# FRANCHISE DISCLOSURE DOCUMENT

**Pet Passages Franchising, Inc.**
**348 State Route 104, Ontario, NY 14519**
**Phone: (833) 880-7387**
**E-Mail**: **mikeharris@petpassages.com**
**Website: www.national.petpassages.com**

Pet Passages Franchising, Inc. offers franchises for the operation of a business that provides pet funeral services and pet cremation and memorialization products and services at wholesale and retail to veterinarians, pet hospitals, humane societies and other businesses, and also to individual families mourning the loss of their pets. The total investment necessary to begin operation of your Pet Passages® franchised business ranges from $285,397.00 to $524,712.00. This includes $91,776.00 - $97,276.00 which must be paid to us.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 348 State Route 104, Ontario, NY 14519 or by phone at (833) 880-7387.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home

page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 2, 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 or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit F includes financial statements. Review these statements carefully. |
| **Is the franchise system stable, growing, or shrinking?** | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| **Will my business be the only Pet Passages 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 Pet Passages franchisee?** | Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

## What You Need To Know About Franchising *Generally*

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

**Business model can change**. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation in New York State. Out-of-State mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with us in New York State than in your own state.
2. **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.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's matrimonial and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Mandatory Minimum Payments.** You must make mandatory minimum advertising contributions regardless of your sales levels. Your inability to make these 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 requires other risks to be highlighted.

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

To simplify the language in this Disclosure Document, "we", "us" and "the Company" mean Pet Passages Franchising, Inc. - the franchisor. "You" means the person who is granted a Pet Passages franchise license - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company. Your "Location" means the location that you will operate if we grant you a Pet Passages franchise.

Corporate Information - Franchisor

Pet Passages Franchising, Inc. is a New York corporation formed on November 23, 2015. We maintain our principal place of business at 348 State Route 104, Ontario NY 14519. We do not do business under any name other than "Pet Passages Franchising, Inc." and our trade name "Pet Passages." Our agent for service of process is disclosed in Exhibit "B" to this Disclosure Document. If you purchase a Pet Passages franchise, you will execute a franchise agreement with us (the "Franchise Agreement"), the form of which is attached to this Disclosure Document as Exhibit "C."

Our Business History

We have been offering Pet Passages franchises since January 25, 2016. We have never offered franchises in any other line of business and are engaged in no business other than the offering of Pet Passages franchises. Our affiliate MindyAnn, Inc. operates 2, and our affiliate Ellis Wallace Enterprises, Inc. operates 1 "company owned" outlets. Except for our affiliate owned outlets, we have never conducted a business of the type to be operated by the franchisee.

Our Parents, Affiliates and Predecessors

We do not have any parent companies, affiliates or predecessors other than the following:

(1) Pet Passages, Inc. is a New York corporation wholly owned by Michael Harris (our sole shareholder), and was formed in July, 2011. Pet Passages, Inc. owns the Marks, and prior to us offering Pet Passages franchises, was licensing the use of its proprietary software, websites and coaching to pet funeral homes and cremation businesses beginning in 2011 through 2015. Now, Pet Passages, Inc. works with us to offer products on our franchisee's websites, and has granted us an exclusive license to sublicense the Marks and utilize the Marks in our System. Pet Passages, Inc. has not offered any franchises in this business or any other lines of business. Pet Passages, Inc.'s business address is 348 State Route 104, Ontario NY 14519.

(2) MindyAnn, Inc. is a New York corporation wholly owned by Michael Harris (our sole shareholder). MindyAnn, Inc. has been operating a Pet Passages at 2825 Business Center Blvd C-3, Melbourne, Florida 32940 since November, 2016 and opened a facility at 348 State Route 104, Ontario, New York 14519 at the end of 2017. Its facilities will be the training facilities for Pet Passages franchisees. MindyAnn, Inc. has not offered any franchises in this business or any other lines of business.

(3) Ellis Wallace Enterprise, Inc. is a Louisiana corporation partially owned by Michael Harris (our sole shareholder). Ellis Wallace Enterprise, Inc. has been operating its Louisiana facility at 110 Eunice St, Lafayette, Louisiana 70508 since 2024. Its facilities may be used for training for Pet Passages franchisees. Ellis Wallace Enterprise, Inc. has not offered any franchises in this business or any other lines of business.

Description of Franchised Business

We grant franchises to operate pet funeral homes and provide pet memorialization and cremation services under the "Pet Passages" name (the "System"). We offer franchises to franchisees that operate preexisting funeral homes, veterinary hospitals, and humane societies as well as franchisees that have no prior experience in operating a funeral or crematorium business. We will show you how to operate a pet funeral home business that provides a variety of goods and/or services utilizing the System, including our proprietary pet tracking software (your "Franchised Business"). Some of this information will be provided by us during the initial training program.

We will grant you a sublicense to use certain trademarks, service marks, logos and trade names, including the Pet Passages name (collectively, the "Marks") in connection with the operation of your Franchised Business. The operational aspects of a Pet Passages Franchised Business are contained within the confidential Operating Manual (the "Manual" "Brand Standards Manual" or "Operating Manual") and the Digital Operations Portal (as defined in Item 11). You will operate your Pet Passages franchise as an independent business using the Marks, the System, the Pet Passages name, as well as the support, guidance and other methods and materials provided or developed by us. You will offer and provide Pet Passages goods/services to the general public under the terms and conditions contained within the Franchise Agreement and the Brand Standards Manual. You may offer no other goods or services in conjunction with the System or the Marks without our prior written approval.

Conducting business according to our fundamental values is key not only to Pet Passages and your success, but also to the success of all other franchisees in the Pet Passages network. "Our Beliefs" are as follows:

We believe that Pet Passages is first and foremost a Brand. No one of us is greater than all of us together. Therefore, we are committed to living the Brand's Mission, Values, and Purpose (described below) between and among one another and with the Pet Parents and their pets ("Pet Parent(s)" shall mean a pet owner who is a past, current or future customer of the Franchised Business or another Pet Passages® location. The term "Pet Parent" does not include Referral Accounts, as defined in Section 2.6 of the Franchise Agreement).

Pet Passages, as a Brand, is the embodiment of our identity and values. For Pet Passages, our brand represents compassion, professionalism, and reliability, ensuring that Pet Parents and their families feel comforted and supported during their time of need. These experiences, created in each location creates a lasting impression, fostering loyalty and establishing a meaningful connection with our Pet Parents and those they influence. Pet Passages Brand is a promise, and a commitment met.

Here is what we believe and live:

**Our Mission: Guiding Pet Parents through their pet's passage.**

**Our Core Values:**

- **Dignity**: We honor every pet's life with the utmost respect and care, ensuring they receive the dignified farewell they deserve.
- **Respect:** We treat every Pet Parent and their beloved pet with the highest level of respect, understanding the deep bond they share.
- **Compassion:** We approach each situation with empathy and kindness, providing comfort and support during this difficult time.
- **Transparency:** We maintain open and honest communication throughout the process, ensuring that our Pet Parents are fully informed and at ease.
- **Integrity:** We uphold the highest ethical standards in all our services, ensuring trust and confidence in our commitment to excellence.

**Our Purpose:** For us (Pet Passages), there is no greater responsibility than honoring and preserving the story and memory of a family's beloved pet.

**Our Brand foundation is based on:**

· Attitude, character, and integrity

· A passionate commitment to our Pet Parents and their pets, all else is secondary

· Being dedicated to continuous personal growth and professional Improvement

· Being devoted to God, one another, family, and community

· A spirit of fun and a sense of humor

· Acknowledging this tremendous responsibility and privilege to serve Pet Parents as their pets pass

Our Mission, Core Values, Purpose, and Foundation form the very essence of the Pet Passages franchise program.

Your operation of a franchised business will directly affect the experiences of Pet Passages' Pet Parents and their pets and their overall perception and acceptance of the Pet Passages System, Brand, Marks, and the other members of the Pet Passages network of businesses.

So then, you can operate your business consistently with the values in Our Beliefs, Pet Passages represents, and you will need to accept that (1) the Pet Passages Franchise Program and the Pet Passages

services are integral parts of a highly interrelated System, and (2) the successful operation of each Pet Passages business is critical to Pet Passages' overall business objectives and plans.

Market and Competition

The market for the products and services offered by a Pet Passages business consists of anyone who owns a pet. If you operate a Pet Passages franchise, your competition will primarily consist of traditional funeral homes, national pet service companies, local pet disposal companies, crematoriums, kennels and veterinary hospitals that also provide pet crematory and memorialization services. The market for pet services is not a seasonal business, is well established and very competitive.

Laws and Regulations

You must comply with all federal, state and local laws and regulations relating to the operation of your Franchised Business. Most state and local health departments as well as local environmental protection agencies regulate the cremation of pets, and you must comply with any rules or regulations issued by such departments and regulatory agencies. In addition, you must locate your Franchised Business in an area that has the proper zoning for a crematory and there may be other laws applicable to a Pet Passages business. You may wish to investigate these laws before buying a Pet Passages franchise.

Required Licenses

You will be required to apply for and receive your License to Operate as a Crematory, Crematory Operator License, and DEC/EPA Air Facility Registration Certificate/Permit prior to opening and operating your Franchised Business.

## ITEM 2. BUSINESS EXPERIENCE

**Pet Passages Franchising, Inc. - Franchisor**

Michael Harris: President and CEO since November, 2015

Mr. Harris is the President and CEO of Pet Passages, Inc. in Ontario, New York and has been since its formation in August, 2011. Mr. Harris is currently our sole shareholder, director and officer and has been since December, 2016. Mr. Harris is also the President of MindyAnn, Inc. in Ontario, New York and has been since its formation in September, 2016. Mr. Harris is the President, Secretary, and Treasurer of Ellis Wallace Enterprise, Inc. in Lafayette, Louisiana and has been since its formation on August 16th, 2022.

Andrea Harris: Vice President of Operations since September, 2021

Andrea began as a Pet Funeral Director for MindyAnn, Inc. at its Ontario, New York location in June, 2018, and continues working in its Ontario, New York location. She is also currently the Vice President of Operations for Pet Passages Franchising, Inc. in Ontario, New York, and has been since September, 2021.

## ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4. BANKRUPTCY

Bankruptcy - Franchisor

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

## ITEM 5. INITIAL FEES

Franchise Fee.

You must pay us an initial franchise fee in the amount of $55,000.00 for a standard pre-determined protected geographic territory along county lines, encompassing roughly 300,000 Housing Units (as defined in Item 12). If Franchisee has elected to purchase any optional extra territories, then they will add an additional $10,000 for each extra territory comprised of an additional county(ies) with an estimated 50,000 Housing Units to the initial franchise fee, up to a general maximum initial franchise fee of $95,000 for a number of counties that is comprised of roughly 500,000 Housing Units (see Item 12 for more information on the protected territory). The number of Housing Units within the territory are an estimate, the territory itself will be a county or a number of counties, and will be negotiated by you and us. In rare circumstances, based mostly on geographic considerations, population density, demand for the territory, and ability to service the territory properly, Franchisor will grant a territory greater than 500,000 Housing Units. In such circumstances, an additional franchise fee will be charged to the Franchisee in the amount of $10,000 for every 10,000 Housing Units above the 500,000 threshold. Portions of the initial franchise fee will be used to defray some of our costs and expenses for the development and maintenance of the System and providing training to franchisees. The entire amount of the initial franchise fee is due in full at the time you execute the Franchise Agreement. The initial franchise fee is not refundable under any circumstances. Franchisor will grant a 10% military discount on the initial franchise fee to active military personnel and veterans of the United States Air Force, Navy, Marines, National Guard, Army and Coast Guard.

For Maryland Franchisees:

This section shall apply only to Maryland Franchisees. Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee to Franchisor will be held in escrow in accordance with the requirements of the Maryland Securities Commissioner until the Franchisor completes its pre-opening obligations under the Franchise Agreement.

For Illinois Franchisees:

This section shall apply only to Illinois Franchisees. The Illinois Attorney General's Office has imposed an escrow requirement due to Franchisor's financial condition, a copy of Franchisor's escrow agreement is on file with the Office of the Illinois Attorney General. The initial Franchise Fee that you pay to us will be held in escrow until we have met all of our pre-opening obligations to you.

Estimated Initial Inventory Amount.

Pursuant to Section 7.9 of the Franchise Agreement, you are required to maintain a certain minimum level of inventory at your Location. We estimate that for one (1) franchise business, you will spend a minimum of $22,451.00 (and between $2,500.00 - $3,500 in shipping costs) on your initial inventory,

printed materials and operational supplies package, that you will purchase from Pet Passages Franchising, Inc. or other approved sources. Opening inventory reflects the cost of consumable inventory items such as cremated remains bags, body bags, zip ties, cleaning products, chemicals, etc… necessary on opening day. At the time your Franchised Business opens, you must stock and display where applicable the initial inventory of products, accessories, equipment, and supplies required by us in the Brand Standards Manual(s) or otherwise in writing. You must then stock and maintain all types of products in quantities sufficient to meet reasonably anticipated customer demand. The initial inventory costs are not refundable unless otherwise specified by the approved supplier, but any of our merchandise can be exchanged if defective.

Estimated Travel and Lodging Reimbursement for Pre-Opening Site Visit.

As part of your initial training program, one of our trainers will provide on-site inspection and instruction at your franchised location for a period of three to five days. You are required to reimburse us for our trainer's travel and lodging expenses associated with said on-site training, which we estimate will be between $3,500 - $8,000.00 this amount will vary depending on your franchised business's location. Some of the factors include, but are not limited to, the costs and availability of lodging in your area, flights and/or rental vehicles if applicable, and whether daily commuting to your franchised business location is reasonable. The reimbursement fee is not refundable under any circumstances.

Technology Fee

Franchisee shall pay to Franchisor, or a designated third-party, a technology fee for various technology related services provided for the benefit of Pet Passages® franchisees, which services are subject to change ("Technology Fee") and can be found in the Digital Operations Portal. The current Technology Fee is $250.00 per month. Two months prior to opening the Franchisee shall pay the initial 3 months of the Technology Fee in advance, which is $750.00. The Technology Fee is not refundable under any circumstances. The Technology Fee currently includes the hosting, maintenance and development of the: Pet Passages® website, proprietary software and other software utilized in the System, e-commerce platform, Digital Operations Portal, social media sites, and mobile application. As technology is ever evolving, Franchisor shall add, delete, or otherwise modify the products and services that are included in the Technology Fee at its discretion.

Grand Opening Advertising Fee.

Three months prior to opening the location, Franchisee shall pay to Franchisor or approved sources the amount of $7,500 (the "Grand Opening Advertising Fee"), which is not refundable under any circumstances. Upon payment of the Grand Opening Fee, Franchisor, in conjunction with Franchisee, will launch a grand opening advertising campaign as described in the Brand Standards Manual, which shall include but not be limited to: setting up social media accounts on Facebook, Instagram, creating a Google business listing, setting up Google Ads pay per click, and coordinating press releases.

Pet Passages® Email Fee.

Franchisee shall pay to Franchisor, the amount of $75 per year for their Pet Passages Email account, which is not refundable under any circumstances

## ITEM 6. OTHER FEES

| TYPE OF FEE (Note 1) | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| Royalty Fees | 6% Gross Sales | To be remitted on or before 10th day of month for prior month's operations | Note 2 |
| Local Advertising | A minimum of $1,000 per month for the first 2 years, then a minimum of $9,000 per year thereafter. | As incurred | Note 3 |
| Brand Fund Fee | 1% gross sales | Payable on or before 10th day of month for prior month's operations | |
| Initial Training Bootcamp Fee | $2,500 for each staff member other than initial 2 trainees that you want certified at initial training Bootcamp. the | Prior to training | Note 4 |
| Additional Training Bootcamp Fee | $3,000 for the training Bootcamp fee for each staff member that you want certified at any time other than the initial training Bootcamp. | Prior to training | Note 4 |
| Pre-Opening Site Visit/Training: | Reimbursement costs for air fare and lodging for Franchisor's representative for onsite training. | Upon invoicing by Franchisor. | Note 4 |
| Product Purchases | $18,500 - $25,900 | As incurred | Note 5 |
| Transfer | $15,000 | Before transfer | Note 6 |
| Audit Fee | Actual cost of audit and all costs and expenses connected with the inspection of books and records | Upon completion of audit | Note 7 |
| Late Payment/Late Report Fee | Highest interest rate allowed by law of past due amount, and $50 administrative fee for any late payment. $250 late report fee | Due upon demand | |
| Returned Check Fee/Insufficient Funds Fee | $50 for each returned check | Due upon demand | |
| Vendor Review Fee | $1,000.00, plus any travel expenses (including lodging and meals) as required in the evaluation of said vendor, | As incurred | Only if you request our approval of a new product or supplier. |
| Attorneys' Fees | These costs will vary based on your attorney's billable rate, the nature of the matter you have retained them to assist you in, the number of billable hours required for the matter, and other circumstances. | As incurred | Note 8 |
| Indemnification | These costs will vary based on the circumstances of your breach of the Franchise Agreement and the costs incurred by the Franchisor which you must indemnify against. | As incurred | Note 9 |

| TYPE OF FEE (Note 1) | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| Biannual -annual Conference (if any) | $300 - $995 per person | A minimum of thirty days prior to the conference | You are responsible for all travel, room and board, and salary expense. If we require you to attend a conference or other meeting, you may have to pay a fee. |
| Additional training due to failure to maintain standards | Trainer's salary, plus expenses | As incurred | Note 10 |
| Counseling and Advisory Services | Currently, there is no charge for these services. We provide them as a courtesy to our franchisees, but reserve the right to start charging for them in the future. | As incurred | Note 11 |
| National Accounts Fee | Included in royalty fee | Payable on or before 10th day of month for prior month's operations | Note 12 |
| Call Center Fee | Currently, there is no call center fee. However, Franchisor reserves the right to establish a call center and charge a call center fee. | If established – Then payable on or before 10th day of month. | Note 13 |
| Non-Compliance Fee | Up to $2,500.00 per occurrence. | If Notice of Non-Compliance is issued – not less than 15 days after notice is provided by us | Note 14 |
| Pet Parent Reimbursement Fee | Varies | As incurred | Note 15 |
| Management Fee | 10% of Gross Sales | As incurred | Note 16 |
| Technology Fee | $250 per month. | On or before the 10th of the month | Note 17 |
| Procurement of Insurance | Cost of insurance, plus a fee of up to 25% of total insurance premium cost. | Upon demand | Note 18 |
| Advertising/Marketing Design Fees | $125 per hour | As incurred | Note 19 |
| Public Relations Crisis Management Team Fee | $150 per hour | As incurred | Note 20 |

NOTES:

(1) Except as otherwise stated in the Notes below, all fees are imposed by and are payable to us. All fees are non-refundable. All fees are uniformly imposed on and collected from its franchisees unless a franchisee negotiates lessened royalty fees due to extenuating circumstances pertaining to its franchised location, upon execution of its franchise agreement.

