge that resolving disputes prior to commencing arbitration hearings or court proceedings is in the best interests of both parties, all other franchisees and our System. Therefore, the parties agree that they will seek to settle any dispute between them through good faith negotiations prior to arbitration. However, if the parties are unable to settle the dispute or controversy, then except as expressly provided to the contrary in this Agreement, all disputes and controversies between you and we, including allegations of fraud, misrepresentation and violation of any state or federal laws, rules or regulations, arising under, as a result of, or in connection with this Agreement or the HydroDog Business are subject to and will be resolved exclusively by arbitration conducted according to the then current commercial arbitration rules of the American Arbitration Association.

21.2 **Notice of Dispute**. The party alleging the dispute must provide the other party with written notice setting forth the alleged dispute in detail. The party who receives written notice alleging the dispute will have thirty (30) days after receipt of the written notice to correct, settle or compromise the dispute specified in the written notice. If the written notice alleges that the Franchisee is delinquent in the payment of any fees or other payments payable to us, the Franchisee will have ten (10) days to make full payment (including interest and Administrative Fees as provided for herein) to us.

21.3 **Demand for Arbitration**. If the dispute alleged by either party has not been corrected, settled or compromised within the time period provided for in this Agreement, then either party may demand arbitration in accordance with the Code of Procedure of the American Arbitration Association. Unless agreed otherwise by the parties, three Arbitrators will be selected to hear the matter, one of which must be a retired judge. You and we will each fully perform their obligations under this Agreement during the entire arbitration process.

21.4 **Venue and Jurisdiction**. All arbitration hearings will take place exclusively in Hillsborough County, Florida, or at such other location as we may designate in our sole discretion, and will be held no later than ninety (90) days after the Arbitrators have been selected. You, we, and our respective officers, directors, Owners and the Personal Guarantors, unconditionally agree and submit to personal jurisdiction in the State of Florida in connection with any arbitration hearings under this Agreement and any suits brought to enforce the decision of the Arbitrators. You, we, and our respective officers, directors, Owners and the Personal Guarantors, expressly waive any rights to contest venue and jurisdiction in the State of Florida and any claims that venue and jurisdiction are invalid.

21.5 **Powers of Arbitrators**. The authority of the Arbitrators will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Federal Rules of Evidence (the "Rules") will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who testified against them or in favor of the other party. The Arbitrators will have no authority to add to, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the Arbitrators will be limited to the dispute set forth in the written demand for arbitration, and the Arbitrators will have no authority to decide any other issues. The Arbitrators will not have the right or authority to award punitive damages to either us or you, or any of our or your officers, directors, Owners and the Personal Guarantors. Both parties, including their officers, directors, Owners and the Personal Guarantors, expressly waive their rights to plead or seek punitive damages. All findings, judgments, decisions and

awards by the Arbitrators will be in writing, will be made within sixty (60) days after the arbitration hearing has been completed, and will be final and binding on you and us. The written decision of the Arbitrators will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party. If, during the course of arbitration, either party fails to appear at a meeting or hearing duly scheduled in accordance with the Code of Procedure of the American Arbitration Association, the Arbitrators will have the absolute right to enter a default judgment and resulting order against the party failing to appear.

21.6 **Disputes Not Subject to Arbitration**. Notwithstanding anything to the contrary in this Agreement, the following disputes between you and us will not be subject to arbitration: (a) your or your owners', employees', officers', directors' or agents' use of the Marks or Copyrights; (b) your obligations upon termination or expiration of this Agreement; and (c) your or your owners', officers', directors', employees' or agents' violation of the provisions of this Agreement relating to confidentiality and the covenants not to compete.

21.7 **No Collateral Estoppel or Class Actions**. All arbitration findings, conclusions, orders and awards made by the Arbitrators will be final and binding on you and us; however, such arbitration findings, conclusions, orders and awards may not be used to collaterally estop either you or we from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing or other proceeding involving third parties, including other franchisees. You and we agree that no person or entity except you and we, and your and our respective officers, directors, owners and/or personal guarantors will have the right to join in, become a party, litigate or participate in any arbitration proceeding arising under this Agreement, and therefore, you and we specifically agree that the American Arbitration Association and the Arbitrators appointed under the American Arbitration Association procedural rules will not be authorized to permit class actions or to permit any other person or entity to be involved, participate, or be named as a litigating party in any arbitration proceeding or matter brought under this Agreement by you or we or your and our respective officers, directors, owners and/or personal guarantors.

21.8 **Confidentiality.** All evidence, testimony, records, documents, findings, decisions, judgments and awards pertaining to any arbitration hearing between you and us will be secret and confidential in all respects. Except as provided for in this Agreement or as may be required by law, You and we will not disclose the decision or award of the Arbitrators and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the arbitration hearing to any person or entity except as required by law. Nothing herein will prevent either party from disclosing or using any information presented in any arbitration proceeding in any subsequent court hearing brought by either you or we pursuant to this Agreement.

21.9 **Federal Arbitration Act**. Any issue regarding arbitration will be governed by the Federal Arbitration Act and the federal common law of arbitration.