(2) "Gross Sales" for any period means the entire amount of revenue whether for cash, credit or otherwise, in respect of the operation of the Franchised Business. The performance of all services or the sale of all goods is considered "revenue" when services have been completed or goods

provided so as to entitle the Franchisee to payment for those services or goods, whether or not payment occurs. Gross Sales will not include:

i) any government tax, provided the amount of the tax is added to the selling price, the amount is expressly charged to the customer, a specific record is made at the time of each sale of the amount of the tax, and the tax is paid over to the appropriate taxing authority; and

ii) receipts which arise from the disposition of damaged, obsolete or otherwise unusable fixed assets.

(3) You are required to make local advertising expenditures as required by Article 11.5 of the Franchise Agreement. All advertising and promotional materials will be purchased from Franchisor for local placement by Franchisee to ensure uniformity and compliance with Brand Standards. Phone book listings do not count toward this requirement. You are also required to pay a contribution to the Brand Fund as set forth in Article 8.4 of the Franchise Agreement.

(4) The initial franchise fee covers our training costs for 2 principals or staff members. If we train more than 2 of your staff members, you must pay us the Training Fee for each such additional person. You are responsible for payment of all food, travel and lodging expenses incurred by you and your employees in attending the training program. See Item 11 of this Disclosure Document for additional information regarding the training program. In addition, you must reimburse us for travel and lodging expenses incurred by our representative in providing onsite opening assistance to you as part of your initial training.

(5) You currently must buy all products from us, including but not limited to, urns, velvet pouches, paw print kits, other memorialization products, tags, boxes, return bags and other ancillary supplies and marketing materials only from us. This list is not exhaustive and is subject to change upon notification by Franchisor.

(6) Due upon transfer of Franchise Agreement or controlling ownership interest in business entity franchisee. There will be no charge in limited circumstances where the franchise is transferred to a spouse after death or total disability of franchisee, but we may pass along our costs of said transfer, including reasonable attorneys' fees.

(7) The audit fee is payable only if we find, after an audit, that you have understated any amount due us by at least 2% for any monthly period, or the examination or audit is made necessary by your failure to furnish required information or reports to us in a timely manner.

(8) If we are the prevailing party in any arbitration or legal proceeding in which we are adverse to you, we are entitled to recover our costs and reasonable attorneys' fees from you.

(9) You must indemnify and hold us harmless for any liability to a third-party arising out of the acquisition of your franchise or the operation of your Franchised Business. You must represent and warrant that the execution of the Franchise Agreement will not violate any terms or conditions of

pre-existing contracts or your organizational documents (e.g., Articles of Incorporation, Articles of Organization, Bylaws, Operating Agreement, etc.).

(10) If we notify you in writing that you have failed to maintain standards at the store and fail to cure the failure within 10 days, we have the right to assign trainers to your store, and you have to reimburse us for the trainer's salaries, travel, living expenses, and other related expenses.

(11) Normally, there is no fee for these services, which are provided by telephone or at our offices, unless you require unusual, extensive, or extraordinary assistance. If so, we have the right to charge you a reasonable fee.

(12) National Accounts Fees – Franchisor may enter into agreements to provide services to Pet Parents (whether the referring veterinary practice, or end customer) as part of a national or regional account program ("National Accounts"). Franchisee is required to perform those services subject to the terms of the program and remit to Franchisor the standard Royalty Fee. See section 2.8 of the Franchise Agreement.

(13) Call Center Fee - In the event Franchisor establishes a call center to provide services which include answering calls, collecting payment, and dispatching drivers, and performing other administrative tasks on behalf of franchisees, Franchisee agrees to pay a call center fee, as established by Franchisor, which may be raised no more than twice per year. See section 8.6 of the Franchise Agreement.

(14) Non-Compliance Fee. - In the event Franchisee is not in compliance with its obligations under this Agreement, Franchisor has the right, but not the obligation to declare Franchisee non-compliant in writing, and assess a Non-Compliance Fee, up to $2,500.00 per occurrence. The notice shall be delivered to Franchisee with sufficient detail to allow Franchisee the opportunity to cure its non-compliance. The Non-Compliance Fee shall be paid to Franchisor fifteen (15) days after notice is provided by Franchisee, unless cured within said timeframe. See section 8.9 of the Franchise Agreement.

(15) Pet Parent Reimbursement Fee - In the event a Pet Parent's complaint is not resolved by Franchisee to the Pet Parent's satisfaction, and Franchisor determines, after investigation of the matter, that the Franchisee failed to adequately perform services in a professional manner, Franchisor shall have the right to perform or cause to be performed the services to Pet Parent's satisfaction or to reimburse the Pet Parent for any money that the Pet Parent paid to Franchisee for the services in question. Franchisee shall promptly reimburse Franchisor for any costs incurred by Franchisor in performance of the services, or reimbursement to the Pet Parent, immediately upon receipt of Franchisor's invoice. See Section 8.10 of the Franchise Agreement.

(16) In the event Franchisor elects to temporarily take over the business premises and operations of the Franchised Business upon the circumstances set forth in Sections 16.8 of the Franchise Agreement, Franchisee authorizes Franchisor to retain a management fee in the amount of 10% of the Gross Sales of the Franchised Business during the term Franchisor operates the Franchised Business as set forth in Section 8.13 of the Franchise Agreement.

(17) Technology Fee – The current Technology Fee is $250.00 per month, which is subject to increase upon 30 days written notice to Franchisee, but shall not increase more than $50 per year and will be capped at $500 per month during the initial Term of this Agreement. The technology fee includes

hosting of website, software, e-commerce platform, maintenance, and the Pet Passages Digital Operations Portal, which is a 3rd party program.

(18) Payable only if you fail to obtain required insurance and we elect to obtain it on your behalf.

(19) Advertising/Marketing Design Fee – The current rate for our in-house director of advertising and marketing is $125 per hour. You may work with our director of advertising and marketing for your

local marketing and advertising that is required by Item 11, and Section 11.5 of the Franchise Agreement.

(20) Public Relations Crisis Management Team Fee – currently $150 per hour in the event of a crisis that requires a public statement or press release.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

| YOUR ESTIMATED INITIAL INVESTMENT | | | | | |
|---|---|---|---|---|---|
| **TYPE OF EXPENDITURE** | **LOW ESTIMATE** | **HIGH ESTIMATE** | **METHOD OF PAYMENT (NOTE 1)** | **WHEN DUE** | **TO WHOM PAYMENT IS TO BE MADE** |
| Franchise Fee (Note 2) | $55,000 | $95,000 | Lump Sum | Upon signing Franchise Agreement | Us |
| Initial Inventory, Printed Materials and Operational Supplies Package | $22,451.00<br><br>Shipping $1,500 | $22,451.00<br><br>Shipping $3,500 | Lump Sum | 2 Months Before Opening | Us |
| Travel and Living Expenses (2 people while completing initial training Bootcamp) | $3,500 | $8,000 | As Incurred | During Initial Training | Airlines, Car Rental, Hotel, Restaurants |
| Pre-Opening Site Visit/Training | $3,500 | $8,000 | Lump Sum | Upon Demand | Us |
| Real Estate (Note 5) | $7,500 | $15,000 | As Incurred | As Incurred | Landlord, |
| Real Estate Improvements (Note 5) | $10,000 | $60,000 | As Incurred | As Incurred | Landlord, Contractors, Vendors |
| Signage (Note 4) | $500 | $5,000 | As Arranged | As Arranged | Approved Supplier |
| Crematory Retort, Crematory Processor, and Lift Table (Note 3) | $132,985 | $132,985 | Lump sum or as arranged by seller or lessor | As arranged by seller or lessor | Approved Supplier |
| Shipping and Placement of Crematory Retort, Crematory Processor, and Lift Table | $5,000 | $20,000 | | | |
| Misc. Crematory Equipment | $500 | $3,000 | As Arranged | As Arranged | Suppliers |
| Laser Engraver | $7,151 | $7,151 | As Arranged | As Arranged | Approved Supplier |
| Laser Engraver Shipping | $500 | $4,500 | As Arranged | As Arranged | Approved Supplier, Shipping Company |
| Office Equipment and Supplies (Note 7) | $750 | $5,000 | As Arranged | As Arranged | Suppliers |
| Office Furniture, Funeral Home Furniture and Decorations | $1,000 | $15,000 | As Arranged | As Arranged | Suppliers |
| Technology Fee – 3 months | $750 | $750 | As Arranged | 2 months before opening | Us |

| | | | | | |
|---|---|---|---|---|---|
| Cold Storage 10 x 10 walk in | $5,000 | $14,000 | As Arranged | As Arranged | Approved Supplier |
| Cold Storage Shipping Cost | $700 | $3,500 | As Arranged | As Arranged | Approved Supplier |
| Vehicle (Note 6) | $5,000 | $55,000 | As Arranged | As Arranged | Suppliers |
| Business Licenses and Permits | $500 | $4,000 | As Arranged | As Arranged | Governmen t Agencies |
| Insurance Premiums | $2,500 | $10,000 | As Arranged | As Arranged | Insurance Company |
| Grand Opening Fee - Business Set Up and Opening Marketing Expenses | $7,500 | $7,500 | Lump Sum | 3 Months Before Opening | Us |
| Professional Fees (Note 8) | $1,500 | $10,000 | As Arranged | As Arranged | Attorneys, Accountant s, Architects, Engineers, Environme ntal Engineers |
| Additional Funds – 3 Months (Note 9) | $10,000 | $15,000 | As Arranged | As Arranged | Various Parties |
| Pet Passages Email – per year | $75.00 | $75.00 | Lump Sum | As Arranged | Us |
| Uniforms | $35.00 | $300.00 | As Incurred | As Arranged | Us |
| **Total Estimated Initial Investment** | **$285,397 to $524,712** | | | | |

**NOTES**

(1) We do not offer direct or indirect financing to Franchisees for any of these items. None of the fees payable to us are refundable. We are unaware of any fees payable to third party suppliers that are refundable.

(2) The initial franchise fee is $55,000.00 for a standard pre-determined protected geographic territory along county lines encompassing roughly 300,000 Housing Units (as defined in Item 12). If Franchisee has elected to purchase any optional extra territories, then they will pay an additional $10,000 for each extra county(ies) comprised of an additional 50,000 Housing Units up to a general maximum initial franchise fee of $95,000 for a protected area comprised of roughly 500,000 Housing Units. In rare circumstances, based mostly on geographic considerations, population density, demand for the territory, and ability to service the territory properly, Franchisor will grant a territory comprised of a number of counties with greater than 500,000 Housing Units. In such circumstances, an additional franchise fee will be charged to the Franchisee in the amount of $10,000 for roughly every 10,000 Housing Units above the 500,000 threshold. Franchisor will grant a 10% military discount on the initial franchise fee to active military personnel and veterans of the United States Air Force, Navy, Marines, National Guard, Army and Coast Guard.

(3) You must buy or lease various equipment including a retort (a retort is the technical term for the chamber where cremation takes place. It's also known as a cremation chamber), as required by the

Brand Standards Manual, for the operation of the Franchised Business. The costs to buy and install these items will vary according to local market conditions, the size of the Franchised Business and it is impossible to predict such costs with any degree of precision or accuracy.

(4) The costs for office signs vary tremendously depending on size and type. In addition, variations in local sign ordinances make it impossible to predict such costs with any degree of precision or accuracy.

(5) These figures presume that you will be leasing the premises and only represent rent for three months. We are unable to estimate the total cost purchasing suitable premises for your store or the amount of any down payment that would be required. Rent will vary depending upon the size, the premises, the site condition, its location, demand for the site, build-out requirements and construction or other allowances from the landlord, and the requirements of individual landlords. These figures are based upon our experience in Rochester, New York. These figures may vary considerably in other parts of the United States. Regardless of whether you lease or purchase a premises, a typical Pet Passages facility occupies approximately 2,500 – 3,000 square feet of space. The cost of leasehold improvements will vary widely depending upon the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements in the premises, the extent, and the quality of improvements desired by you over and above our minimum requirements, landlord's cash contribution to the cost of the improvements, and the like.

(6) You are required to purchase or lease, during the term of your franchise agreement, a silver Ford Transit Connect XL (for daily transfers) in the current body style, silver Chevrolet Express Cargo van, GMC Savannah cargo van, Ram ProMaster, Ram ProMaster City, or a Ford Transit Cargo Van with shelving conducive to securely transferring pets on longer hauls. See Franchise Agreement Section 5.4. If you already own or lease one of these approved vehicles that meets all current requirements, your initial cost for the purposes of this disclosure will be $0.

(7) The cost range for your initial investment in office equipment and supplies is between a minimum of $3,000.00 - $5,000.00. Depending on how much office equipment and supplies you already possess and the amount you will need to obtain will determine the cost you will spend within this range. For example, if you already operate a business and are transitioning your existing business into a Pet Passages franchise location, your initial investment in office equipment and supplies may be at the lower end of the cost range since you may already possess most of the necessary items. However, if you are just starting a brand new business under the Franchise System, your initial investment in office equipment and supplies will likely be at the higher end of the cost range since you will not already possess the necessary items.

(8) We recommend that you retain an attorney to review the real estate lease and the franchise documents and to assist you in forming a corporation or other ownership entity. You may also retain an accountant for advice in establishing and operating your Franchised Business and filing necessary tax forms and returns. The estimates given are on an annual basis. When applying for the necessary cremation permits from the environmental protection agency (the "EPA") we strongly suggest that you hire a local environmental engineer to assist you with the process, but it is not required. The requirements vary widely from state to state, as well as the fee that the environmental engineer will charge you.

(9) This figure represents your initial start-up expenses for overhead over the first 3 months of operation (the "initial period"). These expenses include overhead such as rent, insurance, and payroll costs, but do not include any salary for you. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Franchised Business. The estimate of additional

funds is based on an owner-operated business and is based on the recent experience of start-up franchisees. In general, you can expect to put additional cash into the business during at least the first 3 to 9 months, and sometimes longer.

## ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of products and services throughout the Pet Passages System, you must purchase all products, supplies, services, equipment, furnishings, merchandise (under Supplies/Inventory in Item 7), employee uniforms, goods, fixtures, inventory, and other items used, sold, displayed, or distributed or used in your Franchised Business in compliance with our standards and specifications contained in the Brand Standards Manual or otherwise communicated to you by us in writing. We will notify you within 30 days of any changes to, or the establishment of, specifications, or approved or designated suppliers, or the revocation of the approval of existing designated or approved suppliers. This notice may be disseminated to you by various means, including written or electronic correspondence, via our Digital Operations Portal, the verbal or telephonic notification, amendments or updates to the Brand Standards Manual, bulletins, and similar means of communication. Of the total purchases that will be required to establish your Franchised Business, we estimate that 90% of these purchases will be from approved or designated suppliers or will consist of items that must meet our specifications. Of the total purchases that will be required to operate your Franchised Business, we estimate that nearly 95% of these purchases will be from approved or designated suppliers or will consist of items that must meet our specifications. Currently our approved suppliers are as follows: Accubooks, American Crematory Equipment Co., Electronic Merchant Systems, Lawley Insurance & Employee Benefits, The Hartford, Keller Manufacturing, Inc., Boss Laser Pet Passages, Inc., QuickBooks, and Us. Franchisor and it's affiliate Pet Passages, Inc. are both approved suppliers from whom you may be required to purchase products and/or services. An officer of the Franchisor owns an interest in Pet Passages, Inc., but no other franchisor officer owns an interest in any supplier other than the aforementioned. Currently, neither the Franchisor nor any affiliate is compensated by any supplier for any franchisee purchases, or derives any revenue, rebates or other material consideration from required purchases or leases.

**Appearance and Operations.** Your Pet Passages Location must meet our physical criteria and conform to our design and image requirements. These specifications are in the Brand Standards Manual and promote visual uniformity of your Franchise business, which strengthens brand-name awareness among consumers. You must ensure that your Franchise business conforms to our store appearance and operating specifications at all times.

**Advertising.** All advertising and promotional materials must be purchased from us for placement by you or the Pet Passages in-house advertising/marketing department to ensure uniformity and compliance with Brand Standards. You can not utilize any marketing materials that were not provided by or purchased from us without our prior written approval. We may grant or withhold our approval of any advertising, marketing public relations or any promotional materials, in our sole discretion.

**Electronic Marketing and Communications.** Franchisee may not use, register, maintain, or sponsor any website, URL, social media site, blog, messaging system, email account, username, text address, mobile application, or other digital presence that uses or displays any of the Marks or that promotes the Franchised Business without Franchisor's prior written consent. All electronic postings must follow Brand Standards, and require Franchisor consent.

**Insurance.** You must obtain and maintain, at your own expense, the insurance coverage we require, and you must meet the other insurance-related obligations in the Franchise Agreement. The types of insurance includes comprehensive general liability insurance with coverage for products liability, contractual liability, personal and advertising injury, fire damage, medical expenses, workers'

compensation insurance, comprehensive crime and employee dishonesty insurance, business interruption insurance, personal property insurance. The minimum amount of insurance coverage, as set forth in the Franchise Agreement is as follows:

a. **Comprehensive General Liability** - covering the operations of the franchised business - $1,000,000 Occurrence /$2,000,000 Aggregate (Minimum Requirement)

b. **Professional Liability - Pet Crematory and Cemetery Services** $1,000,000 Occurrence/$2,000,000 Aggregate (Minimum Requirement)

c. **Commercial Business Auto** $1,000,000 Combined Single Limit (Minimum Requirement) Including **Hired and Non Owned auto** $1,000,000 Limit (Minimum Requirement)

d. **Workers Compensation / Employers Liability** and state **Disability** as required by law Statutory Limits Required

e. **Umbrella or Excess Liability** $1,000,000 Aggregate (Minimum Requirement) **

f. **Business Income and Extra Expense** Actual Loss Sustained -12 Months (Minimum Requirement)

g. **Employment Practices Liability** $50,000 Limit (Minimum Requirement)

**** Umbrella or Excess Liability must provide excess coverage over the General & Professional Liability, Business Auto and Workers Compensation.**

However, you may desire to or be required to obtain greater coverage by credit lending institutions or your landlord. The cost of your insurance will vary depending on the insurance carriers' charges, the terms of payment, and your insurance history.

For all insurance, you must include Pet Passages Franchising, Inc. as an additional named insured and loss payee (if applicable) as well as furnish us with proof of such coverage every twelve (12) months. Insurance fees are paid to an insurance agency, person, or entity chosen by you. See Item 7.

You are required to obtain a quote for the required insurance coverage from Lawley Insurance & Employee Benefits ("Lawley Insurance"), or such other carrier we designate, prior to selecting an insurance carrier, however, you are not required to select Lawley Insurance as your insurance carrier. If a franchisee is able to obtain the exact required coverages from a different insurance carrier at a better rate, they can use that carrier.

**Purchasing Arrangements.** You must purchase all fixtures, furnishings, signs, equipment, inventory, uniforms, advertising materials, services and other supplies, products and materials required for the operation of the Franchise business (collectively the "Supplies") solely from suppliers that:

(i) Demonstrate, to our continuing satisfaction, the ability to meet our standards, specifications and requirements for these items regarding quality, variety, service, safety and support;
(ii) Possess acceptable quality controls and capacity to supply your needs promptly and reliably;
(iii) Have a sound financial condition and business reputation;
(iv) Supply these items to a sufficient number of Franchisees to enable us gain economies of scale that will allow us to offer economic value and potential savings to the Pet Passages Franchise network.

(v) Monitor compliance by the supplier within our standards, specifications and requirements;
(vi) Have been approved by us in writing for the sale of these items and not disapproved later.

We will notify you of the names of recommended suppliers through supplements to the Brand Standards Manual(s), via the Digital Operations Portal (as defined in Item 11), or otherwise in writing. We or an affiliated company may be the only recommended vendor for Supplies including our turnkey services and opening inventory and supplies. Franchisor and/or an affiliate may profit from your purchase of Supplies from either us or a supplier to you by:

(i) Selling these items to you at a markup over our or an affiliate's cost of acquiring these items;
(ii) Receiving rebates, commissions, marketing allowances or other payments from suppliers that supply us and/or you.

**Request for Supplier Approval.** If you wish to purchase any item from a supplier (manufacturer or distributor) we have not previously approved or an item that does not comply with our standards and specifications, you must first submit a written request for approval unless it is an item for which we have designated a specific vendor. We will require the proposed supplier to provide us with certain financial and operational information and other information regarding the supplier and the items to be approved in order to demonstrate the suppliers ability to meet our standards and capacity to meet our specific needs. In addition, the proposed supplier must permit our representatives to inspect their facilities (i.e. business offices and/or manufacturing facilities, as applicable), and we may require them to sign a confidentiality agreement. Before we approve a supplier, we will evaluate the economic terms of a possible relationship and ensure that the proposed supplier meets our requirements. We reserve the right, at our option, and at the proposed supplier's expense, to inspect or re-inspect the facilities, and materials of any supplier, at any time. We have no obligation to approve any specific vendor or any minimum number of vendors for any item, and any proposed vendor relationship must not jeopardize the availability of any special pricing or other benefits offered by existing vendors based on system-wide purchases.

The proposed supplier or you must pay, in advance, the vender review fee in the amount of $1,000.00, plus any travel expenses (including lodging and meals) as required in the evaluation of said vendor (the "Vendor Review Fee"). We will, within fifteen (15) business days after we receive the completed request and after we complete any evaluation and inspection or testing, notify you in writing of our approval or disapproval of the proposed supplier or item. You must not offer for sale or sell any of the proposed supplier's products or any other product that does not meet our standards or specifications until you receive our written approval of the proposed supplier or item. Our failure to send you written notice by the end of the supplier evaluation signifies that we disapprove the proposed item and or supplier. Our criteria for approving suppliers is not made available to Franchisees.

We may revoke our approval of particular goods or services, or of the supplier that supplies them, if we determine, in our sole discretion, that they no longer meet our standards or specifications. If you receive a written notice of revocation from us, you must stop selling disapproved products after depletion of your current inventory and/or stop purchasing from the disapproved supplier. Any changes or additions to purchasing standards or procedures are made in writing through supplements to the Brand Standards Manual(s), via the Digital Operations Portal, or other written guidelines. We may modify our specifications, recommended suppliers and purchasing procedures at our discretion and you must promptly conform to all changes at your sole expense. We may terminate your Franchise if you purchase or use unapproved products, or purchase approved Supplies, inventory and/or services from unapproved suppliers.

We may, but are not required to, negotiate purchase arrangements with suppliers (including price terms) for your benefit. For example, Franchisor negotiated with Keller Manufacturing, Inc. to reduce the cost of its cremation equipment by $7,000.00 for each of its franchisees.

Neither Franchisor nor its affiliates derive any revenue or any other from of consideration as a result of Franchisees required purchases from Franchisor or its Affiliates. Our total revenue during the fiscal year 2024 was $390,996, and we did not receive any revenue from Franchisee purchases from designated or approved suppliers within that year. No affiliate derived revenue in 2024 from franchisee required purchases or leases. Except as otherwise disclosed in this Item 8, you do not receive any material benefits for using designated, approved or recommended suppliers. There are no purchasing cooperatives although we reserve the right to establish one or more purchasing cooperatives in the future.

**Credit Card Processing.** All franchisees are required to use our approved credit card processing company, Electronic Merchant Services. Franchisor reserves the right to make changes to the approved credit card processing company in the future.

## 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 other items in this Disclosure Document.**

| OBLIGATION | SECTION IN AGREEMENT | ITEM IN DISCLOSURE DOCUMENT |
|---|---|---|
| a. Site selection and acquisition/lease | Sections 2.1 & 2.2<br>Schedule 2 & 4 | Item 11 |
| b. Pre opening purchases/leases | Sections 5.3 -5.6, 7.1, 7.8, & 7.10 Schedule 2 & 4 | Items 7, 8 & 11 |
| c. Site development and other pre opening requirements | Sections 5.3-5.7 | Items 6, 7 & 11 |
| d. Initial and ongoing training | Sections 6.1-6.4 | Items 6 & 11 |
| e. Opening | Section 5.6 & 5.7 | Item 11 |
| f. Fees | Sections 8.1-8.14 | Items 5 & 6 |
| g. Compliance with standards and policies/ Brand Standards Manual | Sections 6.4, 6.5, 7.1-7.21, & 13.1 | Items 8 & 11 |
| h. Trademarks and proprietary information | Sections 2.4, 12.1-12.6, 13.1 & 14 | Items 13 & 14 |
| i. Restrictions on products/services offered | Section 7.3, 7.4, 7.7, & 7.8 | Item 16 |
| j. Client service requirements | Sections 7.10, 7.13 & 7.14 | Item 8 |
| k. Territorial development | Section 7.19 | Item 12 |
| l. Ongoing product/service purchases | Section 7.3 | Items 8 & 11 |
| m. Maintenance, appearance and remodeling requirements | Sections 7.10 & 7.11 | Item 11 |
| n. Insurance | Sections 10.1-10.3 | Item 7 |
| o. Advertising | Sections 11.1-11.8 | Items 6, 7 & 11 |
| p. Indemnification | Section 19 | Items 6 & 13 |
| q. Owner's participation/ management/staffing | Sections 7.2 | Items 11 & 15 |
| r. Records/reports | Sections 9.1-9.8 | Item 6 |
| s. Evaluations/audits | Section 9.3,9.5, & 9.6 | Items 6 & 11 |
| t. Transfer | Sections 16.1-16.8 | Item 17 |
| u. Renewal | Section 3.2 | Item 17 |
| v. Post termination obligations | Section 17.5, 17.6 & 18 | Item 17 |
| w. Non competition covenants | Sections 5.1 & 5.2<br>Schedule 6 | Item 17 |
| x. Dispute resolution | Section 19.14 | Item 17 |
| y. Personal Guaranty | Sections 21.1-21.7<br>Schedule 5 | Item 15 & 17 |
| z. Confidential Information | Section 14<br>Schedule 6 | Item 14 & 17 |

## ITEM 10. FINANCING

We do not currently offer direct or indirect financing, but reserve the right to do so in the future. We do not guarantee any of your notes, leases or other obligations.

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

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

Before you open your Franchised Business:

1. We will sublicense you the Marks necessary to commence your Franchised Business (Franchise Agreement, Section 12.2).

2. We will provide you with written specifications for what is required to be purchased to establish your Franchised Business, as well as a written list of approved, designated and/or recommended suppliers for purposes of acquiring many of those goods and services (Franchise Agreement, Section 7.3). Such information will be made available to you on the Digital Operations Portal. See Item 8 of this Disclosure Document for additional information regarding your purchase of these goods and services.

3. We will give you access to Franchisor's operation portal ("Digital Operations Portal"), which contains the Brand Standards Manual, as amended by Franchisor from time to time, which is currently 202 pages. The Digital Operations Portal will be made available to Franchisee in digital, electronic or computerized form in or some other form now existing to hereafter developed that would allow Franchisee to view the contents thereof of the Brand Standards Manual for the duration of the term of your Franchise Agreement (Franchise Agreement, 13.1). The Brand Standards Manual will contain, among other things, mandatory and suggested specifications, standards, and procedures pertaining to the goods and services you will provide in connection with your Franchised Business (Franchise Agreement, Section 7.3). The Brand Standards Manual is confidential and remains our property and you must return any physical copies to us upon the termination, expiration or transfer of your Franchise Agreement (Franchise Agreement, Section 14). We may modify the Brand Standards Manual at any time but the modification(s) will not alter your status and fundamental rights under the Franchise Agreement (Franchise Agreement, Section 13.1). Attached to this Disclosure Document as Exhibit "D" is a copy of the Table of Contents of the Brand Standards Manual.

4. We may provide you with a set of specifications for a prototype Pet Passages location (to be modified to fit your Location), together with standard décor and interior layout and mandatory equipment lists. We must approve the construction plans and specifications. (See Franchise Agreement, Section 5.3). Such information will be made available to you through the Digital Operations Portal. The Franchisor must approve of the Location (See Franchise Agreement, Section 5.1). The Franchisor does not provide assistance with conforming your Location to local ordinances or building codes, obtaining any required permits, or constructing, remodeling, or decorating your Location (except for the set of specifications for standard décor and interior layout provided).

5. After you sign the Franchise Agreement, but prior to your commencement of business operations, we will schedule initial training at Pet Passages Learning Center & Headquarters (as defined below) or at another location chosen by us for Franchisee or two of its principals

or managers. (Franchise Agreement, Sections 6.1). For additional information, see Section below entitled "Training Program."

6. We will send a representative to conduct an onsite inspection prior to the opening date of your Franchised Business to verify the Location is up to brand standards prior to granting approval for opening. (See Franchise Agreement, Section 6.2)

7. We will provide assistance with providing equipment, signs, fixtures, opening inventory and supplies by providing names of approved suppliers and written specifications for these items (See Franchise Agreement Section 7.3). Such information will be made available to you through the Digital Operations Portal. The Franchisor does not deliver or install any equipment, signs, or fixtures.

8. We endeavor to ascertain prices for products and services sold by the Franchisee which may optimize profits for the Franchisee, and advise the Franchisee, from time to time, concerning such suggested prices. (See Franchise Agreement Section 7.4).

9. Franchisor shall provide such opening support and assistance for the Franchised Business as it deems appropriate, at the time(s) and in the manner determined by Franchisor in its reasonable discretion and as is customary to provide its franchisees, including but not limited to grand opening marketing support as specified in Section 11 of the Franchise Agreement.

10. On-going support from us, including but not limited additional onsite visits in our sole discretion, the rendering of advice, consultation and additional training with respect to the Franchised Business, its operation and performance in compliance with the Brand Standards Manual. You may reasonably request additional on-site visits, phone consultations or video calls from the us for the purposes of rendering of additional advice, consultation or training. You will reimburse us for the actual time expended and the actual expenses incurred by us for these additional visits. In addition to ongoing support provided by our personnel, you also have the ongoing support provided in the Digital Operations Portal, as described in Article 13 of the Franchise Agreement.

11. **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING** During the operation of your Business:

1. We will require periodic conferences to discuss system changes and issues affecting Pet Passages Franchisees (Franchise Agreement, Section 6.4). These conferences are required to maintain your Certified Pet Funeral Director certification. We may charge you a fee to attend, and you are responsible for payment of all food, travel and lodging expenses incurred by you and your employees in attending any of these conferences (Franchise Agreement, Section 6.4). We may also hold periodic additional meetings and trainings to maintain Certified Pet Funeral Director certification, in our sole discretion, these additional meetings will occur no more than once a month and are currently conducted via video conferencing.

2. We will notify you of changes to, or the creation of, standards and specifications and approved or designated suppliers, or the termination of existing approved or designated

suppliers (See Franchise Agreement 7.3). Such information will be made available to you through the Digital Operations Portal.

3. We will maintain the Pet Passages website www.national.petpassages.com, www.petpassages.com and create and maintain a website for each franchisee (See Franchise Agreement, Section 11.6).

4. We will provide you access to advertising and promotional materials we develop through administering the Brand Fund. (See Franchise Agreement, Article 11.2). Such information will be made available to you through the Digital Operations Portal. We will also provide two hours of time per month to consult with our marketing team to work with you on strategizing campaigns, creating specific marketing materials, and implementing marketing plans for your local marketing. Additional time as needed will require additional expenses.

5. We will give you periodic consultation in response to your inquiries about specific administrative and operating questions you may have or (as we deem necessary) about (i) the methods and procedures to be utilized in the Franchised Business; (ii) advertising and promotion; (iii) specifications; (iv) bookkeeping and accounting; (v) purchasing and inventory control; (vi) inspections; and (vii) new developments and improvements to the Pet Passages Franchise System. At our discretion, we will decide how best to communicate our consultation and advice, whether by telephone, in writing, electronically or in person. The method we choose in your case may be different than methods we use for another Franchisee.

6. We will make goods and services available to you either directly or through approved suppliers. (See Franchise Agreement, Article 7.3)

7. In addition to our initial training program that we periodically repeat, we will occasionally offer advanced and refresher training at our Learning Center & Headquarters or another location designated by us. For these additional training programs, we charge a reasonable per-person training fee. We may increase or decrease our training fees at any time. (See Franchise Agreement, Article 6.4)

8. We will review your requests to use or sell non-proprietary goods and/or services not already approved as long as the request procedure is followed. (See Franchise Agreement, Article 7.3)

9. We or our designee will periodically visit your Franchised Business to inspect your operations, observe and interview your employees and review your books and records (including data stored on your computer systems) in order to verify you are living our Pet Passages mission, values and purpose between and among team members and with the Pet Parents, and maintaining compliance with the Franchise Agreement and Brand Standards Manual. (See Franchise Agreement, Article 7.14)

**Training Program**. We will provide a mandatory initial training program for two people (the "Initial Trainees") for a period of approximately 80 hours at Franchisor's headquarters located in Ontario, New York (the "Learning Center & Headquarters"), or other designated location (Franchise Agreement, Sections 6.1 & 6.2). The Designated Operator and the Designated Manager must be the Initial Trainees and must complete the training program to our satisfaction to become Certified Pet Funeral Directors. Currently, we intend to offer the initial training program at least once every quarter. See Item 6 of this Disclosure Document for a discussion of costs and expenses associated with the initial training program.

**TRAINING PROGRAM:**

The initial training program consists of the following:

| SUBJECT | HOURS OF ELECTRONIC/CLASSROOM TRAINING | HOURS ON THE JOB TRAINING | LOCATION |
|---|---|---|---|
| Introductions & Background of Franchisor | 1 | 0 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Pet Loss 101 | 1 | 0 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Pet Passages Business Model (What makes us different) | 2 | 0 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Review Pet Passages Recon for your market demographic | 2 | 0 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Sales, marketing, veterinary partners | 2 | 0 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Plan of Attack | 1 | 0 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Tour of Pet Passages Crematory | 1 | 0 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Introduction to Crematory Operations | 1 | 0 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Pet transfer training | 1 | 1 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Daily Business and Crematory Operations | 4 | 50 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Technology | 4 | 2 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Review/ Q&A | 3 | 0 | Franchisor's Learning Center & Headquarters in Ontario, New York |
| Miscellaneous | 1 | 0 | Franchisor's Learning Center & Headquarters in Ontario, New York |

Michael Harris, who is disclosed in Item 2 of this Disclosure Document, oversees the entire franchise training program. He is the founder of Pet Passages, Inc. and Pet Passages Franchising, Inc., and has been in the pet cremation industry since 2009. The other instructors include Candice Joosten who has been with us since 2015, Candice Banks who has been with us since 2017, Andrea Dunadee who has been with us since 2017, Julie Heberle who has been with us since 2021, and Lynette McMahon who has been with us since2024. Prior to working with us Lynette worked at Thrive Pet Health Care from August 2015

to December 2024 where she started as a customer service represented and was the manager of crematory operations when she left.

The training materials will consist of the Brand Standards Manual, and other documents, videos, slides, and other information provided in the Digital Operations Portal. You will not be charged an additional fee for any of the training materials. The Initial Trainees must complete the initial training program before your Location and Franchised Business is opened for business (Franchise Agreement, Section 6.1 & 6.2). Your Location must be opened for business within 9 months after signing the Franchise Agreement. If you fail to open your business and successfully complete the initial training program within this period of time, we have the right to terminate your Franchise Agreement (Franchise Agreement, Section 5.7 & 17.1).

We do not provide any assistance with hiring or training your employees. You will be required to hire and train at your own expense, all employees of your Franchised Business, and will be exclusively responsible for the terms of their employment and compensation including but not limited to; hiring, firing, discipline, supervision, direction, wages, hours, number of workers, scheduling, seniority, assigning work, and determining the manner or method of performance. You will be required to always maintain enough trained employees to service your Pet Parents and ensure that our operational and quality standards are always met.