21.10 **Waiver of Punitive Damages.** Except for your obligations to indemnify us pursuant to this agreement and claims for unauthorized use of our marks, copyrights or confidential information, or your or your owners', officers', directors', employees' or agents' violation of the noncompetition covenants, you and we each waive to the full extent permitted by law any right to, or claim for, any punitive or exemplary damages against the other. However, this waiver does not apply to any claims we may have against you. You and we also agree that, in the event of a dispute between you and us that are subject to the limitation or exemption of punitive damages, the party making a claim will be limited to equitable relief and recovery of any actual damages it sustains**.**

21.11 **Limitations of Claims.** All claims arising out of this agreement or the relationship between you and us must be made by written notice to the other party within one (1) year from the date of the incident giving rise to such claim, regardless of when the incident becomes known. This does not apply to claims arising from: (a) under-reporting of gross sales; (b) under-payment of amounts owed to us or our affiliates; (c) claims for indemnification; (d) unauthorized use of the marks or copyrights; and/or (e) any other breach of this agreement by you. However, this provision does not limit the right to terminate this agreement in any way**.**

21.12 **Governing Law**. Except to the extent this agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham act, 15 U.S.C. §1051 and the sections following it) or other federal law, this agreement and the franchise are governed by Florida law (without regard to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this section. All matters relating to arbitration are governed by the federal arbitration act**.** References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

21.13 **Jurisdiction.** For all claims or disputes not subject to arbitration, you and we consent and irrevocably submit to the jurisdiction and venue of the state court of competent jurisdiction located in Hillsborough County, Florida and waive any objection to the jurisdiction and venue of such court. The exclusive choice of jurisdiction does not preclude the bringing of any action by the parties or the enforcement by the parties in any judgment obtained in any such jurisdiction, in any other appropriate jurisdiction or the right of the parties to confirm or enforce any arbitration award in any appropriate jurisdiction.

21.14 **Waiver of Jury Trial.** You and we each irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either you or us.

21.15 **Private Disputes.** Any dispute and any litigation arising out of or related to this Agreement, the relationship of the parties, or the franchise business, will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. Any such proceeding will not be consolidated with any other proceeding involving any other person, except for disputes involving affiliates of the parties.

21.16 **Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

21.17 **Costs and Attorneys' Fees**. If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of all costs and expenses, including, without limitation, reasonable accounting and attorneys' fees, expert witness fees, court costs, and other litigation expenses. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

21.18 **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators. However, any assignment of this Agreement by you must be approved by us in writing.

21.19 **Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. However, nothing contained in this Section will limit your right to rely on statements made in our Franchise Disclosure Document.

21.20 **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement. The Franchisee acknowledges that other HydroDog franchisees may be granted franchises at different times, different locations, under different economic conditions and in different situations. The Franchisee further acknowledges that the economics and terms and conditions of such other franchises may vary from those contained in this Agreement, but all such variations will be within the discretion and Reasonable Business Judgment of the Franchisor.

21.21 **Construction.** The headings of the sections are for convenience only. If two or more persons are at any time Franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. "A or B" means "A" or "B" or both.

21.22 **Certain Definitions.**

(a) The term "family member" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses.

(b) The term "affiliate" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person.

(c) The terms "franchisee, franchise owner, you and your" are applicable to one or more persons, a Business Entity, as the case may be.

(d) The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine.

(e) The term "person" includes individuals and Business Entities.

(f) You and we are sometimes referred to individually as a "party" and collectively as "parties."

(g) The term "section" refers to a section or subsection of this Agreement.

(h) The word "control" means the power to direct or cause the direction of management and policies.

(i) The word "owner" means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

(j) The term "Reasonable Business Judgment" refers to any and all decisions, actions and/or choices made by us concerning and/or relating to this Agreement, the System, HydroDog Businesses and your HydroDog Business where we undertake and/or make such decision with the intention of benefitting and/or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Marks, determining operating territory markets, minimizing potential customer confusion as to the location of HydroDog Businesses, expanding brand awareness of the Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Supplementing the foregoing, you acknowledge and agree that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action and/or choice made by us shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. You further acknowledge and agree that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment that: (i) we possess a legitimate interest in seeking to maximize our profits; (ii) we shall not be required to consider your individual economic or business interests (as compared to the overall System), and (iii) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under this Agreement and/or with regard to the System. You agree that neither you and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute your or such third party's judgment for our Reasonable Business Judgment. You further agree that should you challenge our Reasonable Business Judgment in any legal proceeding that you shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

21.23 **Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words "from" and "commencing on" (and the like) mean "from and including"; and the words "to," "until" and "ending on" (and the like) mean "to but excluding." Indications of time of day mean Florida time.

22. NOTICES AND PAYMENTS.

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

(a) 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

(b) 3 business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: **LEGACY FRANCHISORS, LLC**
8200 Seminole Blvd.
Seminole, FL 33772
Attention: Franchise Department

If to You:

_____

_____

Attention: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten (10) business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two (2) business days prior to such date, or in which the receipt from the commercial courier service is not dated prior to two (2) business days prior to such date) will be deemed delinquent.

Intending to be legally bound, both parties sign and deliver this Agreement in duplicate, with each counterpart being considered an original. The Agreement will be effective as of the Agreement Date, regardless of the actual date of signature.

FRANCHISOR:
LEGACY FRANCHISORS, LLC

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

FRANCHISEE:

_____

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

EXHIBIT "A"
TO THE
LEGACY FRANCHISORS, LLC
FRANCHISE AGREEMENT

Territory(s). The Territory for your HydroDog Business is as follows:

_____
_____
_____
_____

Total Population: _____

Total Number of Territories: _____

Minimum Number of HydroDog Vehicles: _____

Territory Development Schedule. Franchisee agrees to operate a total of _____ HydroDog Vehicles in accordance with the timetable set forth below:

Cumulative Minimum Number of HydroDog Vehicles required in compliance by each opening deadline	Territory Development Schedule
1	
2	
3	
4	

Initial Franchise Fee: $_____

Additional Territory Fee: $_____

Total Required Grand Opening Marketing Requirement: $_____

"US"
WE:
LEGACY FRANCHISORS, LLC

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

"YOU"
YOU:

_____

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

EXHIBIT "B" TO THE
TO THE
LEGACY FRANCHISORS, LLC
FRANCHISE AGREEMENT

PRINCIPAL OWNER'S GUARANTY

This Guaranty must be signed by each of the principal owners, and their spouses, (referred to as "you" or "your" for purposes of this Guaranty only) of _____ (the "Business Entity") under the Franchise Agreement dated _____ (the "Agreement") with Legacy Franchisors, LLC, a Maine limited liability company ("we," "us," or "our").