**Electronic Fund Transfer**. We may require you to pay all fees under the Franchise Agreement by automatic bank draft or other reasonable means necessary to ensure we receive payment of the fees. You will be required to comply with any of our payment instructions, including executing any forms that grant us the right to debit your account on a monthly basis for payment of royalty, advertising contributions, and other fees to be paid to us under the Franchise Agreement. (See Franchise Agreement, Article 8.8)

**Computer hardware and software.** You will be required to purchase and install a signature pad and credit card processing system compatible with the required Pet Passages Secure Passages Software, which includes the point-of-sale software which you are required to use, and have internet access through a reputable internet service provider. The signature pad you will be required to purchase and install to be used with the Pet Passages Secure Passages Software will cost $95 - $250. The backbone of our system will be a computer network with your computer needs being specifically listed in the Brand Standards Manual. In general terms, any PC computer chosen should maintain at least a current version of Mozilla Firefox or Google Chrome, and could be a laptop or desk top computer with a cost as low as $600. Currently, the Pet Passages Secure Passages Software does not support Apple products.

The maintenance, repair or upgrade requirements or the annual cost to you of any optional or required maintenance, support, upgrades or updates, hardware, computer network maintenance and other software upgrades are your responsibility and must be done in a timely manner. All maintenance, repair and upgrades to the Pet Passages Secure Passages Software, as well as the e-commerce, websites, and phone Apps, and hosting and support will be provided to you as part of the monthly Technology Fee. We do not offer any additional computer maintenance repair, or upgrade services to our franchisees.

We will publish the computer hardware and software specifications (including the necessary components) in our Brand Standards Manual(s). You will be expected to purchase and install the Pet Passages Secure Passages Software as specified. You will be required to use the Pet Passages Secure Passages Software, among other things, to post all product and service sales, keep inventory control, post sales tax, refunds, and credits, and maintain Pet Parent information. You will be required to maintain the system in good working order at all times, and to upgrade or update the system during the term of the Franchise Agreement as we may reasonably require in order to meet then current standards and specifications. There are no

limitations on the frequency and cost of this obligation. We require the system to be accessible by us via modem or otherwise, and we will have the right at any time to poll your system to retrieve and compile information concerning your Franchised Business. In other words, we will have independent access to your sales information and data produced by the Pet Passages Secure Passages Software. Franchisor has no contractual obligations for maintenance, repairs, updates, and upgrades to Franchisee's computerized system. There are no contractual limits imposed on our access to your computer information.

**Brand Fund**. We have established and administer the Brand Fund described in Item 6 of this Disclosure Document primarily for the development of advertising materials, such as print advertisements, television commercials, infomercials, and social media posts for franchisees to use, however, we also reserve the right to use the Brand Fund for national and regional advertising campaigns (Franchise Agreement, Sections 8.4 and 11). Most of the advertising is designed for use in the print media, broadcast and Internet networks, out-of-home media and on select Internet sites.

You must pay us the Pet Passages Franchise Brand Fund fee described in Item 6 of this Disclosure Document which is 1% gross sales. We will contribute to the Brand Fund on the same basis as other Franchisees with respect to any Pet Passages locations owned and operated by us. Brand Fund fees will be kept in a separate account and revenues received will be accounted for separately from our other funds and will not be used to defray any of its general operating expenses, except for such reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration or direction of the Brand Fund and its national advertising programs (which may include, without limitation: conducting market research, preparing and conducting television, radio, magazine, billboard, Internet, newspaper and other media programs and activities and employing advertising agencies to assist therewith, collecting and accounting for contributions to the Brand Fund, and paying for the preparation and distribution of financial statements). Except as described in this paragraph, we do not have any obligation to spend money on advertising in your protected territory.

None of the Brand Fund fees will be used for advertisements principally directed at selling additional franchises. All funds deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Our administration of the Brand Fund is intended to maximize general public recognition and patronage of the Pet Passages System for the benefit of us and all Pet Passages franchisees and we will use our best efforts to apportion advertising to obtain the greatest benefit for all franchisees.

We will direct and have complete control and discretion over all advertising programs, including the creative concepts, materials, endorsements and media used for the programs, and the placement and allocation of the programs (Franchise Agreement, Section 11.2). All such advertising programs and materials developed by the Brand Fund remain our sole property. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Brand Fund. No advertising council of franchisees exists to advise Franchisor on its ad policies. An unaudited financial statement of the operations of the Brand Fund will be prepared periodically and made available to you upon request (Franchise Agreement, Section 11.2). You may obtain a copy of this information at any time by sending us a written request. The amounts spent in connection with administering the Brand Fund for the fiscal year 2024 are described below.

| Brand Fund - Use of Funds | | |
|---|---|---|
| **Use** | **Amount** | **Percentage** |
| Production | $35,980.00 | 99.25% |
| Media Placement | $0 | 0% |
| Administrative Expenses | $273.40 | 0.75% |
| Other (Tradeshow; Public Relations; Technology) | $0 | 0% |
| **Total** | **$36,253.40** | **100%** |

Currently, all advertising is prepared in-house by Franchisor.

**Regional/Advertising Cooperative**

Franchisees are not required to participate in advertising cooperatives. We have no requirement that you participate in any other advertising fund, except as specified above, or a local or regional advertising cooperative.

**Local Advertising**

We require you to spend a minimum of $1,000.00 per month in the first two years after opening and at least $9,000.00 per year thereafter, on local advertising. You will focus marketing efforts first to veterinary clinics, pet hospitals and humane societies within your Territory, and then to individual prospective clients. You will advertise and promote only in a manner that will reflect favorably on us, you, the Franchised Business and the good name, goodwill and reputation of each. All advertising and promotional materials will be purchased or obtained from Franchisor for placement local placement by Franchisee to ensure uniformity and compliance with Brand Standards. You will have access at no additional cost to the catalog of advertising and promotional materials that have already been developed and approved by us under the Brand Fund. You will also have the ability to develop new advertising materials through our director of advertising and marketing, you will be responsible for paying any Advertising/Marketing Design Fees you incur, and all advertising and marketing materials are subject to our final written approval. You will not utilize any marketing materials that were not provided by or purchased from us without our prior written approval.

**Opening Requirements**

You may not begin operating your Franchised Business until the Initial Trainees have completed the initial training program, you have located and secured a Location and you have complied with your other pre-opening obligations (Franchise Agreement, Section 5). A typical Pet Passages Franchisee will open his or her office within 5 to 9 months after execution of the Franchise Agreement. Some of the factors that may affect this time are identification of a suitable location, franchisor's approval of the location, financing, the extent to which an existing location must be upgraded or remodeled, whether you are converting an existing business or starting a new business, delayed installation of equipment and fixtures, completion of training, obtaining insurance, and complying with local laws and regulations. Unless we agree to the contrary, you must complete your initial training and your Franchised Business must be opened within 9 months after you sign the Franchise Agreement (Franchise Agreement, Section 5.7). Your failure

to open within the 9 month period constitutes an event of default under your Franchise Agreement (Franchise Agreement, Section 17.1).

**Site Selection**

We must approve of the Location and the Lease (see Franchise Agreement, Section 5.1). We do not typically own a premises which is then leased to you for use as your Location. Within 120 days of the effective date of the franchise agreement, you shall acquire an acceptable site for the Location. You shall notify us in writing of a proposed location for the Franchised Business. When evaluating a potential site, we will consider factors such as general location and neighborhood, distance from neighboring franchisees, proximity to major roads, traffic patterns, and the make-up of commercial businesses. We will evaluate each site that you propose, and inform you of its acceptance or rejection within fourteen business days In addition to approving the Location, the terms and conditions of the lease for the proposed Location will require our prior approval as set forth below. It is your responsibility to ensure the Location is properly zoned for the Franchised Business or that you obtain a special use permit or equivalent to operate the Franchised Business at the Location prior to opening for business. If you fail to provide an acceptable site and receive Franchisor's approval for the Location within 150 days, we reserve the right to terminate the Franchise Agreement and any amount paid to us will be deemed forfeited.

**Business and Pet Parent Data**

a. Franchisor has the right to independently access all Business Data, wherever maintained. Franchisor also has the right to require Franchisee to deliver Business Data to Franchisor. Franchisor has the right to use (and to authorize others to access and use) Business Data to, among other uses: i) verify sales; ii) monitor progress of its franchisees; iii) prepare a financial performance representation for Franchisor's Franchise Disclosure Document; and iv) share vendor and supplier pricing data with its affiliates.

b. Franchisor owns and therefore has the right to access all Pet Parent Data (including Personal Information), and share said information without disclosure or compensation to Franchisee. Franchisee may not sell any Pet Parent Data or Personal Information even in an approved sale of the Franchised Business. Franchisee agrees to install and maintain the security measures and devices necessary to protect Pet Parent Data from unauthorized access or disclosure.

## ITEM 12. TERRITORY

The Franchise Agreement is for a specific area approved by Franchisor known as your protected territory. You will receive the exclusive right to operate a Pet Passages Franchised Business at a Location within your protected territory. Subject to Franchisor's approval, you will be able to choose your protected territory based on available predefined territories determined by Franchisor. Your exclusive territory will be negotiated by you and us prior to your execution of the Franchise Agreement and specifically described in the Franchise Agreement Schedule 1, but the standard territory will be a geographical area along county lines encompassing approximately 300,000 Housing Units around the Location. (A "Housing Unit" is a house, an apartment, a group of rooms, or single room occupied or intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants do not live and eat with other persons in the structure and which have direct access from the outside of the building or through a common hall.) The number of Housing Units within the protected territory are an estimate, the territory itself will be a county or a number of counties, and will be negotiated by you and us. However, the minimum number of Housing Units within the protected territory will be 100,000 Housing Units. You will have the opportunity to purchase additional space to include in your protected territory. In negotiating the protected territory, we may examine population density, demographics, and other market conditions. The size of the exclusive

territory is not dependent upon achievement of a certain sales volume, market penetration, or any other contingency. As long as you are in compliance with the Franchise Agreement, we agree not to open company-owned locations or other channels of distribution within your territory, and we will not authorize anyone else to do so. We will not solicit business within your protected territory, but if a Pet Parent living within your territory visits another Pet Passages location (whether franchisee or company owned), outside your protected territory then said location will not reject the business. Likewise, we and other franchisees will accept online orders from Pet Parents living within your territory, and you will not be compensated for any such online sales. Franchisor reserves the right to make online sales with the principal trademark. You will operate your Pet Passages Franchised Business only from the Location, and you must receive our permission before you relocate. We will approve the relocation if the lease for the original Location should terminate without fault of you, or if the Location is destroyed or otherwise rendered unusable, or if, in our sole discretion, there is a change in the attributes of the Location sufficiently detrimental to warrant its relocation, we may in our sole discretion also approve requests from Franchisees to relocate for other reasons. We have not yet established a set of specific conditions or criteria under which we evaluate or approve other relocation requests, but reserve the right to do so at our sole discretion. You may not solicit any Pet Parents outside of your protected territory, you may use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing, to solicit Pet Parents within your protected territory so long as you conform with all requirements of Article 11 of the Franchise Agreement and all advertising by the Franchisee must be completely factual and conform to the highest standards of ethical advertising.

The exclusivity of your territory does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances under which the exclusive territory will be altered or modified by the Franchisor during the Term of the Franchise Agreement.

The Franchisor (on behalf of itself and its affiliates) reserves the right in its absolute discretion to operate and to grant others the right to operate, within the territory and elsewhere: i) facilities offering services and products under trade names and trademarks other than the Marks if such facilities are directly or indirectly acquired by the Franchisor or its affiliates or if the Franchisor or its affiliates have acquired directly or indirectly the rights and obligations of the Franchisor of such facilities. Such facilities may employ substantial portions of the System in their operations. Such facilities may use other channels of distribution such as the internet, catalogs, telemarketing, or direct marketing.

Neither we, nor any affiliate of ours, currently grants any franchises that are authorized to use the Marks other than in the Pet Passages franchise system, although we reserve the right to establish another franchise system in the future, we currently have no plans to do so. Similarly, neither we, nor any affiliate of ours, currently operates another franchise system or other channel of distribution that involves the sale of products or services similar to the products or services offered at a Pet Passages location. If we create another franchise system that involves the sale of pet crematory services and related products and services under the Marks, we will comply with the territorial protections granted to any existing Pet Passages Franchisees.

Except as otherwise disclosed in this Disclosure Document, neither we, nor any affiliates of ours operate one or more Pet Passages location using the System and the Marks but we reserve the right to operate one or more such locations in the future so long as we comply with the territorial protections granted to the existing Pet Passages franchisees. We may license other affiliates to operate additional Pet Passages locations in the future. You do not receive any options, rights of first refusal or similar rights to acquire additional franchises outside your protected territory in the future.

**National Accounts.** Franchisor may enter into agreements to provide services to Pet Parents Pet Parents and referral accounts as part of a national or regional account program ("National Accounts") who are located within the Territory. If Franchisee fails to perform the required services, or Franchisee is not qualified, or able to perform said services, then notwithstanding this anything to the contrary in this Item 11, Franchisee shall allow Franchisor or another franchisee to enter the Territory to perform the required services, or otherwise send said National Accounts within the Territory to another franchisee to perform the services.

## ITEM 13. TRADEMARKS

You are obligated to provide crematory services consistent with our high standards of ethics and conduct. You are required to use the service mark "Pet Passages" to identify your locations and services. The following federally registered trademarks have been issued to our affiliate Pet Passages, Inc.:

| MARK | REGISTRATION NUMBER | REGISTRATION DATE | DATE OF RENEWAL |
|---|---|---|---|
| Pet Passages | 5080545 | November 15, 2016 | November 15, 2026 |
| Pet Passages (Design + Words) | 5085399 | November 22, 2016 | November 22, 2026 |

The above trademark registrations are on the Principal Register of the United States Patent and Trademark Office, and all necessary affidavits regarding the above trademark have been filed. Pet Passages, Inc. has given us the exclusive right to sublicense the Marks and there are no other agreements that limit our right to use or sublicense the use of the marks.

We or our affiliates may apply for or adopt additional trademarks and those may be sublicensed to you during the term of the franchise relationship. We may also sublicense to you additional trademarks as created by us or our affiliates, whether registered or unregistered. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Pet Passages franchise or the products or services sold at your Franchised Business.

You must follow our rules when using the Marks. You cannot use the words "Pet Passages," either alone or in conjunction with one or more other words, or any of our other Marks, as part of your corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Pet Passages name in connection with the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think is appropriate. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to the Marks. You must modify or discontinue the use of any Mark licensed to you if we are required to modify or discontinue use of the Mark as a result of litigation. If this happens, we do not have any liability or other obligation to you resulting from the modification or discontinuation of the use of the Mark. You must not directly or indirectly contest our right to the Marks.

As of the date of this Disclosure Document, there are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect

your use of the Marks. We make no representation regarding the enforceability of the Marks in any particular territory.

The Franchisor is not required to protect the Franchisee's right to use the principal trademarks listed in this section, or to protect the Franchisee against claims of infringement or unfair competition arising out of the Franchisee's use of the Trademarks. The Franchisor is not required by the Franchise Agreement to take any affirmative action when notified of any use or claim related to its Trademarks. The Franchisor has the right to control any administrative proceedings or litigation involving a Trademark. The Franchisor is not required by the Franchise Agreement to participate in the Franchisee's defense or indemnify the Franchisee for expenses or damages if the Franchisee is a party to an administrative or judicial proceeding involving a Trademark licensed to be used by the Franchisee, or if the proceeding is resolved unfavorably to the Franchisee.

## ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. You will receive for your use during the course of the Franchise Agreement the proprietary information contained within the Brand Standards Manual (which includes the Franchise training manual, and any other manuals prepared by us or on behalf of us) and other instructional and training materials. Although we have not filed an application for copyright registration for the Brand Standards Manual, it does claim a copyright to the Brand Standards Manual and further claims that the information contained in the Brand Standards Manual is proprietary. The Brand Standards Manual is described more fully in Item 11 of this Disclosure Document. We also own proprietary know-how in the form of operating methods, specifications, techniques, and information pertaining to the operation and marketing of a Pet Passages location and any products or merchandise that we have or may develop.

All proprietary information is our sole property, and all rights related to the proprietary information, including any parts of the proprietary information created, invented, or otherwise developed by you. Upon signing the Franchise Agreement you assign to us any and all rights you may have or may acquire in the proprietary information.

You are required to maintain the confidentiality of all of our proprietary materials and use them only in strict accordance with the terms of the Franchise Agreement and Brand Standards Manual. You must promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to act, but it will respond to this information as it deems appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving its proprietary information. There are no infringements that are known by us at this time.

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

Except in the case of special circumstances to be determined in the sole discretion of the Franchisor, at least one owner of the franchise must be directly involved in the operation, management and supervision of your Franchised Business (the "Designated Operator"). The "Designated Operator" is determined as follows: (i) if the Franchisee consists of a single individual, that individual will be the Designated Operator; (ii) if the Franchisee consists of more than one individual, you must designate one of those individuals who will be the Designated Operator; (iii) if the Franchisee is a corporation, limited liability company, or partnership, you must designate one of the individual owners, members or partners, as applicable, who will be the Designated Operator. The Designated Operator will be actively involved in the day-to-day management and operation of your Franchised Business. The Designated Operator must successfully complete our initial training program and become a Certified Pet Funeral Director. The Designated Operator

must also attend a "Designated Operator" conference that we sponsor at least once every 2 years. You must pay all of your transportation, food and lodging costs while attending any such conferences.

You are also required to designate a Designated Manager who devote their entire working time to the Franchised Business who must also be a Certified Pet Funeral Director (the "Designated Manager").

At all times, the Franchised Business and the Location will be under the direct, on-premises supervision of one or both of the Certified Pet Funeral Directors. In the event one of the Certified Pet Funeral Directors leaves the organization or is otherwise unable to maintain their obligations as Designated Operator or Designated Manager, you are required to nominate a replacement within 30 days thereafter. Failure to obtain our approval for a replacement, and have that replacement trained as a Certified Pet Funeral Director within 90 days will be a default under the Franchise Agreement.

If you are an entity, each person holding an ownership interest in you, and in some states, the spouses of each of the foregoing individuals, must execute a personal guaranty, the form of which is attached to the Franchise Agreement as Schedule 5.

A "Certified Pet Funeral Director" means an individual has passed the Franchisor's certified pet funeral director training course. A minimum of 2 Certified Pet Funeral Directors must be on staff at all times, the Designated Operator and the Designated Manager.

## ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must conduct the business operated at your Location as required by the Brand Standards Manual and the Franchise Agreement. We require that all goods and services offered in connection with your Franchised Business under the Marks be approved by us in advance. You must offer all goods and services that we require. We have the unrestricted right to change the goods and services that you are required to sell under the Marks at your Franchised Business at any time in our sole discretion, and you must comply with any such change. All products and services to be sold from or displayed at the Location will be purchased from us or our designated suppliers. You will comply with our requirements concerning

the introduction of any new or different products or service for sale. We will have the right without notice to enter your Location and remove and dispose of any product or service which does not meet our standards and specifications, or which was obtained from any source other than designated suppliers, without liability or accountability for such entry or disposal to you of any nature or kind.

## ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

**The table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

| FRANCHISE RELATIONSHIP | | |
|---|---|---|
| **Provision** | **Section in Franchise Agreement** | **Summary** |
| a. Length of the franchise term | Section 3.1 | Term is for 10 years. |
| b. Renewal or extension of the term | Section 3.2 | If you are in good standing, you can renew for 2 additional 10 year terms. If you fail to timely exercise your renewal option, this will be interpreted as an extension of the Initial Term from month to month governed by the current Franchise Agreement and we may cancel upon written notice. |
| c. Requirements for you to renew or extend | Section 3.2 | You must do the following: give us written notice of your intent to renew at least 9 months before the end of the term; be in good standing; sign our then-current Franchise Agreement; sign a release; attend training; and pay a renewal fee. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract. |
| d. Termination by you | None | |
| e. Termination by us without cause | None | |
| f. Termination by us with cause | Article 17 | We can terminate only if you default. |
| g. "Cause" defined - curable defaults | Section 17.3 | You have 30 days to cure any of the following defaults: (i) inappropriate action by an employee or agent of yours that adversely affects the System or us or they disclose contents of the Manual; (ii) you permit a continued violation of law in the operation of your business; (iii) you misuse the Marks; (iv) fail to comply with your duties as a franchisee (v) fail to attend mandatory ongoing training (vi) failure to timely submit financial statements or other reports; (vii); failure to maintain standards or procedures with regard to the System, Location or equipment; or (viii) any other default under any agreement with us, other than defaults described below under "defaults which cannot be cured." |

| FRANCHISE RELATIONSHIP | | |
|---|---|---|
| **Provision** | **Section in Franchise Agreement** | **Summary** |
| h. "Cause" defined - non-curable defaults | Sections 17.1 and 17.2 | The following defaults cannot be cured: (i) failure to lease or establish initial Location within 9 months or maintain the Location throughout term; (ii) failure to complete pre-opening training; (iii) conviction of certain types of crimes or subjection to certain disciplinary proceedings; (iv) insolvency; (v) bankruptcy; (vi) unauthorized seizures; (vii) abandonment of Franchise; (viii) failure to pay us, our affiliate or supplier within 5 days after receipt of demand for payment; (ix) maintaining false books or submitting false reports or under reporting of 5% or more; (x) making of material misrepresentations; (xi) unauthorized transfers; (xii) unauthorized use of any Mark or violation of any confidentiality, non-disclosure, or non-solicitation covenant; (xii) two or more defaults in any 12 month period, even if cured; (xiv) termination of any other agreement between you and us or our affiliate based on your default; (xv) submitting late reports more than 3 times during the term; (xvi) failing to respond to Pet Parent complaints in a timely fashion more than 3 times during the term; (xvii) failing to address Pet Parent complaints after we have specifically provided direction on how to address the complaint and provided time to do so; (xviii) losing required licenses or permits to operate; (xix) failing to dispose of interest after death, incapacity or bankruptcy. |
| i. Your obligations on termination/ non-renewal | Section 18.1 | Obligations include complete deidentification, return of Brand Standards Manual and materials bearing the Marks, and payment of amounts due (also see r, below). |
| j. Assignment of contract by us | Section 16.1 | No restriction on our right to assign, but we will remain liable for the performance of all of our obligations arising under the Franchise Agreement prior to the date of assignment. |
| k. "Transfer" by you – definition | Section 16.2 | Includes transfer of contract or assets, or ownership change. |
| l. Our approval of transfer by you | Sections 16.3, 16.4 and 16.5 | If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an immediate family member, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval without cause. |
| m. Conditions for our approval of transfer | Section 16.3 | Transferee must meet our qualifications, successfully complete training, obtain all required licenses and permits, and execute a new Franchise Agreement for the remainder of the term. You must be current on all your payments and execute a general release and subordination agreement. We must approve the terms of the transfer. Landlord must consent to assignment of lease, if applicable. |
| n. Our right of first refusal to acquire your business | Section 16.6 | We have the right to match any bona fide, arms-length offer for your business. |
| o. Our option to purchase your business | Section 17.5 | We will have the option to purchase, at fair market value, the tangible assets of your business upon termination or non-renewal of the franchise agreement. |

| FRANCHISE RELATIONSHIP | | |
|---|---|---|
| **Provision** | **Section in Franchise Agreement** | **Summary** |
| p. Your death or disability | Section 16.4 | Any transfer, including by will or intestacy, requires our prior written consent. You will have 3 months to complete the transfer. |
| q. Non-competition covenants during the term of the franchise | Section 15.1 | You will not solicit or compete with the business of Pet Passages within 65 miles of any Pet Passages Location. |
| r. Non-competition covenants after the franchise is terminated or expires | Section 15.2 | For a 2 year period following the termination or non-renewal of franchise agreement, Franchisee will not solicit or compete with the business of Pet Passages within 65 miles of any Pet Passages Location. |
| s. Modification of the agreement | Section 21.1 | Requires writing signed by both parties; other modifications primarily to comply with various states laws. |
| t. Integration/ merger clause | Section 22.14 | Only the terms of the Franchise Agreement and attachments to Franchise Agreement are binding (subject to state law). Other promises may not be enforceable. Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. |
| u. Dispute resolution by arbitration | Section 22.1 | Except for certain claims, all disputes must be arbitrated in New York State (except as otherwise disclosed in Exhibit "G" to this Disclosure Document). |
| v. Choice of forum | Section 22.12 | All disputes must be litigated or arbitrated in Monroe County, New York State except as otherwise disclosed in Exhibit "G" to this Disclosure Document). Suits involving the Marks or our proprietary information can be instituted in Rochester, New York. (subject to applicable state law). |
| w. Choice of Law | Section 22.11 | New York law (except as otherwise disclosed in Exhibit "G" to this Disclosure Document). (subject to applicable state law). |

## ITEM 18. PUBLIC FIGURES

We do not use any public figures 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 possible performance at a particular location or under particular circumstances.

The information provided below is the historic gross annual revenue for 2018 through 2024 for all of the locations that were open for the full 12 months of the fiscal years for which they are listed, which is 2 locations in 2018, 5 locations in 2019, 6 locations in 2020, 7 locations in 2021, 9 locations in 2022, 12 locations in 2023, and 14 locations in 2024. These locations are operating in New York, New Hampshire, Connecticut, Michigan, Florida, Oklahoma, Louisiana, Texas, Pennsylvania, North Carolina, Utah, Montana and Arkansas. The represented locations are located mostly in areas zoned as light industrial and they are located in both freestanding and plaza type buildings. All locations offer the same products and

services. Of these locations, the number of company or affiliate owned locations that are shown for each year are 2, in 2018, 2 in 2019, 2 in 2020, 2 in 2021, 2 in 2022, 3 in 2023, and 3 in 2024. There are no material differences in the gross sales of franchised and company owned locations. Also provided is the dollar amount and percentage of annual revenue increase for these locations from year to year, as well as the average annual revenue increase and percentage increase for these locations for each year.

Table 1: Franchised Locations

| Store Number: | 2018 Gross Revenue | 2019 Gross Revenue | % Change 2018 to 2019 | 2020 Gross Revenue | % Change 2019 to 2020 | 2021 Gross Revenue | % Change 2020 to 2021 | 2022 Gross Revenue | % Change 2021 to 2022 | 2023 Gross Revenue | % Change 2022 to 2023 | 2024 Gross Revenue | % Change 2023 to 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | $82,510 | $118,825 | 44.01% | $156,195 | 31.45% | $184,678 | 18.24% | $234,099 | 26.76% | $239,380 | 2.26% | $267,432 | 11.72% |
| 4 | - | $44,357 | - | $60,017 | 140.86% | $112,706 | 87.79% | $175,118 | 55.38% | $236,513 | 35.06% | $265,662 | 12.32% |
| 5 | - | $35,061 | - | $84,449 | - | $155,245 | 83.83% | $234,844 | 51.27% | $275,458 | 17.29% | $271,316 | -1.50% |
| 6 | - | - | - | $189,781 | - | $364,570 | 92.10% | $503,444 | 38.09% | $634,830 | 26.10% | $708,548 | 11.61% |
| 7 | - | - | - | - | - | $137,246 | - | $139,117 | 40.71% | $219,848 | 13.84% | $279,983 | 27.35% |
| 8 | - | - | - | - | - | - | - | $130,435 | - | $176,678 | 35.45% | $190,856 | 8.02% |
| 9 | - | - | - | - | - | - | - | $119,549 | - | $190,913 | 59.69% | $238,939 | 25.16% |
| 10 | - | - | - | - | - | - | - | - | - | $211,423 | - | $333,025 | 57.52% |
| 11 | - | - | - | - | - | - | - | - | - | $90,700 | - | $174,810 | 92.73% |
| 13 | - | - | - | - | - | - | - | - | - | - | - | $244,444 | - |
| 14 | - | - | - | - | - | - | - | - | - | - | - | $92,839 | - |
| **Average** | **-** | **$66,081** | **-** | **$122,610.5** | **86.15%** | **$190,889** | **70.49%** | **$219,515.14** | **42.44%** | **$252,860.33** | **27.09%** | **$278,895.81** | **29.65%** |
| **Median** | **-** | **$44,357** | **-** | **$120,322** | **86.15%** | **$155,245** | **85.81%** | **$175,118** | **40.71%** | **$219,848** | **26.10%** | **$265,662** | **18.74%** |

Table 2: Company Owned Outlets

| (i) Store Number: | 2018 Gross Revenue | 2019 Gross Revenue | % Change 2018 to 2019 | 2020 Gross Revenue | % Change 2019 to 2020 | 2021 Gross Revenue | % Change 2020 to 2021 | 2022 Gross Revenue | % Change 2021 to 2022 | 2023 Gross Revenue | % Change 2022 to 2023 | 2024 Gross Revenue | % Change 2023 to 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | $91,298 | $123,887 | 35.70% | $173,869 | 40.34% | $228,922 | 31.66% | $272,823 | 19.18% | $350,244 | 28.38% | $320,438 | -8.51% |
| 3 | - | $114,389 | - | $22477 | 35.30% | $218,608 | -3.47% | $319,176 | 46.00% | $652,980 | 81.39% | $1,055,995 | 82.39% |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12 | - | - | - | - | - | - | - | - | - | $116,734 | - | $218,392 | 49.75% |
| Average | - | $119,138 | - | $200,173 | 37.82% | $223,765 | 14.09% | $295.999.5 | 32.59% | $350,244 | 54.88% | $531,608.33 | 41.21% |
| Median | - | $119,138 | - | $200,173 | 37.82% | $223,765 | 14.09% | $295,999.5 | 32.59% | $536,246 | 54.88% | $320,438 | 49.75% |

Table 3: Passages by Source Classification

| Year | 2023 | 2024 |
|---|---|---|
| Vet Hospital | 3,193 | 4,447 |
| Direct from public | 1,143 | 1,698 |
| | | |
| Total Passages | 4,336 | 6,145 |

Table 2: Gross Revenue and Certain Crematory Operation Expenses of the Ontario NY Company Owned Outlet (location of Corporate Headquarters)

| Year | 2023 | 2024 |
|---|---|---|
| **INCOME** | | |
| Total Sales | $652.580.47 | $1,055,995.30 |
| COGS | $73,998.83 | $125,842.23 |
| **Gross Profit** | **$578,581.64** | **$930,153.10** |
| | | |
| **EXPENSES** | | |
| Advertising & Marketing | $9,300.00 | $14,000.00 |
| Vehicle Payments | $6,981.84 | $15,177.84 |
| Auto Fuel | $10,559.23 | $18,673.37 |
| Auto Insurance | $5,699.00 | $11,136.18 |
| Liability Insurance | $4,526.23 | $4,673.24 |
| Office Supplies | $1,347.92 | $2,200.11 |
| Cremation Equipment Payment | $21,750.84 | $21,750.84 |
| Payroll (Payroll Taxes, Workers Comp, Disability Ins., medical, 401K) | $248,668.62 | $325,473.47 |
| Rent | $42,000.00 | $42,000.00 |
| Utilities (gas, electric, internet, refuse) | $43,013.35 | $89,884.94 |
| | | |
| Total Expenses | **$372,096.19** | **$544,969.99** |
| | | |
| **Franchise Adjustments** | | |
| Royalty Fee 6% | $39,154.83 | $63,359.72 |
| Brand Fund 1% | $6,525.80 | $10,559.55 |
| **EBITA** (if franchised) | **$160,804.82** | **$311,263.84** |
| **EBITZ (if franchised margin)** | **28.80%** | **33.50%** |

**Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you will sell as much.**

Written substantiation for the above financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representations, Pet Passages Franchising, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance representations or projections of your future income, you should report it to the Franchisor's management by contacting mikeharris@petpassages.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

## A. Information Regarding All Franchises

Listed below are the status summaries for our franchise outlets.

**TABLE 1: SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2022 TO 2024 [1]**

| OUTLET TYPE | YEAR | OUTLETS AT THE START OF THE YEAR | OUTLETS AT THE END OF THE YEAR | NET CHANGE |
|---|---|---|---|---|
| **FRANCHISED** | **2022** | **9** | **10** | **1** |
| | **2023** | **10** | **12** | **2** |
| | **2024** | **12** | **15** | **3** |
| **COMPANY-OWNED [2]** | **2022** | **2** | **3** | **1** |
| | **2023** | **3** | **4** | **1** |
| | **2024** | **4** | **3** | **-1** |
| **TOTAL OUTLETS** | **2022** | **11** | **13** | **2** |
| | **2023** | **13** | **16** | **3** |
| | **2024** | **16** | **18** | **2** |

1 Our fiscal year ends on December 31. All references to years in these tables refers to December 31st of that year.

2. Our affiliate MindyAnn, Inc. operates 2 "company owned" outlets and our affiliate Ellis Wallace Enterprises, Inc. operates 1 company owned outlet. All references to company owned outlets in these tables refers to Pet Passages Franchising, Inc. as well as any affiliates with common ownership with Pet Passages Franchising, Inc.

3 The outlets listed in this table only refer to outlets that are open on the relevant date. In addition to these outlets, we currently have signed franchise agreements for 2 additional outlets that have not opened as of December 31, 2024.

**TABLE 2: TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2022 TO 2024**

| STATE | YEAR | NUMBER OF TRANSFERS |
|---|---|---|
| **TOTAL** | **2022** | **0** |
| | **2023** | **0** |
| | **2024** | **0** |

**TABLE 3: STATUS OF FRANCHISED FOR YEARS 2022 TO 2024**
(UNITED STATES ONLY)

| STATE | YEAR | OUTLETS AT START OF YEAR | OUTLETS OPENED | TERMINATIONS | NON-RENEWALS | REACQUIRED BY FRANCHISOR | CEASED-OTHER | OUTLETS AT END OF YEAR |
|---|---|---|---|---|---|---|---|---|
| AR | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| CT | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| FL | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| MI | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| MT | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| NC | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| NH | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| NY | 2022 | 3 | 0 | 1 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| OK | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| PA | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| TX | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| UT | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| TOTAL | 2022 | 9 | 2 | 1 | 0 | 0 | 0 | 10 |
| | 2023 | 10 | 2 | 0 | 0 | 0 | 0 | 12 |
| | 2024 | 12 | 3 | 0 | 0 | 0 | 0 | 15 |

**TABLE 4: STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2022 TO 2024**

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| New York | 2022 | 1 | 1 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 1 | 0 | 1 |
| Louisiana | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |
| Totals | 2022 | 2 | 1 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 1 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 0 | 0 | 1 | 0 | 3 |

**TABLE 5: PROJECTED OPENINGS AS OF DECEMBER 31, 2025 (UNITED STATES ONLY)**

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| Arkansas | 0 | 1 | 0 |
| Montana | 0 | 1 | 0 |
| Michigan | 1 | 1 | 0 |
| Louisiana | 0 | 1 | 0 |
| Connecticut | 0 | 1 | 0 |
| Colorado | 1 | 1 | 0 |
| New York | 0 | 1 | 0 |
| North Carolina | 0 | 1 | 0 |
| New Hampshire | 0 | 1 | 0 |
| Maryland | 0 | 1 | 0 |
| Florida | 1 | 1 | 0 |
| Texas | 1 | 1 | 0 |
| Totals | 4 | 1 | 0 |

Listings of franchisees and licensees can be found in Exhibit "E". A list of all current Pet Passages franchisees and licensees is attached to this Disclosure Document as Exhibit "E" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2024. In addition, Exhibit "E" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee or licensee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees or licensees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees and Franchisees, but be aware that not all of them will be able to communicate with you.

Exhibit "H" (Part A) to this Disclosure Document lists, to the extent known, the names, addresses, telephone numbers, e-mail address and Web address of each trademark-specific franchisee organization associated with the franchise system being offered that we have created, sponsored or endorsed. Exhibit "H" (Part B) to this Disclosure Document lists the independent franchisee organizations that have asked to be included in this Disclosure Document.

## ITEM 21. FINANCIAL STATEMENTS

The following financial statements of Pet Passages Franchising, Inc., for the periods stated, are included as a part of this Disclosure Document as Exhibit "F": Audited Financial Statements and report of independent Certified Public Accountants, year ended December 31, 2024 and December 31, 2023 and December 31, 2022. Franchisor's fiscal year end is December 31st.

## ITEM 22. CONTRACTS

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

Exhibits to Disclosure Document

Exhibit "C": Franchise Agreement
Exhibit "I": Request for Consideration – Intentionally Omitted (Not applicable for use in the State of Maryland)
Exhibit "K": Non-Disclosure Agreement

Attachments to Franchise Agreement

Schedule 1: Franchisee Information and Territory
Schedule 2: Lease Addendum
Schedule 3: Irrevocable Power of Attorney - Telephone
Schedule 4: Irrevocable Power of Attorney - Lease
Schedule 5: Form of Personal Guaranty
Schedule 6: Confidentiality Agreement
Schedule 7: State Specific Franchise Agreement Amendment (if applicable)

## ITEM 23. ACKNOWLEDGMENT OF RECEIPT

Exhibit “L” to this Disclosure Document are detachable receipts. You are to sign both, and keep one copy and return the other copy to us.