1. **Incorporation of Terms**. Each term of the Agreement is incorporated into this Guaranty.

2. **Guaranty**. In consideration of and as an inducement to us signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: jointly and severally guarantee to us and our successors and assigns that (a) the Business Entity will punctually pay and perform every obligation and obey every restriction and covenant set forth in the Agreement and (b) each of you agrees to be personally bound by, and personally liable for the breach of, each and every obligation, restriction and covenant in the Agreement.

3. **Payment**. If the Business Entity fails to make any payment when due or otherwise defaults under any of the terms of the Agreement, immediately upon demand, you will pay to us the full amount owed, plus any interest or penalty allowed under the Agreement. All payments are made without set-off, deduction or withholding for any reason, and are final and free from any defense, claim or counterclaim of you, except the defense that the Business Entity has paid all obligations in full.

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

5. **Consents and Agreements**. Each Guarantor hereby consents and agrees that: (a) their direct and immediate liability under this Guaranty is joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other

indulgence which we may periodically grant to the Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and remain irrevocable throughout the term of the Agreement and, if required by the Agreement, will persist even after its termination or expiration.

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

7. **Effectiveness**. Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature, and will continue indefinitely until explicitly terminated in writing by us. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Florida law and we may enforce our rights regarding it in the courts of Hillsborough County, Florida. Each of you irrevocably submits to the jurisdiction and venue of such courts.

8. This Guaranty is subject to the Washington Franchise Investment Protections Act, RCW 19.100, and the rules adopted thereunder.

Each Guarantor hereby signs and delivers this Guaranty, which shall become effective as of the date of the Agreement, regardless of the actual date of signature. Each of the undersigned Guarantors represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is not married.

Signature of Each Guarantor	**Percentage of Ownership in Franchisee**
	_____%
_____	
	_____%
_____	
	_____%
_____	
	_____%
_____	

EXHIBIT C TO THE DISCLOSURE DOCUMENT

FORM OF CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

T**HIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS** (this "Assignment") is effective as of _____, between Legacy Franchisors, LLC, a Maine limited liability company, with its principal place of business at 8200 Seminole Blvd., Seminole, FL 33772 ("we," "us" or "our") and _____, whose current place of business is _____ _____ ("you" or "your"). You and we are sometimes referred to collectively as the "parties" or individually as a "party".

BACKGROUND INFORMATION:

We have simultaneously entered into that certain Franchise Agreement (the "Franchise Agreement") dated as of _____ with you, pursuant to which you plan to own and operate a HydroDog Business (the "Business"). HydroDog Businesses use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the "System"). We identify HydroDog Businesses and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the "Marks"). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings of the Business if the Franchise Agreement expires or is terminated.

OPERATIVE TERMS:

You and we agree as follows:

1. **Background Information.** The background information is true and correct. This Assignment will be interpreted in conjunction with the background information and the Franchise Agreement. Capitalized terms not otherwise defined in this Assignment will have the meanings ascribed to them in the Franchise Agreement.

2. **Conditional Assignment.** You assign to us, all of your right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "Numbers and Listings") associated with the Marks and used from time to time in connection with the operation of the Business. We will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless we notify the telephone company and/or the listing agencies with which you have placed telephone directory listings (collectively, the "Telephone Company") to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which the assignment is effective. As between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers and Listings.

3. **Power of Attorney.** You irrevocably appoint us as your true and lawful attorney-in-fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to so notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do so. The Telephone Company may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. The assignment will become immediately and automatically effective upon Telephone Company's receipt of

such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, our signature On such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. **Indemnification.** You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the "Indemnified Parties") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company.

5. **Binding Effect.** This Assignment, and any obligations and rights herein, is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and permitted successors and assigns.

6. **Assignment to Control.** This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company.

7. **Attorney's Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "attorneys' fees" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment is held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum**. This Assignment is governed by the laws of the state of Florida. The parties agree to institute any action arising out of or relating to this Assignment exclusively in the state or federal courts of general jurisdiction located within the state of Florida, specifically Hillsborough County, and they irrevocably submit to the personal jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

ASSIGNOR:	**ASSIGNEE:**
FRANCHISEE	**LEGACY FRANCHISORS, LLC**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

EXHIBIT D TO THE DISCLOSURE DOCUMENT

FORM OF PRINCIPAL OWNER'S STATEMENT

PRINCIPAL OWNER'S STATEMENT

This form must be completed by the Franchisee Entity ("Franchisee") if Franchisee has multiple owners or if Franchisee is owned by another/other business organization (such as a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to Franchisee.

1. **Form of Owner**. Franchisee is a (check one):

(a) General Partnership ☐
(b) Corporation ☐
(c) Limited Partnership ☐
(d) Limited Liability Company ☐
(e) Other ☐
Specify: _____

2. **Business Entity.** Franchisee was incorporated or formed on _____, _____ *(date)*, under the laws of the State of _____. Franchisee has not conducted business under any name other than this corporation, limited liability company or partnership name and _____ *(Entity Name)* . The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) relative to Franchisee and their positions are listed below:

Name of Person	Position(s) Held

3. **Owners**. The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	Description of Interest	% of Ownership

43. **Governing Documents**. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization of Franchisee (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Owner's Statement is current and complete as of _____.