EXHIBIT "A"

TO
FRANCHISE DISCLOSURE DOCUMENT

**State Agencies and Administrators**

*[See Attached]*

**CALIFORNIA**
Commissioner of Corporations
Department of Corporations
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

**HAWAII**
(agent for service of process)
Commissioner of Securities
Business Registration Division
Securities Compliance
Department of Commerce and
Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722)

(state administrator)
Business Registration Division
Securities Compliance
Department of Commerce and
Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

**ILLINOIS**
Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

**INDIANA**
(for service of process)
Secretary of State
201 State House
200 West Washington Street
Indianapolis, IN 46204
(317) 232-6531

(state agency)
Secretary of State
Securities division
Room E-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

**MARYLAND**
(for service of process)
Securities Commissioner
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

(state agency)
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

**MICHIGAN**
Franchise Administrator
Consumer Protection Division
670 Law Building
Lansing, MI 48913
(517) 373-7117

**MINNESOTA**
Department of Commerce
Director of Registration
85 7th Place East, Suite 280,
Saint Paul, MN 55101
(651) 539-1600

**NEW YORK**
(for service of process)
Secretary of State
New York State Department of
Corporations
99 Washington Avenue
Albany, New York 11231
(518) 474-4750

(for other matters)
New York Department of Law
Investor Protection Bureau
28 Liberty St. 21st FL, NY, NY 10005
(212) 416-8222

**NORTH DAKOTA**
Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505
(701) 328-4712

**RHODE ISLAND**
Department of Business Regulation
233 Richmond Street, #232
Providence, Rhode Island 02903
(401) 222-3048

**SOUTH DAKOTA**
Department of Revenue and Regulation
445 East Capitol
Pierre, South Dakota 57501-3185
(605) 773-4013

**VIRGINIA**
(for service of process)
Clerk of the State Corporation
Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9672

(for other matters)
State Corporation Commission
Division of Securities and Retail
Franchising
1300 East Main Street, Ninth Floor
Richmond, VA 23219
(804) 371-9051

**WASHINGTON**
(for service of process)
Director Department of Financial
Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

(for other matters)
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

**WISCONSIN**
Department of Financial Institutions
Division of Securities
345 West Washington Avenue
4th Floor
Madison, WI 53703
(608) 266-3364

EXHIBIT "B"

TO
FRANCHISE DISCLOSURE DOCUMENT

**Agent for Service of Process – Pet Passages Franchising, Inc.**

The registered agent of the Franchisor authorized to receive service of process in the State of New York is the Secretary of State, 99 Washington Avenue, Albany, New York 12231.

The registered agent of the Franchisor authorized to receive service of process in the State of Maryland is the Securities Commissioner, 200 Saint Paul Place, Baltimore, Maryland 21202.

The registered agent of the Franchisor authorized to receive service of process in the State of Wisconsin is the Department of Financial Institutions, Division of Securities, 345 West Washington Avenue, 4th Floor, Madison, WI 53703.

The registered agent of the Franchisor authorized to receive service of process in the State of Virginia is the Clerk of the State Corporation Commission, 1300 East Main Street, Richmond, VA 23219.

The registered agent of the Franchisor authorized to receive service of process in the State of Illinois is the Illinois Attorney General Chief, Franchise Division, 500 South Second Street, Springfield , IL 62706.

The registered agent of the Franchisor authorized to receive service of process in the State of Minnesota is the Minnesota Department of Commerce, 85 7th Place East, Suite 280, Saint Paul, MN 55101.

The registered agent of the Franchisor authorized to receive service of process in the State of Indianna is the Secretary of State, 201 State House, 200 West Washington Street, Indianapolis, IN 46204.

EXHIBIT "C"

TO
FRANCHISE DISCLOSURE DOCUMENT

**Franchise Agreement**

*[See Attached]*

# FRANCHISE AGREEMENT

Effective Date: _____, 20__

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**This Franchise Agreement** is made and entered into this ___ day of _____, 20__, by and among Pet Passages Franchising, Inc., a New York corporation with its principal office at 348 State Route 104, Ontario New York 14519 ("Franchisor"), _____, a _____ [type of entity and jurisdiction] with its principal office at _____ ("Franchisee"), and _____ and _____ (individually a "Guarantor" and jointly and severally the "Guarantors").

## RECITALS

Franchisor has developed and owns a unique and proprietary system for establishing, developing, and operating facilities offering pet cremation and memorialization products and services at wholesale and retail.

As part of the System, Franchisor has used and continues to use and control the use of certain proprietary interests, trademarks, service marks and trade names, including Pet Passages® which is a service mark registered with the United States Patent and Trademark Office, to identify the source of goods and services marketed under that trademark to the public and to represent to the public high and uniform standards of quality and service.

The distinguishing characteristics of the System include, without limitation, unique methods, technical assistance and training in the operation, management and promotion of the Franchised Business, sales and marketing systems, inventory control methods, financial management tools, specialized reporting, bookkeeping and accounting methods, advertising and promotional programs and the use of copyrighted materials written and produced by the Franchisor, all of which may be changed, improved and further developed by the Franchisor.

The Franchisee desires to obtain a license to use the Marks and System in connection with the operation of a Pet Passages® franchised location in accordance with the terms of this Agreement and the Manual, at the Location and within the Territory specified in this Agreement.

Franchisor wishes to grant Franchisee a license to operate a Pet Passages® franchised location upon the terms and conditions specified herein.

**NOW, THEREFORE**, the parties, in consideration of the mutual covenants set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

## ARTICLE 1

## 1. DEFINITIONS

In this Agreement, the following words will have the meaning set out beside them.

1.1 "Affiliate" means a person or business entity controlling, controlled by, or under common control with Franchisee or Franchisor as applicable.

1.2 "Agreement" means this agreement and any amendments made to it by the parties in accordance with the terms of this agreement.

1.3 "Approved Vendor" means a manufacturer, wholesaler, distributor, vendor, or other source approved by Franchisor to provide a particular product or service to its franchisees.

1.4 "Brand" means the consumer perception, reputation and identity surrounding the Pet Passages® System.

1.5 "Brand Standards" means Franchisor's required specifications, policies, procedures, and quality standards for the operation of the Franchised Business and the System.

1.6 "Brand Standards Manual" shall mean the "Manual" defined below, which shall sometimes be referred to as the "Operations Manual."

1.7 "Business Data" means all financial reports, vendor and supplier pricing data, and all other data about the Franchised Businesses other than Pet Parent Data.

1.8 "Certified Pet Funeral Director" means an individual that has passed the Franchisor's certified pet funeral director training course, known as "Bootcamp," which is described in Section 6.1. A Certified Pet Funeral Director is required to successfully complete ongoing training sessions as required by Franchisor to maintain their certification, as described in Section 6.4 below.

1.9 "Competitive Business" means any business that engages in pet cremation services and/or ancillary products or services that are similar to those offered by the Franchised Business.

1.10 "Confidential Information" means any information, knowledge, or know-how concerning the methods of operation of the Franchise Business or System, which may be communicated to the Franchisee by Franchisor, its representatives/agents or other franchisees, or of which the Franchisee may know by virtue of the Franchisee's operation under the terms of this Agreement. Any and all information, knowledge and know-how including without limitation, drawings, materials, equipment, policies, procedures, manuals, standards, designs, layouts, plans, programs, services, technology, supplies, plans, supplier lists, pricing models, software, and other data, not generally known to the public, whether or not the Franchisor designates it as "confidential" shall be deemed "Confidential Information."

1.11 "Core Values" shall have the meaning outlined in Section 2.2 below.

1.12 "Designated Manager" means the manager hired by the Franchisee to assist the Designated Operator in managing the day-to-day operations of the Franchised Business. The Designated Manager is required to be a Certified Pet Funeral Director.

1.13 "Designated Operator" means the Shareholder specified on Schedule 2 as the Shareholder who will be operating the Franchised Business. The Designated Operator is required to be a Certified Pet Funeral Director.

1.14 "Digital Operations Portal" is the electronic portal created by Franchisor, where Franchisee accesses information on the Brand and System, including but not limited to the Brand Standards Manual.

1.15 "Effective Date" means, for purposes of the commencement date of this Agreement, the first day of the month in which the Franchisor and the Franchisee sign this Agreement.

1.16 "Franchised Business" means the business Franchisee operates under the Marks during the Term, and in accordance with the terms of this Agreement.

1.17 "Franchisee" means _____ and any successor individual(s), partnership(s) or corporation(s) which may result from a reorganization, amalgamation or continuance of the Franchisee and any assignee to which an approved assignment of this Agreement is made.

1.18 “Foundation” shall have the meaning outlined in Section 2.2 below.

1.19 "Gross Sales" for any period means the entire amount of revenue whether for cash, credit or otherwise, in respect of the operation of the Franchised Business and all other receipts whatsoever from all business conducted upon or originating from the Location. The performance of services or the sale of goods is considered "revenue" when services have been completed or goods provided to entitle the Franchisee to payment for those services or goods, whether or not payment occurs. Gross Sales will not include:

i) any government tax, provided the amount of the tax is added to the selling price, the amount is expressly charged to the Pet Parent, a specific record is made at the time of each sale of the amount of the tax, and the tax is paid over to the appropriate taxing authority; and

ii) receipts which arise from the disposition of damaged, obsolete, or otherwise unusable fixed assets

1.20 "Incapacity" means that the person to whom such term is applied is unable to perform his normal duties within the Franchised Business for forty-five (45) days in any ninety (90) day period during the term of this Agreement.

1.21 "Interest Rate" means the highest rate allowed by law.

1.22 "Location" means the business premises approved by Franchisor for operation of the Franchised Business as described in Section 5.1 or any alternate location established in accordance with Section 2.2.

1.23 "Manual" means any rules of operation, operations manuals, policy manuals, video tapes, software, pamphlets, memoranda, directives, instructions and other materials prepared by or on behalf of the Franchisor (whether in written, machine readable, electronic or any other form) as such materials may be added to, deleted or otherwise modified by the Franchisor from time to time.

1.24 "Marks" means all trademarks, trade names, service marks design marks and other commercial symbols that the Franchisor may designate from time to time for use in the System, whether or not registered, including but not limited to “Pet Passages®” and the logo used on the cover page of this Agreement.

1.25 “Mission” shall have the meaning outlined in Section 2.2 below.

1.26 “Performance Improvement Process” means the process and training program developed by Franchisor to improve a franchised business’s performance within the System. Details can be found within the Digital Operations Portal.

1.27 “Personal Information” means any information that, by itself or in conjunction with other information, may be used to specifically identify an individual, such as name, physical address, telephone number, e-mail address, social media accounts, billing and payment history, Pet Parent service requests and any other information as defined in applicable law.

1.28 “Pet Parent(s)” shall mean a pet owner who is a past, current, or future customer of the Franchised Business or another Pet Passages® location. The term “Pet Parent” does not include Referral Accounts, as defined in Section 2.6 below.

1.29 “Pet Parent Data” means personal information, sales and payment history, and all other information about any person or entity the Franchised Business has serviced, wherever stored, including data regarding Pet Parents of businesses converted to a Franchised Business, and any other information Franchisor identifies as such in the Manual.

1.30 “Purpose” shall have the meaning outlined in Section 2.2 below.

1.31 “Shareholder(s)” means the owners of Franchisee as specified on Schedule 2.

1.32 “System” means the unique and proprietary system, developed by Franchisor, relating to the establishment, development and operation of facilities offering pet cremation and memorialization products and services at wholesale and retail to veterinarians, pet hospitals, humane societies and other businesses, and individual families mourning the loss of their pets. The distinguishing features of the System include, but are not limited to, use of Secure Passages, a pet identification, tracking and chain of custody system designed to guarantee the pet owner receives their pet’s remains, Pet Passages pet cremation software (PCS), and Pet Tales, a leading on-line pet obituary system to honor and memorialize deceased pets.

1.33 "Territory" means the protected area surrounding the Location, as described in Schedule 2.

## ARTICLE 2

## 2. BELIEFS, CORE EXPECTATIONS, FRANCHISE GRANT, LOCATION, AND EXCLUSIVITY.

**2.1 Beliefs.** Franchisee understands and agrees that the values described below constitute “Franchisor’s Beliefs” in the System, and that conducting business according to these fundamental values is key, not only to the Brand and Franchisee’s success, but also to the success of all other franchisees within the System. “Franchisor’s Beliefs” are as follows:

a. Pet Passages® is first and foremost a brand. No single franchised or company-owned Pet Passages® location is greater than all of us together. Therefore, Franchisor is committed to living

the Brand's Mission, Values, and Purpose (described in Section 2.2 below) between and among one another and with the Pet Parents and their pets.

b. Pet Passages®, as a brand, embodies the Franchisor's identity and values. The Brand represents compassion, professionalism, and reliability, ensuring that Pet Parents and their families feel comforted and supported during their time of need. These experiences, created in each location, generate a lasting impression, fostering loyalty and establishing a meaningful connection with our Pet Parents and those they influence. The Pet Passages® Brand is a promise, and a commitment met.

**2.2 Mission, Core Values, and Purpose**. Through embodying Franchisor's Beliefs, Franchisor has created the following:

a. Pet Passages® Mission ("Mission"): Guiding Pet Parents through their pet's passage.

b. Pet Passages® Core Values ("Core Values"):

- Dignity: We honor every pet's life with the utmost respect and care, ensuring they receive the dignified farewell they deserve.
- Respect: We treat every Pet Parent and their beloved pet with the highest respect, understanding their deep bond.
- Compassion: We approach each situation with empathy and kindness, providing comfort and support during this difficult time.
- Transparency: We maintain open and honest communication throughout the process, ensuring that our Pet Parents are fully informed and at ease.
- Integrity: We uphold the highest ethical standards in all our services, ensuring trust and confidence in our commitment to excellence.

c. Pet Passages® Purpose ("Purpose"): There is no greater responsibility than honoring and preserving the story and memory of a family's beloved pet.

d. Pet Passages® Brand Foundation ("Foundation"), which is based on:

- Attitude, character, and integrity
- A passionate commitment to our Pet Parents and their pets, all else is secondary
- Being dedicated to continuous personal growth and professional improvement
- Being devoted to God, one another, family, and community
- A spirit of fun and a sense of humor
- Acknowledging this tremendous responsibility and privilege to serve Pet Parents as their pets pass

The Pet Passages® Mission, Core Values, Purpose, and Foundation form the very essence of this Agreement and are the cornerstones of the Pet Passages® franchise program.

Franchisee acknowledges and agrees that operating the Franchised Business under this Agreement will directly affect the experiences of Pet Passages' Pet Parents and their pets and their overall perception and acceptance of the Pet Passages® System, Brand, Marks, and the other members of this highly interrelated Pet Passages® network of businesses; and that the successful operation of each Pet Passages® location is

critical to Franchisor's overall business objectives and plans for the Brand and System as a whole; and therefore Franchisee also acknowledges and agrees that it will operate the Franchised Business in accordance with the Mission, Core Values, Purpose and Foundation.

**2.3 Core Expectations.** Franchisor is committed to the success and fulfillment of each of its franchisees' highest expectations. At every level, Franchisor is driven to enhance the value of the information provided to franchisees and improve the quality of franchisee support. A healthy franchise network takes a similar commitment from each franchisee to enhance their performance in the operation of each franchised business. As such, Franchisor has adopted the following Core Expectations for each franchisee in the Pet Passages network (the "Core Expectations"):

a. Each franchisee shall follow the Pet Passages®' business operations guidelines, which are an essential part of the franchised business granted to Franchisees, as carefully and completely as possible.

b. Each franchisee agrees to participate in Pet Passages®' advertising and marketing campaigns and implement and execute all aspects of the Pet Passages® advertising and marketing system, more fully described in Article 11 of this Agreement and the Digital Operations Portal.

c. Each franchisee agrees to use Franchisor-approved suppliers, and each franchised business shall strive to meet such performance goals outlined in the Performance Improvement Process, defined in Article 1 above.

In addition to other rights set forth in this Agreement, if, in Franchisor's judgment, a franchised location does not adhere to the Mission, Core Values, Purpose, or these Core Expectations, Franchisor may require retraining, further development, and orientation to the System.

The Designated Operator's participation and cooperation in this program are mandatory. It is a multistep process through which Franchisor provides intense, individually tailored mentoring, coaching, consulting, counseling, and assistance on successfully operating the Pet Passages® business model.

**2.4 Grant to Franchisee.** Franchisor grants the right, on the terms and conditions outlined in this Agreement, thus creating obligations for Franchisee, to establish and operate the Franchised Business at the Location, and to use the Marks and the System in connection with the Franchised Business within the Territory; and Franchisee accepts such rights and obligations in accordance with this Agreement.

**2.5 Location.** The Franchisee will operate the Franchised Business only at the Location. During the term and any renewal of this Agreement, the Location is to be used exclusively by the Franchisee and solely for the purpose permitted by this Agreement or other ancillary purpose as permitted by Franchisor in writing. Before the termination or expiration of the license granted under this Agreement, if the Franchisee's lease for the Location should terminate without fault of the Franchisee, or if the Location should be destroyed, condemned or otherwise rendered unusable for the purposes of this Agreement, or if the Location should be expropriated or the Franchisee otherwise loses possession of the Location without fault on its part, or, if in the judgment of the Franchisor, there is a change in the character or attributes of the Location sufficiently detrimental to warrant its relocation (in all circumstances "Location Loss"), the Franchisee will be entitled to relocate the Franchised Business to another location within the Territory, acceptable to the Franchisor, provided that:

a. The Franchisee obtains a new location within 90 days of the Location Loss, and Franchisor has provided its written consent to such relocation to the new location and approval of lease agreement;

b. the new location will be developed by the Franchisee in the manner described in this Agreement or otherwise agreed by the Franchisor and the Franchisee, solely at the Franchisee's cost;

c. the Franchisee is not in default of the terms of this Agreement or any other agreement between the Franchisor and the Franchisee;

d. The Franchisee pays to the Franchisor its full costs (including legal fees) of such relocation;

e. the new location would not have a materially negatively impact on the revenues of any adjoining Pet Passages location; and

f. The Franchisee has obtained a release from the landlord of the former Location and such other persons as it may reasonably require.