FRANCHISEE:

_____

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

OWNERS:

<u>Individuals</u>:

_____
(Signature)

_____
(Print Name)
Date:_____

_____
(Signature)

_____
(Print Name)
Date:_____

_____
(Signature)

_____
(Print Name)
Date:_____

_____
(Signature)

_____
(Print Name)
Date:_____

Corporation, Limited Liabilty Company or Partnership:

_____
(Name of Entity)

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

_____
(Name of Entity)

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

_____
(Name of Entity)

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

_____
(Name of Entity)

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

EXHIBIT E TO THE DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

SAMPLE GENERAL RELEASE

In consideration of the agreement of Legacy Franchisors, LLC ("Franchisor") to allow _____ ("Franchisee") to [RENEW OR TRANSFER] its Franchise Agreement dated _____ between Franchisee and Franchisor ("Agreement"), Franchisee hereby releases and forever discharges Franchisor, and its affiliates, as well as their members, directors, officers, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns, from any and all claims Franchisee may have against such parties known and unknown, foreseen and unforeseen, from all beginning of time to the date hereof, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement or under any other agreement between Franchisee and Franchisor or its affiliates. [FOR TRANSFERS: Further, Franchisee acknowledges that transfer of the Agreement shall terminate Franchisee's interest in the Agreement, but Franchisee will continue to be bound by all post-termination provisions of the Agreement, including but not limited to the obligations of confidentiality, and the covenant not to compete contained in the Agreement.]

[IN CALIFORNIA: The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

> A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.
>
> You expressly waive the provisions of Section 1542 of the California Civil Code and expressly release each party to be released from all liability or claims arising out of any matters recited in the release.]

[IN WASHINGTON: The foregoing release does not apply to the claims arising under the Franchise Investment Protection Act, chapter 19.100 RCW, or the Securities Act of Washington, chapter 21.20 RCW. See RCW 19.100.220(2) and 21.20.430(5).]

FRANCHISEE:

_____
By: _____
Its: _____

EXHIBIT F TO THE DISCLOSURE DOCUMENT

FORM OF CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION AGREEMENT

CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION AGREEMENT

THIS CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION AGREEMENT (this "Agreement") is effective as of _____, between _____ ("we," "us," "our" or "Franchisee") and _____ ("you" or "your"), an employee or independent contractor of ours.

BACKGROUND INFORMATION:

We have entered into a Franchise Agreement (the "Franchise Agreement") with Legacy Franchisors, LLC, a Maine Limited Liability Company (the "Franchisor") to operate a HydroDog Business (the "Business") within (the "Territory"). The Business specializes in selling pet grooming products and services and related products and accessories in a distinctive and innovative environment, and is operated pursuant to formats, specifications, standards methods and procedures prescribed or approved by the Franchisor (the "System"). We possess or have access to certain confidential information relating to the System; including the operations manuals; other proprietary materials; the sales and marketing techniques used, knowledge of and experience in developing and operating a HydroDog Business; customer information; recipes and ingredients; knowledge of specifications for and suppliers of certain goods, products, services, and supplies used by or related to the System, certain of which the Franchisor licenses to us or which are developed by us under the Franchise Agreement but are owned by the Franchisor (the "Confidential Information").

You understand that the System and Confidential Information are the Franchisor's proprietary, trade secrets and are confidential. You acknowledge that we and the Franchisor have provided you with specialized and extensive training regarding the Business and that we have developed extensive customer goodwill. We have an obligation under our Franchise Agreement to maintain the Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

OPERATIVE TERMS:

Accordingly, you and we agree as follows:

1. **Confidentiality.** You will (a) not use the Confidential Information in any other business or capacity; (b) maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement and your employment by, or association with, us; (c) not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (d) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

2. **Competitive Restrictions.** During the time that you are associated with us, as an employee or independent contractor and for a period of two (2) years following the termination of such association, unless we and the Franchisor otherwise permit in writing and except on our behalf, you will not:

(a) have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative, or agent or in any other capacity in any business or facility owning, operating, managing, or granting franchises or licenses to others to do so, or in any Competitive Business operating:

(i) within the Territory;

(ii) within twenty-five (25) miles of the Territory; or

(iii) within twenty-five (25) miles of any other HydroDog Business or its Territory in operation or under construction on the later of the effective date of the termination or expiration of your employment or the date on which you comply with such restrictions (see Section 5 below).

(b) on behalf of yourself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, customers, vendors, suppliers, franchisees or contractors of ours or the Franchisor, our or its affiliates or any of its franchisees as may exist during the term of this Agreement or thereafter.

The words "**Competitive Business**" refers to any business or facility that owns, operates, manages, grants, sells, offers or supports franchises or licenses to others to do so, any mobile, fixed, or internet or catalog based business or facility that provides pet grooming, pet care, pet products or services, or any other pet-related products and services that are identical, similar to, competitive with, or substitutable for the Products and Services offered by HydroDog Businesses, whether now existing or hereafter developed, excluding any HydroDog Business under a franchise agreement with us, or any other business that we, at our sole discretion, determine to be competitive.

3. **Confidential Information** You will not acquire any interest in the Confidential Information. The use or duplication of any Confidential Information in any other business will constitute an unfair method of competition. You will not disclose, leak, divulge, disseminate, reveal, make available, replicate, duplicate (in any form, tangible or intangible) or otherwise communicate all or any portion of the Confidential Information to any other person or entity, or use it for any purpose other than while you are working with us at the Business under a Franchise Agreement with Franchisor, either directly or indirectly. You will use the highest degree of care to safeguard the confidentiality of the Confidential Information and not make any copies of the Confidential Information (printed or an intangible form). You will follow all reasonable procedures we or the Franchisor may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information (collectively, the "Confidentiality Obligations").

4. **Liquidated Damages**. You acknowledge that the Franchisor would suffer substantial damages if you violated the Competitive Restriction set forth in Section 2 above. You acknowledge that that such damages are difficult to estimate accurately and proof of such damages would be burdensome and costly, although such damages are real and meaningful. Therefore, in the event that you violate any of the Competitive Restriction set forth in this Agreement, within 15 calendar days of such violation, you will pay us partial liquidated damages in the amount of our then-current initial franchise fee ("Competitive Liquidated Damages"). You agree that Competitive Liquidated Damages as calculated under this Section represent the best estimate the Franchisor would suffer for its costs and expenses of investigation and its internal non-legal costs to prepare to enforce its rights if you were to violate the Competitive Restriction set forth in this Agreement. Your payment of the Competitive Liquidated Damages will not be considered a penalty, but instead a reasonable estimate of fair compensation to the Franchisor for some of, but not all of, the damages, costs and expenses it will incur if you violate the Competitive Restriction. The Franchisor is also be entitled to recover all costs, including attorneys' fees incurred in connection with collection of Liquidated Damages as well as enforcing its rights. Without limiting the foregoing, the Competitive Liquidated Damages will not be the Franchisor's exclusive remedy, will not prevent us from seeking other actual or consequential damages, injunctive relief enjoining future violations of the Competitive Restriction, nor will it in any way limit the Franchisor' right to assert that we have no adequate remedy at law in the event of breach.

5. **Severability and Substitution.** You acknowledge and agree that these competitive restrictions will not unreasonably deprive you of your ability to earn a living or engage other business activities. You and we agree that: (a) the time period, geographic area, and scope of the competitive restrictions contained in this Agreement are reasonably necessary to protect our localized efforts and the Franchisor's efforts to develop HydroDog Businesses throughout the U.S.; and (b) to the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope, area, HydroDog activity, or duration, but may be made enforceable by modifying any or all thereof; this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such modified provision will be enforced to the fullest extent.

6. **Extension of Time Period.** The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

7. **Suspension of Compensation.** We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

8. **No Defense or Setoff.** Except as permitted by applicable law, you must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

9. **Injunctive Relief.** You and we agree that a material breach of this Agreement relating to confidential information, intellectual property, or competitive restrictions will result in irreparable harm to us and the Franchisor, including but not limited to damage to our reputation and loss of business opportunities, and that no monetary award can fully compensate us or the Franchisor for such violations. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us or the Franchisor at equity or law.

10. **Relationship.** This Agreement governs only certain aspects of your relationship with us. The terms and conditions of your employment or provision of services for us remain the same as they have been prior to the date of this Agreement, or as established afterwards. By entering into this Agreement, neither you nor we are committing to employ or engage the other, or to work for the other for any period of time or under any new or different terms and conditions. If you are an employee, this Agreement does not change your status as "at will."

11. **Miscellaneous.**

(a) **Complete Agreement:** This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment:** A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative:** No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

12. **Certain Definitions:** As used throughout this Agreement, the following terms have the following meanings:

(a) The term "person" means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other entity or enterprise or any natural person.

(b) The term "affiliate" means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other entities that are beneficially owned by such person or its affiliates.

(c) The term "attorney's fees" means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

13. **Attorneys' Fees.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Agreement, the prevailing party will be entitled to full reimbursement of its litigation or arbitration expenses from the other party. Litigation or arbitration expenses include attorneys' fees, costs, arbitration fees, expert witness fees and other related expenses including paralegal fees, travel and lodging expenses and court and arbitration filing costs. Reimbursement is due within 30 days of written notice after determination.

14. **Governing Law.** This Agreement is governed by and construed in accordance with the laws of the state where the Franchisor's principal place of business is located, without regard to its conflict of laws principles.

15. **Third Party Beneficiary.** The parties understand and acknowledge that the Franchisor is a direct and intended beneficiary of the terms of this Agreement and, at its option, may enforce the provisions of this Agreement against you. Your obligations under this Agreement will continue for the benefit of our and the Franchisor's successors, assigns, and any person or entity acting on behalf of the Franchisor.

16. **Survival.** The provisions of this Agreement survive any termination of the Franchise Agreement or the relationship between you and us.

17. **Background Information.** The background information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the background information.

Intending to be bound, the parties sign below:

THE "FRANCHISEE": **"YOU":**

_____ _____

By:_____
Name:_____
Its:_____
Date:_____

By:_____
Name:_____
Date:_____

EXHIBIT G TO THE DISCLOSURE DOCUMENT

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EXHIBIT H TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

If a state is not listed below, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Financial Protection and Innovation *Los Angeles* 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 *Sacramento* 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 *San Francisco* One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8285	Attention: Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of the Division of Insurance 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

EXHIBIT I TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA AND RIDERS

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
LEGACY FRANCHISORS, LLC
STATE OF ILLINOIS

The following is added to Item 17:

The conditions under which your Franchise Agreement can be terminated, and your rights upon nonrenewal of the Franchise Agreement are set forth in the Illinois Franchise Disclosure Act, Section 19 and 20. See 815 ILCS 705/19, 20 (West 2010)

Any condition of the Franchise Agreement that designates litigation, jurisdiction or venue in a forum outside of Illinois is void as to any cause of action that otherwise is enforceable in Illinois provided the franchise agreement may provide for arbitration in a forum outside of Illinois.

Be advised that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. No person may be prevented from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Franchise Disclosure Act, nor shall arbitration of any claim pursuant to the provisions of Title 9 of the United States Code be prevented.