**2.6 Exclusivity.** For so long as the Franchisee is not in default under this Agreement, the Franchisor agrees not to open or operate or license any other person or entity to open or operate a Pet Passages® franchise location within the Territory, or to market or solicit business for a Pet Passages® location within the Territory. The Franchisee acknowledges and agrees that Pet Passages franchisees may be permitted to relocate to another location within their territory under certain circumstances and with the Franchisor's prior written consent. The Franchisee's original Location will be the point from which the Territory is always measured during the term or any renewal of this Agreement, notwithstanding any permitted relocation(s) by the Franchisee. Franchisee may market and solicit business outside its Territory so long as Franchisee is not marketing or soliciting within another franchisee's protected territory ("Open Territory"). Franchisee may accept business and perform services for individual Pet Parents who reside in another franchisee's protected territory, but Franchisee may not accept veterinarian accounts, hospital accounts, or other referral-based accounts (collectively "Referral Accounts") from outside their Territory unless those Referral Accounts are located within an Open Territory, and only as long as the Referral Account is situated within an Open Territory. Upon Franchisor licensing the territory, Franchisee acknowledges and agrees that Referral Accounts will immediately be transferred to the franchisee who licenses the territory on which the Referral Account is located without compensation to Franchisee.

**2.7 Rights Reserved by Franchisor.** The Franchisor (on behalf of itself and its designees) reserves the right in its absolute discretion: (i) to establish, operate, franchise and license others to operate businesses under the Marks at any location outside the Territory; (ii) use the Marks and grant others the right to use the Marks in any other line of business, within or outside the Territory; (iii) establish and operate, and grant the right for others to operate, similar businesses within or outside the Territory under marks other than the Marks; (iv) operate and to grant others the right to operate, within the Territory and elsewhere, facilities, which may employ substantial portions of the System in their operations, offering pet funeral and cremation services and products under trade names and trademarks other than the Marks if such facilities are directly or indirectly acquired by the Franchisor or its affiliates or if the Franchisor or its affiliates have acquired directly or indirectly the rights and obligations of the franchisor of such facilities; and (v) sell and

distribute, within or outside the Territory, at retail or wholesale, goods that are identical or similar to those provided by the Franchised Business through dissimilar channels of distribution, and license others to do the same.

**2.8 National Accounts.** Franchisor may enter into agreements to provide services to Pet Parents and Referral Accounts as part of a national or regional account program ("National Accounts") located within the Territory. Franchisee agrees to accept and perform the terms of such agreements for Pet Parents and Referral Accounts under such National Account who come to their Franchised Business for services, including but not limited to complying with special pricing, payment terms, timing of services, etc., concerning those within the Territory. Notwithstanding any other provision to the contrary, if Franchisee fails to perform the required services, or Franchisee is not qualified, or able to perform said services, Franchisee shall allow Franchisor or another franchisee to enter the Territory to perform the required services or otherwise send said National Accounts within the Territory to another franchisee to perform the services.

## ARTICLE 3

## 3. AGREEMENT TERM AND RENEWAL

**3.1 Initial Term.** The initial term of this Agreement is ten (10) years commencing on the Effective Date.

**3.2 Renewal.** The Franchisee may renew the license granted under this Agreement for two (2) additional ten (10) year periods, subject to the following conditions, all of which must be met before renewal.

a. The Franchisee will give the Franchisor written notice of its election to renew this Agreement no less than nine (9) months before the end of the initial term of this Agreement.

b. If proper notice is provided by Franchisee in accordance with Section 3.2 a. above, at least six (6) months before the expiration of the initial term, or first renewal term (as applicable) of this Agreement, the Franchisor will review all aspects of the Franchised Business and give notice of all required modifications and/or renovations to the Location and to the Franchised Business necessary to comply with the then-current standards and image for franchisees of the System operating within the Franchisee's market area. If the Franchisee elects to renew this Agreement, the Franchisee will complete, at the Franchisee's own expense and to the Franchisor's satisfaction, all required modifications, renovations, alterations, refurbishment, remodeling and redecoration as well as and implement any new methods, programs, modifications and techniques required by the Franchisor's notice no later than three (3) months before expiration of the initial term or first renewal term (as applicable) of this Agreement.

c. The Franchisee will not be in default of this Agreement or any other agreement between the Franchisee and the Franchisor and will have substantially complied with all terms and conditions of such agreements.

d. The Franchisee and the Shareholders will have satisfied all monetary obligations owed by the Franchisee to the Franchisor on a timely basis throughout the term of this Agreement.

e. At the option of the Franchisor, the Franchisee will execute a new franchise agreement (the "Successor Franchise Agreement") in the form being used by the Franchisor with new franchisees of

the System or with other renewing franchisees. The Successor Franchise Agreement may contain terms and conditions substantially different than this Agreement, including Royalty Fees and other fees. If the Franchisor elects not to execute a new franchise agreement with the Franchisee, all of the provisions contained in this Agreement in effect immediately before the commencement of the applicable Renewal Term will remain in force during the Renewal Term (except for any further right of renewal beyond the two (2) renewal terms provided in this Agreement).

f. The Franchisee and its Shareholders will execute a general release in a form designated by the Franchisor of any and all claims against the Franchisor and its subsidiaries and their respective officers, directors, agents, and employees.

g. The Franchisee will provide the Franchisor with a copy of the lease for the Location and such other documents and evidence reasonably requested by the Franchisor to confirm that the Franchisee is not in default of any provision of the lease for the Location and has the right to use and remain in possession of the Location to the end of the renewal term.

h. Franchisee must have a record of providing excellent experiences for their Pet Parents and Referral Accounts, in compliance with Brand Standards.

i. The Certified Pet Funeral Directors and any other key employees designated by Franchisor must complete additional training courses as required by Franchisor.

j. The Franchised Business's computer system and vehicles must be updated as necessary to meet the then-current Brand Standards.

k. The Franchisee will pay the Renewal Fee outlined in Section 8.11 below.

If any of the above conditions for renewal have not been met, the Franchisor is not obligated to renew this Agreement.

**3.3 Hold Over.** In the event Franchisee does not exercise its option to renew the Agreement as outlined in Section 3.2 above, but continues to accept the benefits of this Agreement after the expiration of this Agreement, with Franchisor's written consent this Agreement will be continued on a month-to-month basis until one party provides the other with written notice of such party's intent to terminate, which will be effective thirty (30) days after the notice is sent.

## ARTICLE 4

## 4. FRANCHISEE ENTITY REQUIREMENTS

**4.1 Ownership Information.** Franchisee and each Shareholder represent and warrant that the ownership information on Schedule 2 is accurate as of the Effective Date and will only be modified with Franchisor's consent in accordance with Article 15. Franchisee shall provide any corporate documents reasonably requested by Franchisor to verify ownership. Every beneficial Shareholder of the Franchisee with an interest of 5% or more shall be required to guarantee the Franchisee's performance of its obligations under this Agreement by executing the form of personal guarantee set forth on Schedule 6.

**4.2 Corporate Documents.** Franchisee shall furnish any of Franchisee's governing corporate documents upon request. Franchisee's governing corporate documents must provide that its activities are restricted to operating the Franchise Business in accordance with this Agreement.

## ARTICLE 5

## 5. PRE-OPENING REQUIREMENTS

**5.1 Selection and Lease of Location**. Within 120 days of the Effective Date, Franchisee shall acquire an acceptable site for the Location. Franchisee shall notify the Franchisor in writing of a proposed location for the Franchised Business. When evaluating a potential site, Franchisor shall consider factors such as general location and neighborhood, distance from neighboring franchisees, proximity to major roads, traffic patterns, and the make-up of commercial businesses. Franchisor shall evaluate each site proposed by Franchisee and inform Franchisee of its acceptance or rejection within a reasonable time frame. In addition to approving the Location, the terms and conditions of the lease for the proposed Location will require the prior approval of the Franchisor as set forth below. It is Franchisee's responsibility to ensure the Location is properly zoned for the Franchised Business or Franchisee obtains a special use permit or equivalent to operate the Franchised Business at the Location prior to opening for business. Franchisor reserves the right to terminate the Franchise Agreement if Franchisee fails to provide an acceptable site within 120 days of the Effective Date. In that case, any amount paid by Franchisee to Franchisor shall be forfeited.

**5.2 Lease of Location.** Franchisee is required to obtain a lease agreement for the Location. The lease will be subject to the Franchisor's prior approval and will have a term or options to renew which in total are equal to or greater than the term of this Agreement, and contain the other terms and conditions specified on the lease addendum form set forth on Schedule 3 hereto ("Lease Addendum"). In the event the proposed lease agreement does not have the terms and conditions set forth on the Lease Addendum, the Franchisee will be required to have the Lease Addendum fully executed. Once executed, the Franchisee shall provide Franchisor with a fully executed copy of the lease agreement and Lease Addendum (if applicable). Franchisor's approval of the site and lease does not constitute a representation or warranty that the Location will be profitable or that the franchisee's sales will attain any predetermined levels.

**5.3 Development of Location.** Within the Digital Operations Portal, the Franchisor will provide to the Franchisee suggested (and in some cases required) layouts and specifications for the Franchised Business at the Location, including requirements for dimensions, design, interior layout, building materials, equipment, signs and color scheme and will provide such advice as may be reasonably necessary in the circumstances. The Franchisee agrees to do or cause to be done the following at its sole cost and expense:

a. Prepare all plans (including layout) and specifications necessary to construct the leasehold improvements to the Location in accordance with all applicable laws and lease requirements and Brand Standards. Franchisee shall obtain Franchisor's approval of the layout and design before beginning construction.

b. Obtain all required building, utility, sign, environmental health, sanitation, and business permits and licenses, and other required permits and licenses needed to operate the Franchised Business

c. Construct all leasehold improvements to the Location, all following applicable law, the lease, and Brand Standards

d. Purchase or lease all fixtures, equipment, signs, and décor required for the Location in accordance with the Brand Standards Manual.

**5.4 Company Vehicle.** Prior to opening for business, Franchisee shall purchase or lease a company vehicle (and maintain throughout the term of the Franchise Agreement) for the Location ("Company Vehicle"). The Franchisee shall obtain a Ford Transit Connect XL, Chevrolet Express Cargo van, GMC Savannah cargo van, Ram Pro Master, Ram Pro Master City, or Ford Transit Cargo Van, in the current body style, or another model as designated by Franchisor in the Brand Standards Manual. The Company Vehicle must be silver and have the appropriate logos placed on it in accordance with the Brand Standards Manual, and it must always be clean and maintained in good working order. The Company Vehicle shall be outfitted with shelving conducive to securely transferring pets on longer hauls, in accordance with the Manual. The Franchisee must obtain the Franchisor's written consent before purchasing said vehicle and maintain adequate insurance coverage as required by the state in which said vehicle is registered. Franchisee acknowledges and agrees that throughout the term of this Agreement, it may be necessary to purchase additional company vehicles to meet its business needs and provide good Pet Parent service as required by this Agreement.

**5.5 Approval to Open.** Franchisee shall not open the Franchised Business for business until Franchisor provides written notice to Franchisee that: (i) Franchisee has paid its initial franchise fee and all amounts owed to Franchisor and its Affiliates; (ii) the Franchised business complies with Franchisor's Brand Standards; (iii) all Franchisee's pre-opening obligations have been fulfilled in accordance with the Manual; (ii) pre-opening training has been completed as required by Article 6 below; and (iii) Franchisor has received copies of all certificates of insurance as specified in the Digital Operations Portal. Franchisor approval that the above requirements have been satisfied shall mean the Franchised Business is ready to open ("Ready to Open").

**5.6 Opening Support**. Franchisor shall provide such opening support and assistance for the Franchised Business as it deems appropriate, at the time(s) and in the manner determined by Franchisor in its reasonable discretion and as customary to provide its franchisees, including but not limited to grand opening marketing support as specified in Section 11.4 below. If Franchisee requests opening support beyond what is customarily furnished to franchised businesses, and if Franchisee agrees to provide the additional support, then Franchisee shall be required to pay an additional opening support fee, plus expenses, imposed by Franchisor, which shall be payable by Franchisee upon receipt of Franchisor's invoice.

**5.7 Opening for Business.** The Franchisee agrees to be Ready to Open per the terms of this Agreement and commence the Franchised Business within nine (9) months of the Effective Date of this Agreement. This Agreement may be terminated upon notice to Franchisee at the Franchisor's option for failure by the Franchisee to be Ready to Open and commence its business as provided by this Article 5.

## ARTICLE 6

## 6. TRAINING AND ONGOING SUPPORT

**6.1 Bootcamp.** The Franchisee's Designated Operator and Designated Manager will attend and successfully complete the Franchisor's training program before opening the Franchised Business, which training is included in the Initial Franchise Fee. The initial training program will be conducted at a location designated by the Franchisor and for such duration as the Franchisor, in its discretion, determines necessary. Currently, in most situations, the initial training program will be approximately 10 days, consisting of training conducted at the Franchisor's Rochester, New York location and online training courses as directed by Franchisor ("Bootcamp"). The Franchisor charges an additional $2,500.00 per person for tuition and materials fees where more than two individuals attend or are required to attend the initial Bootcamp. If an individual needs to attend Bootcamp later, the tuition and materials fee to Franchisor is $3,000.00. The Franchisee and its employees will be responsible for all meals, travel, lodging, and other expenses incurred in attending Bootcamp. No compensation of any type will be payable to trainees, unless required by law, in which case, minimum wage will be paid. Upon satisfactory completion of Bootcamp, said attendees will be deemed Certified Pet Funeral Directors. If, in the opinion of the Franchisor, the Designated Operator or Designated Manager cannot or do not satisfactorily complete Bootcamp, or, in the Franchisor's opinion, the Franchisee or Designated Operator fail to demonstrate the qualities and abilities which the Franchisor deems necessary for the successful operation of the Franchised Business, the Franchisor may at its option terminate this Agreement, and any money paid by Franchisee to Franchisor shall be deemed forfeit.

**6.2 On-Site Pre-Opening Inspection.** The franchisor shall inspect the franchisee's location before opening it to ensure it meets brand standards. Franchisee will be responsible for reimbursing Franchisor's representatives for airfare, lodging, meals, and all other reasonable travel expenses incurred by Franchisor's representative in performing the on-site inspection and in performing any in-person training outside of Franchisor's headquarters, or other on-site pre-opening assistance at the Franchised Business.

**6.3 Training of Employees by the Franchisee.** The Franchisee will hire and train at its expense, all employees of its Franchised Business, and will be exclusively responsible for the terms of their employment and compensation including but not limited to; hiring, firing, discipline, supervision, direction, wages, hours, number of workers, scheduling, seniority, assigning work, and determining the manner or method of performance. The Franchisee will always maintain enough trained employees to service the Franchisee's Pet Parents and ensure that Franchisor's operational and quality standards are always met during the Term of this Agreement.

**6.4 Additional Franchisor Training**. To its reasonable satisfaction, the Franchisee will cause its employees to attend and successfully complete such additional continuing education and training programs provided by Franchisor as the Franchisee deems appropriate to ensure its Franchised Business meets all operational standards. To maintain their certification, Franchisor may require Certified Pet Funeral Directors to attend regular or semi-regular ongoing training that Franchisor deems necessary from time to time (whether in person, by phone conference, through the Digital Operations Portal, or otherwise as directed by Franchisor), and a conference that Franchisor will require no more than annually. The Franchisor may also hold periodic optional or required training sessions and seminars at its discretion and reserves the right to charge reasonable tuition and materials fees for any optional or required periodic training or retraining programs offered. For clarity, Franchisor may require Franchisee to attend additional training or retraining courses whenever the Franchised Business fails to meet Brand Standards, when Franchisor has made

improvements to the System, and at any other time Franchisor deems appropriate. The Franchisee will be responsible for all other expenses incurred in training, including, without limitation, the costs of meals, entertainment, lodging, travel, laundry, and wages. Franchisor may provide any training programs it offers in person, by video, via online streaming, or by any other means that Franchisor deems appropriate. In addition, training may be performed by Franchisor, its Affiliates, or a third-party designated by Franchisor. Information on the current training programs offered and required by Franchisor can be found within the Digital Operations Portal.

**6.5 Ongoing Support**. After the initial training is completed, Franchisor may visit the Franchised Business, from time to time in Franchisor's absolute discretion, to render advice, consultation, and additional training for the Franchised Business, its operation, and performance in compliance with the Brand Standards Manual. The Franchisee may reasonably request additional on-site visits, phone consultations, or video calls from the Franchisor for rendering additional advice, consultation, or training, and the Franchisee agrees to reimburse the Franchisor for the actual time expended and the actual expenses incurred by the Franchisor for these additional visits. In addition to ongoing support provided by Franchisor's personnel, Franchisee shall also have the ongoing support provided in the Digital Operations Portal, as described in Article 13 of this Agreement.

## ARTICLE 7

## 7. OPERATION OF THE FRANCHISED BUSINESS

**7.1 Compliance with Brand Standards.** Franchisee acknowledges and agrees that to protect the reputation and goodwill of the Brand and maintain its high standards of operation under the System, Franchisee shall strictly comply with Franchisor's Brand Standards in appearance, operation, and marketing the Franchised Business. Franchisee's failure to maintain Brand Standards is a material breach of this Agreement.

**7.2 Designated Operator and Designated Manager**. The Franchisee shall have a Designated Operator and Designated Manager who devote their entire working time, labor, skill, efforts, and attention to the honest, diligent, and faithful operation of the Franchised Business. The Designated Operator and the Designated Manager shall be Certified Pet Funeral Directors. At all times, the Franchised Business and the Location will be under the direct, on-premises supervision of one or both Certified Pet Funeral Directors. If one of the Certified Pet Funeral Directors leaves the organization or cannot maintain their obligations as Designated Operator or Designated Manager, Franchisee must nominate a replacement within 30 days thereafter. Failure to obtain Franchisor approval of a replacement, and have that replacement attend and successfully complete Bootcamp and become a Certified Pet Funeral Director within 90 days, will be a material default of this Agreement.