RIDER TO
LEGACY FRANCHISORS, LLC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

This Rider is entered into this _____, 20___ (the "Effective Date"), between Legacy Franchisors, LLC, a Maine Limited Liability Company ("we" or "us" or "our" or the "Franchisor") and _____, a(n) _____ ("you" or "your") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination**. The following is added to Section 16 of the Agreement:

> The conditions under which your Franchise Agreement can be terminated, and your rights upon nonrenewal of the Franchise Agreement are set forth in the Illinois Franchise Disclosure Act, Section 19 and 20. See 815 ILCS 705/19, 20 (West 2010)

3. **Limitation of Claims**. The following is added to Section 21.11 of the Agreement:

> No action can be maintained to enforce any liability created by the Illinois Franchise Disclosure Law (the "**Illinois Act**") unless brought before the earlier of (i) the expiration of 3 years from the act or transaction constituting the violation upon which such action is based; (ii) the expiration of 1 year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Illinois Act; or (iii) 90 days after delivery to you of a written notice disclosing the violation.

4. **Governing Law and Jurisdiction**. Sections 21.12 and 21.13 of the Agreement are amended by adding the following:

> All matters coming under the Illinois Act will be governed by the Illinois Act. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois for all matters coming under the Illinois Act.

5. **Waiver of Jury Trial**. Section 21.14 of the Agreement is amended to delete any reference to a waiver of jury trial.

6. **Waivers of Punitive Damages**. The following is added to Section 21.10 of the Agreement:

> Be advised that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. No person may be prevented from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Franchise Disclosure Act, nor shall arbitration of any claim pursuant to the provisions of Title 9 of the United States Code be prevented.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

WE:	**YOU:**
LEGACY FRANCHISORS, LLC a Maine Limited Liability Company	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ADDENDUM TO THE
LEGACY FRANCHISORS, LLC
MARYLAND DISCLOSURE DOCUMENT

1. Items 5 and 13 are amended by adding the following language:

   (a) Any General Release required as a condition of renewal, sale and/or transfer does not apply to any liability under the Maryland Registration and Disclosure Law.

2. Item 17 is amended by adding the following language after the table:

   (a) You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

   (b) The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)

   (c) The General Release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

RIDER TO
LEGACY FRANCHISORS, LLC
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

This Rider is entered into this _____, 20___ (the "Effective Date"), between Legacy Franchisors, LLC, a Maine Limited Liability Company ("we" or "us" or "our" or the "Franchisor") and _____, a(n) _____ ("you" or "your") and amends the Franchise Agreement between the parties dated as of the Effective Date (the "Agreement").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **No Release, Estoppel or Waiver of State Law**. Nothing in this Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law ("Maryland Law").

3. **Jurisdiction**. Any litigation arising on claims under Maryland Law may be brought by the Franchisee in Maryland.

4. **Limitation on Claims**. All claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.

5. **General Release**. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

WE:	**YOU:**
LEGACY FRANCHISORS, LLC a Maine Limited Liability Company	_____
By:_____	By:_____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

RIDER TO
LEGACY FRANCHISORS, LLC
FRANCHISE COMPLIANCE CERTIFICATION
FOR USE IN MARYLAND

The following is added to the Franchise Compliance Certification:

All representations requiring prospective franchisees to assent to a release, estoppels 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.

FRANCHISEE APPLICANT:

_____

Dated: _____, 20__

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
LEGACY FRANCHISORS, LLC
FOR USE IN MINNESOTA

1. Item 17, summary column for (f) is amended to add the following:

   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 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; and that consent to the transfer of the franchise will not be unreasonably withheld.

2. Item 17, summary column for (m) is amended to add the following:

   Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

3. Item 17, summary columns for (v) and (w) are amended to add the following:

   Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statues, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. Minn. Stat. Sec. 80C12, Subd. 1(g) provides that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, cost or expenses arising out of any claim, suit or demand regarding the use of the name.

5. Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

RIDER TO
LEGACY FRANCHISORS, LLC
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

This Rider is entered into this _____, 20___ (the "Effective Date"), between Legacy Franchisors, LLC, a Maine Limited Liability Company ("we," "us" or "our"), and _____ _____, a _____ whose principal business address is ____ _____ (the "Franchisee") and amends the Franchise Agreement between the parties dated as of the Effective Date, (the "Agreement").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination**. Section 16 of the Agreement is amended to add the following:

> With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 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; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. **Limitation of Claims**. No action may be commenced for claims coming under Minnesota Law more than 3 years after the cause of action accrues.

4. **Waiver of Jury Trial**. Section 21.14 is deleted in its entirety.

5. **Jurisdiction**. The following is added to Section 21.13:

> Minn. Stat. Sec. 80C.,21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

6. **General Release**. Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

WE:	**YOU:**
LEGACY FRANCHISORS, LLC a Maine Limited Liability Company	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT FOR
LEGACY FRANCHISORS, LLC
NEW YORK DISCLOSURE DOCUMENT

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 INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought

by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

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.

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

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

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

7. The following is added to the end of the "Summary" section of Item 17(j), 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.

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

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

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
LEGACY FRANCHISORS, LLC
NORTH DAKOTA DISCLOSURE DOCUMENT

1. The Summary column of Item 17 paragraph (c) of this disclosure document is modified to read as follows:

> "You agree to: (1) not be in default; (2) give us timely notice; (3) enter into our then-current form of franchise agreement and related documents (e.g., personal guaranty, noncompetition agreement, etc.); (4) enter into a general release (except for matters coming under the North Dakota Franchise Investment Law (the "ND Law")); (5) pay successor franchise fee; (6) remodel or upgrade your Center to comply with our then-current standards and specifications; and (7) maintain possession of your Center under your lease. If you renew, you may be required to enter into an agreement with materially different terms and conditions than the original agreement."

2. The Summary column of Item 17 paragraph (r) of this disclosure document is modified by adding the following at the end of the sentence:

> "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

3. The Summary column of Item 17 paragraph (u) of this disclosure document is amended by to read as follows:

> "Except that matters coming under the ND Law, all disputes will be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.

4. The Summary column of Item 17 paragraph (v) of this disclosure document is amended to read as follows:

> Except for matters coming under the ND Law, all mediation and litigation will take place in county where we maintain our principal place of business (currently, Hillsborough County, Florida) at the time the dispute arises.

5. The Summary column of Item 17 paragraph (w) of this disclosure document is amended to read as follows:

> Except for matters coming under the North Dakota Law, Florida law applies.

6. The Commissioner has determined that the consent to a waiver of exemplary and punitive damages is unfair, unjust and inequitable under Section 51-19-05 of the North Dakota Franchise Investment Law.

RIDER TO
LEGACY FRANCHISORS, LLC
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

This Rider is entered into this _____, 20___ (the "Effective Date"), between Legacy Franchisors, LLC, a Maine Limited Liability Company ("we" or "us" or "our" or "Franchisor") and _____, a(n) _____ ("you" or "your") and amends the Franchise Agreement between the parties dated as of the Effective Date, (the "Agreement").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Renewal Requirements**. You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the "ND Law").

3. **Restrictive Covenants**. Covenants not to compete, such as those mentioned in this section, are generally unenforceable in the State of North Dakota.

4. **Agreement to Arbitrate**. All matters coming under North Dakota Law will be submitted to arbitration at a mutually agreeable location and may not be remote from your place of business.

5. **Jurisdiction**. All matters coming under the ND Law may be brought in the courts of North Dakota.

6. **Governing Law**. This Agreement will be governed by North Dakota law.

7. **Wavier of Punitive Damages**. Section 21.10 is deleted in its entirety.

8. **Wavier of Jury Trial**. Section 21.14 is deleted in entirety.

9. **Limitation of Claims**. Section 21.11 is revised to read that the statute of limitations under North Dakota law will apply.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

WE:	**YOU:**
LEGACY FRANCHISORS, LLC a Maine Limited Liability Company	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
LEGACY FRANCHISORS, LLC
SOUTH DAKOTA DISCLOSURE DOCUMENT

1. NONE

RIDER TO
LEGACY FRANCHISORS, LLC
FRANCHISE AGREEMENT
FOR USE IN SOUTH DAKOTA

This Rider is entered into this _____, 20___ (the "Effective Date"), between Legacy Franchisors, LLC, a Maine Limited Liability Company ("we" or "us" or "our" or "Franchisor") and _____, a(n) _____ ("you" or "your") and amends the Franchise Agreement between the parties dated as of the Effective Date, (the "Agreement").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

WE:	**YOU:**
LEGACY FRANCHISORS, LLC a Maine Limited Liability Company	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
LEGACY FRANCHISORS, LLC
VIRGINIA DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Act, the following is added to ITEM 17.h:

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise 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.

RIDER TO
LEGACY FRANCHISORS, LLC
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA

This Rider is entered into this _____, 20___ (the "Effective Date"), between Legacy Franchisors, LLC, a Maine Limited Liability Company ("we" or "us" or "our" or "Franchisor") and _____, a(n) _____ ("you" or "your") and amends the Franchise Agreement between the parties dated as of the Effective Date, (the "Agreement").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

WE:	**YOU:**
LEGACY FRANCHISORS, LLC a Maine Limited Liability Company	_____
By:_____	By:_____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS FOR
LEGACY FRANCHISORS, LLC
WASHINGTON DISCLOSURE DOCUMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

The franchisor will defer the collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business. With respect to the multi-unit development agreement, the deferral of the development fee will be pro-rated, such that the franchisee will pay the franchisor the development fee proportionally upon the opening of each unit franchise.

Item 6 of this disclosure document and Section 15.3(f) of the Franchise Agreement are amended in part to add that the Transfer Fee is subject to state law.

The Summary column of Item 17 rows (f) and (g) of this disclosure document and Section 16.2 of the Franchise Agreement are amended to add that the Franchisor's ability to terminate the Franchise Agreement and/or any related agreement is subject to state law.

The Summary column of Item 17 row (m) of this disclosure document and Section 15.3 of the Franchise Agreement are amended to remove the requirement that the Franchisor have the right to approve the material terms as a condition to transfer.

The Summary column of Item 17 row (p) of this disclosure document and Sections 15.5 and 15.6 of the Franchise Agreement are amended to provide franchisee with 6 months (or 180 days) to transfer the business in the event of death or disability. Further, the Franchisor shall agree to deal in good faith pursuant to RCW 19.100.180(1).

The Summary column of Item 17 row (u) of this disclosure document is amended to read as follows:

> "Franchise or an ownership interest in you must be assigned to an approved buyer within 3 months and must be run by a trained manager during the period prior to the assignment. You will have 6 months to transfer the HydroDog Business. Assignment is subject to our right of first refusal."

The first sentence of Section 18.4 of the Franchise Agreement shall be amended in part to provide that the franchisee shall not be required to indemnify the franchisor or its affiliates for the negligent acts or omissions of the franchisor or its affiliates.

Section 21 of the Franchise Agreement will be subject to the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration

or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

_____	_____
FRANCHISOR	FRANCHISEE

This addendum may also be used as a rider to the Franchise Disclosure Document.

EXHIBIT J TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AS OF DECEMBER 31, 2024

LIST OF FRANCHISEES AS OF DECEMBER 31, 2024

State	Name	Address	Telephone
Georgia[1]	Keith Harn	101 Coleraine Dr., Port Wentworth, GA 31407	304-815-1128
Louisiana[1]	Leslie McInnis	4713 Quail Hollow Dr., Lake Charles, LA 70605	337-292-1778
Maryland[1]	A&M Pups, LLC	1316 Willow Oak Drive, Frederick, MD 21701	954-471-9229
Massachusetts[1]	Lilith the Chipmunk Hunter, LLC	640 Elm Street, West Springfield, MA 01089	413-218-4554
Massachusetts	Yamira Moreno	74 Naismith St., Springfield, MA 01104	To be determined
Missouri	KC Mobile Grooming, LLC	7080 Ensign Dr., Parkville, MO 64154	614-746-1072
Missouri[1]	Hannah's Hounds, LLC	17705 E 28th Street, Independence, MO 64057	660-341-3550
Missouri[1]	NKC Dogs	831 E 22nd Avenue, Kansas City, MO 64116	816-820-4566
Missouri[1]	Tail Waggin Grooming, LLC	2228 Burns Ave., Overland, MO 63114	314-239-2740
Missouri[1]	Mingling Paws, LLC	228 Rachel court, Independence, MO 64055	816-598-0291
Nebraska[1]	P&A Passauer, LLC	6700 Helen Circle, Papillion, NE 68133	402-630-6813
Nebraska[1]	Blacksmith, LLC	21949 Hilltop Avenue, Gretna, NE 68028	402-657-9735
Nebraska	BP Grooming, LLC	19405V Street, Omaha, NE 60135	402-217-4181
Nebraska[1]	The Dude, LLC	7368 N 76th St., Omaha, NE 68122	402-598-5027
North Carolina	Jordan Chester (not open)	10376 Dapping Dr., Raleigh, NC 27614	973-409-1775
Ohio[1]	Tia Paws, LLC	5272 Taylorsville Rd., Huber Heights, OH 46424	937-689-4603
Virginia[1]	Amelia Jenks	529 W 24th Street, Apt 43, Norfolk, VA 22517	518-536-2217
Virginia	Jenna Brown	619 London Bridge Rd., Virginia Beach, VA 23454	757-641-2616
Washington[1]	Clinesmith Company, LLC	8709 161st Ave NE, #236, Redmond, WA 98052	406-214-9601
Washington	Patrick Mourar	15407 E 23rd Ave., Spokane Valley, WA 99037	509-213-1606

Note 1: The above franchisees had operated under our predecessor and in 2023 were either transferred to us or chose to sign new franchise agreements with us.

EXHIBIT K TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

The following is a list of the names, cities, states, and current business telephone numbers of franchisees who have had their HydroDog Business terminated, cancelled, not renewed, or who have otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement as of December 31, 2024, or who have not communicated with us within 10 weeks prior to the issuance date of this disclosure document.

State	Name	Address	Telephone	Year Left System
Arizona	Road Dawg, LLC	Unknown	Unknown	2024
Louisiana	Scott McInnis	Unknown	Unknown	2024
Texas	Marcus Gray	4310 Brownstone Dr., Beaumont, TX 77706	352-484-6984	2024

EXHIBIT L TO THE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require 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	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Legacy Franchisors, 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.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If Legacy Franchisors, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency listed on Exhibit "H".

The franchisor offering the franchise is Legacy Franchisors, LLC, located at 8200 Seminole Blvd., Seminole, FL 33772. Its telephone number is (888) 668-8170.

We authorize the respective state agencies identified on Exhibit "H" to receive service of process for us if we are registered in the particular state.

Issuance Date: May 1, 2025

The name, principal business address, and telephone number of the franchise sellers involved with the sale of this franchise are:

Name	Principal Business Address	Telephone No.
Ashby Green	8200 Seminole Blvd., Seminole, FL 33772	(888) 668-8170
Kylee Hudson	8200 Seminole Blvd., Seminole, FL 33772	(888) 668-8170
Patrick Mourar	8200 Seminole Blvd., Seminole, FL 33772	(888) 668-8170
Tim Schoenfelder	8200 Seminole Blvd., Seminole, FL 33772	(888) 668-8170

I received a disclosure document dated May 1, 2025, that included the following exhibits:

Exhibit A	Financial Statements
Exhibit B	Form of Franchise Agreement
Exhibit C	Form of Conditional Assignment of Telephone Numbers and Listings
Exhibit D	Form of Principal Owner's Statement
Exhibit E	Form of General Release
Exhibit F	Confidentiality, Non-Solicitation and Non-Competition Agreement
Exhibit G	Table of Contents of Operating Manual
Exhibit H	List of State Agencies/Agents for Service of Process
Exhibit I	State Specific Addenda and Riders
Exhibit J	List of Franchisees
Exhibit K	List of Franchisees Who Left the System
Exhibit L	State Effective Dates

DATED:_____ (Do Not Leave Blank)

PROSPECTIVE FRANCHISEE

If a Business Entity:

_____
(Name of Entity)

By:_____
Title:_____

If an Individual:

Sign:_____

KEEP THIS COPY FOR YOUR RECORDS

RECEIPT

This disclosure document summarizes provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Legacy Franchisors, 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. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If Legacy Franchisors, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency listed on Exhibit "H".

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Exhibit L	State Effective Dates

DATED:_____ (Do Not Leave Blank)

PROSPECTIVE FRANCHISEE

If a Business Entity:

_____

(Name of Entity)

By:_____

Title:_____

If an Individual:

Sign:_____

PLEASE SIGN, DATE AND RETURN THIS PAGE

You may return it to us by either mailing it to Legacy Franchisors, LLC at 8200 Seminole Blvd., Seminole, FL 33772, Attn: Ashby Green, or by e-mailing a copy to us in PDF format at franchising@Hydrodog.com.