**7.3 Authorized Products and Services.** The Franchisee will sell and display at the Location only those types, brands, and styles of products and services, and all such products and services as may be specified by the Franchisor, from time to time. All products and services sold or displayed at the Location will be purchased from the Franchisor or its designated suppliers. The Franchisee will comply with the Franchisor's requirements concerning introducing any new or different products or services for sale by the Franchisee. The Franchisor will have the right without notice to enter the Location and remove and dispose of any product or service which does not meet the Franchisor's standards and specifications, or which was obtained from any source other than designated suppliers, without liability or accountability for such

entry or disposal to the Franchisee of any nature or kind. Notwithstanding the foregoing, Franchisee can request the approval of an item, service, or supplier by notifying Franchisor in writing and submitting the Vendor Review Fee, specified in Section 8.13 below, and such information and materials Franchisor requests. Franchisor will notify Franchisee of its decision within fifteen (15) business days of such request.

**7.4 Pricing and Promotions.** To the extent permitted by applicable law, Franchisor shall maintain the right to establish maximum and minimum pricing for the products and services offered at the Franchised Business. Subject to applicable law, Franchisee shall be required to participate in promotional sales, including special offers, pricing promotions, warranty programs, and loyalty programs directed by Franchisor within Franchisee's geographic region.

**7.5 Telephones, Internet, and Electronic Mail.**

a. Franchisee agrees to maintain a separate business telephone line, during the term of the Agreement, for the exclusive use of the Franchised Business, which must be a landline connection or other reliable connection approved by Franchisor.

b. Franchisee shall maintain a high-speed broadband internet connection per Franchisor specifications, and permit Franchisor direct access to such information on Franchisee's computer(s), to assist Franchisee in operating the Franchised Business within Brand Standards. Franchisor must have access at such times and in the manner the Franchisor specifies. Franchisee agrees to use Franchisor's current back-office software program (currently Secure Passages Software) and maintain monthly updates to Pet Parent Data as required in the Manual. We may require you to submit your client database using the Manual's prescribed form. We shall own all Pet Parent Data and Business Data and may use them for any marketing or business purposes.

c. Franchisor may specify the use of an Internet-based telephone system (known as VoIP for "Voice Over Internet Protocol", and also known as IP Telephony, Internet telephony, and Digital Phone) during the term of this Agreement and reserves the right to require Franchisee to install such a telephone system for use in the Franchised Business. At termination or expiration of this Agreement, the telephone number shall become the Franchisor's property and Franchisee shall transfer said number over to Franchisor or its designee.

**7.6 Technology Requirements.** The Franchised Business's technology requirements are outlined in the Digital Operations Portal. Franchisee shall sign any standard license agreement or user agreement for use of the systems specified by Franchisor. Franchisee shall always use the required systems for service calls, managing inventory, reporting Gross Sales and other information, training personnel, and other operational functions as Franchisor specifies from time to time. Franchisee shall always maintain the technology systems in good working order. Except for the systems covered by the Technology Fee, described in Section 8.5 below, Franchisee shall bear all costs of acquisition, installation, use, maintenance, and upgrade of the technology systems used by Franchisee in the Franchised Business.

**7.7 Gift cards**. Franchisee shall participate in programs relating to gift cards, mobile coupons, stored value cards, online mobile ordering systems, and other electronic money programs directed by Franchisor from time to time, including issuing and accepting them as valid forms of payment. Franchisee may not create its own gift certificates without Franchisor prior written consent.

**7.8 Sourcing.** Franchisor has the right to require that all equipment, technology, inventory, supplies, vehicles, signs, furnishings, fixtures, décor items, retail merchandise, payment systems, and other products and services, Franchisee purchases for use or resale in the Franchised Business, meet Franchisor specifications and are purchased only from approved suppliers. To the extent Franchisor does establish specifications and sourcing requirements, Franchisor shall provide such information through the Digital Operations Portal. Franchisee can request new supplier approval by notifying Franchisor in writing and submitting the Vendor Review Fee specified in Section 8.13 below, and such information and materials Franchisor requests. Franchisor will notify Franchisee of its decision within fifteen (15) business days of such request. Approving a supplier is not an express or implied warranty against defects, malfunctions, or other deficiencies in equipment or other products manufactured by anyone other than Franchisor, and Franchisee agrees not to make any claims against Franchisor related thereto.

**7.9 Minimum Inventory.** At all times, the Franchisee will maintain at the Location a balanced inventory of all products and services described in the Manual in sufficient quantity to satisfy its Pet Parents' needs. Still, in any event the inventory will always be equal to, or greater than, the minimum inventory level as outlined in the Manual. In addition to this requirement, the Franchisee acknowledges that, from time to time, the Franchisor may require that it stock new and additional products or services in such minimum quantities as the Franchisor may determine to be desirable. The Franchisee agrees to comply with all requirements of the Franchisor concerning the purchase, storage, display, preparation, use and sale of all approved products and services. If at any time, in the Franchisor's opinion, the Location does not have sufficient inventory and supplies, the Franchisor will have the right to order additional inventory and supplies on behalf of the Franchisee in sufficient quantities to satisfy the Franchisor's minimum inventory requirements and the Franchisee will pay the full cost of purchasing and delivering such inventory and supplies to the Location.

**7.10 General Operational Brand Standards.** The Franchisee shall ensure that all Pet Parents receive prompt, courteous, friendly, and efficient service in the Franchised Business following Brand Standards and the Core Values. This should be an experience with dignity, respect, compassion, transparency, and integrity. In all dealings with all Pet Parents, suppliers, and the public, the Franchisee will ensure adherence to the highest standards of honesty, integrity, good faith, fair dealing, and ethical conduct. The Franchisee agrees that the Franchised Business will not deviate from the Brand standards set by the Franchisor from time to time, within the Brand Standards Manual, for the operation of the Location, including, without limitation, any of the following:

a. Strict adherence to the use of the products and services authorized from time to time by the Franchisor per Section 7.3

b. Methods and procedures concerning the correct method of buying, displaying, storing, and selling products

c. Safety (including surveillance at the Location), maintenance, cleanliness, function, and appearance of the Location

d. Clothes to be worn by, and general appearance of, the Franchisee's employees as necessary to maintain uniformity throughout the System

e. Use and display of all Marks

f. Hours and the days on which the Location will be open for business to the public (subject to applicable law)

g. Honoring of credit, debit, or other card services which the Franchisor has approved

h. Use and illumination of signs, labels, posters, displays, standard formats, and similar items

i. Identification of the Franchisee as a Pet Passages independent franchisee

j. Content, style, and media advertising conducted by the Franchisee

k. sources, types, and brands of all products and services sold or displayed at the Location per 7.8

l. Minimum levels of inventory to be maintained by the Franchisee

m. Use and honoring of gift certificates, coupons, and other such local and national promotions authorized by the Franchisor

n. Franchisee attendance at all seminars and meetings with other franchisees

o. Maintaining all equipment, vehicles, signs, and other tangible assets used in the operation of the Franchised Business in a clean, orderly state and good repair.

p. Participate in Brand Standard programs designated by Franchisor from time to time.

**7.11 Interim Remodel.** The Franchisee agrees to remodel and upgrade the Franchised Business to meet the current Brand Standards, before the termination of each five (5) year period throughout the original term and any renewal of this Agreement. The Franchisee will pay all costs incurred in connection with such remodeling and upgrading and the acquisition of any fixtures.

**7.12 Pet Parent Contracts.** In operating the Franchised Business, Franchisee may only use the Pet Parent contracts, waivers, and other business forms designated by Franchisor within the Manual (except where not designated). It is Franchisee's responsibility to have its attorney review any designated forms for compliance with applicable laws, as Franchisor makes no warranty or representation that the forms it provides will comply with applicable law.

**7.13 Brand Standards Inspections and Assessments.** The Franchisee will permit the Franchisor or its agents or representatives to enter upon the Location, at any time during business hours and without notice to inspect the records of the Franchised Business, cash register tapes, bookkeeping and accounting records, invoices, payroll and employment records, time cards, check stubs, bank deposits, receipts, sales tax records and returns, inventory records, income tax records and returns, other business records, and business operations. The Franchisee will also permit the Franchisor to inspect the premises, take photographs, interview employees and Pet Parents, and conduct any other reasonable review to ensure compliance with the Franchisor's Brand Standards. Franchisor may also utilize mystery shoppers, Pet Parent surveys, employee satisfaction surveys, and implement other Brand Standard assessments. The Franchisee

will cooperate fully with the Franchisor's agents or representatives in such inspections and assessments by rendering such assistance as they may reasonably request and participating in the Brand Standard assessments. Upon notice from the Franchisor or its agents or representatives, and without limiting the Franchisor's other rights under this Agreement, the Franchisee will take such steps as may be necessary to correct, within the time designated by the Franchisor in its notice, any deficiencies detected during such inspections, including, without limitation, immediately removing items that do not conform with Brand Standards, and desisting from and preventing the further use of any methods, equipment, advertising materials, programs, supplies, products, services or other items that do not conform to the Franchisor's then-current Brand Standards.

**7.14 Franchisor's Right to Modify System.** The Franchisee understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of Pet Parents, and/or currently unforeseen technological innovations, the System must not remain static, so that it best serves the interests of the Franchisor, all franchisees, and the System. Accordingly, the Franchisee expressly understands and agrees that the Franchisor may from time to time change the Marks, Brand Standards and other components of the System, including but not limited to: altering the products, programs, services, methods, standards, forms, policies and procedures of that System; adding to, deleting from or modifying the programs, products and services that the Franchised Business is authorized to offer; and changing, improving or modifying the Marks. The Franchisee agrees to adopt and abide by all such modifications, changes, additions, deletions and alterations and promptly alter any signs, products, business materials, services provided, methods of operation or related items, at its cost and expense, upon receipt of written notice of such change or modification to conform with the Franchisor's revised Brand Standards.

**7.15 Compliance with Lease and Laws.** The Franchisee will comply with the terms of its lease of the Location, all federal, provincial, and local laws, rules, and regulations. It will obtain all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business promptly, including, without limitation, licenses to do business, business name registrations, and sales tax permits.

**7.16 Payment of Taxes and Indebtedness.** The Franchisee will pay when due all taxes and duties levied or assessed by any taxing authority, as well as all accounts and other indebtedness of every kind incurred by the Franchisee in the conduct of the Franchised Business. In the event of any valid dispute as to liability for taxes assessed or other indebtedness, the Franchisee may contest the validity or the amount of the tax or indebtedness following the tax authority's procedures and applicable law. In no event will the Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, or seizure or execution, to occur against the premises or assets of the Franchised Business.

**7.17 Development of Territory.** The Franchisee will actively promote the products and services offered by the Franchised Business. It will use its best efforts to develop, cultivate, and expand the market for these products and services within the Territory.

**7.18 Responsibility for Service.** The Franchisee will be solely responsible for the services and results of such services, which are performed under this Agreement. This responsibility remains a continuing obligation beyond the termination of this Agreement, regardless of the cause of termination.

**7.19 Duty to Notify.** The Franchisee will notify the Franchisor in writing within five (5) business days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ,

injunction, award or decree of any court, agency or other governmental authority which affects or relates to the operation or financial condition of the Franchised Business. A copy of any such order, writ, injunction, award or decree or of any complaint, claim or defense filed in connection with such action, suit or proceeding will be forwarded to the Franchisor within three (3) days of the date of receipt to or forwarding by the Franchisee, as the case may be. Additionally, the Franchisee will answer all Pet Parent-related complaints within forty-eight (48) hours after receipt of the complaint. A copy of the answer to any complaint will be forwarded to the Franchisor within three (3) days of the date that any answer is sent to the complaining Pet Parent.

## ARTICLE 8

## 8. FEES

**8.1 Franchise Fee.** Franchisee shall pay to Franchisor a non-recurring and non-refundable franchise fee as specified on Schedule 2 hereto ("Franchise Fee") upon execution of this Agreement. The initial Franchise Fee is paid in consideration of the rights granted in Article 2 and will be deemed fully earned at the time paid. Franchisee acknowledges that Franchisor has no obligation to refund any part of the Franchise Fee for any reason.

**8.2 Grand Opening Fee.** Sixty Days before opening for business, Franchisee shall pay to Franchisor a grand opening fee in the amount of $7,500 ("Grand Opening Fee"). The Grand Opening Fee shall be used by Franchisor to launch the Franchised Business's online presence and begin marketing the Franchised Business within its Territory. The Grand Opening Fee includes but is not limited to setting up social media accounts on Facebook, Instagram, creating a Google business listing, setting up Google Ads pay-per-click, and coordinating press releases. All social media accounts and online business listings will be owned and managed by Franchisor. Still, as long as Franchisee is not in default under this Agreement, Franchisee shall have access to post on the social media sites of the Franchised Business, following Brand Standards.

**8.3 Royalty Fee.** In return for the ongoing rights and privileges granted to the Franchisee under this Agreement, the Franchisee agrees to remit a continuing monthly royalty fee to the Franchisor equal to six percent (6%) of Gross Sales of the Franchised Business in each calendar month, together with all applicable taxes.

**8.4 Brand Fund**. Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, the Franchisee agrees that the Franchisor may maintain and administer a franchise brand fund (the "Brand Fund") per Article 11 for development, production, and implementation of Brand campaigns and advertising programs. The Franchisee will pay a continuing monthly advertising and promotion contribution equal to one percent (1%) of its Gross Sales in each calendar month, together with all applicable taxes. The Franchisee's monthly contribution under this section may be increased to a greater percentage of Gross Sales as from time to time may be agreed upon by a majority of the Pet Passages franchisees in the state where the Location is situated.

**8.5 Technology Fee.** Franchisee shall pay to Franchisor, or a designated third-party, a technology fee for various technology-related services provided for the benefit of Pet Passages® franchisees, which services are subject to change ("Technology Fee") and can be found in the Digital Operations Portal. The current Technology Fee is $250.00 per month, subject to increase upon 30 days' written notice to Franchisee, but shall not increase more than $50 per year and will be capped at $500 per month during the

initial Term of this Agreement. Payment of the Technology Fee shall begin on the date technology services are provided to Franchisee. The Technology Fee currently includes the hosting, maintenance, and development of the Pet Passages® website, proprietary software, and other software utilized in the System, e-commerce platform, Digital Operations Portal, social media sites, and mobile application. As technology evolves, Franchisor shall add, delete, or otherwise modify the products and services included in the Technology Fee at its discretion.

**8.6 Call Center Fee.** In the event Franchisor establishes a call center to provide services which include answering calls, collecting payment, dispatching drivers, and performing other administrative tasks on behalf of franchisees, Franchisee agrees to pay a call center fee, as established by Franchisor, which may be raised no more than twice per year.

**8.7 Payment Due Date.** All monthly payments required by this Agreement must be received by the Franchisor as specified in Section 8.8 below on or before the 10th day of each month in respect of the preceding calendar month. Any payment not received by the Franchisor on or before the due date will be considered overdue.

**8.8 Automatic Payment Procedure.** For all amounts payable to Franchisor, Franchisee shall be required to use the payment method(s) that Franchisor designates from time to time. Currently, Franchisor requires payment by Automated Clearing House (ACH) or electronic funds transfer. Franchisee shall designate a business account ("Account") at a bank from which Franchisor makes withdrawals. Franchisee shall complete and submit an authorization for ACH or other electronic funds in such form as Franchisor or the financial institution may require. Franchisee shall maintain sufficient funds in the Account to cover the amount immediately owed to Franchisor, with an additional reserve within the Account equal to an estimate of one month's fees to Franchisor. Franchisee shall also grant Franchisor viewing access to the Account at all times during the term of this Agreement, either by electronic log-in or through authorization to the bank.

**8.9 Non-Compliance Fee.** In the event Franchisee is not in compliance with its obligations under this Agreement, Franchisor has the right, but not the obligation to declare Franchisee non-compliant in writing, and assess a Non-Compliance Fee, up to $2,500.00 per occurrence. The notice shall be delivered to Franchisee with sufficient detail to allow Franchisee the opportunity to cure its non-compliance. Franchisee shall remit the Non-Compliance Fee to Franchisor within fifteen (15) days after notice is provided by Franchisee, unless cured within said timeframe.

**8.10 Pet Parent Reimbursement Fee.** In the event a Pet Parent's complaint is not resolved by Franchisee to the Pet Parent's satisfaction, and Franchisor determines, after investigation of the matter, that the Franchisee failed to perform services adequately, Franchisor shall have the right to perform or cause to be performed the services to Pet Parent's satisfaction or to reimburse the Pet Parent for any money that the Pet Parent paid to Franchisee for the services in question. Franchisee shall promptly reimburse Franchisor for any costs incurred by Franchisor in the performance of the services, or reimbursement to the Pet Parent, immediately upon receipt of Franchisor's invoice.

**8.11 Renewal Fee $25,000.** Following Section 3.2 above, Franchisee shall pay Franchisor the $25,000.00 renewal fee upon exercise of its option to renew this Agreement.

**8.12 Transfer Fee.** In the event Franchisee desires to Transfer, as defined in Section 16.2 below, the Franchised Business or this Agreement, Franchisee shall pay a Transfer Fee of $15,000 before effectuating said Transfer.

**8.13 Vendor Review Fee.** In the event Franchisee desires to have a vendor included as an approved supplier, in addition to the procedures outlined in Section 7.3 and 7.8, Franchisee shall pay Franchisor a $1,000.00 Vendor Review Fee, plus any travel expenses (including lodging and meals) as required in the evaluation of said vendor, payable upon receipt of Franchisor's invoice.

**8.14 Late Fees and Late Report Fees.** Any overdue funds owed to Franchisor shall be subject to late fees and interest per Section 17.9. Franchisee shall pay a $250 late report fee ("Late Report Fee") for any report not timely provided to Franchisor per Article 9 below.

**8.15 Management Fee**. In the event Franchisor elects to temporarily take over the business premises and operations of the Franchised Business upon the circumstances outlined in Section 16.8, Franchisee authorizes Franchisor to retain a management fee in the amount of 10% of the Gross Sales of the Franchised Business during the term Franchisor operates the Franchised Business ("Management Fee").

**8.16 Additional Bootcamp Fee.** If Franchisee desires to send additional personnel to attend the initial Bootcamp training, described in Section 6.1 above, Franchisee shall pay Franchisor, for tuition and materials, $2,500.00 for each additional attendee (above the initial two attendees included in the Franchise Fee). In the event Franchisee is required or elects to send one or more of its Shareholders or other personnel to Bootcamp after the initial Bootcamp training program, the fee for tuition and materials shall be $3,000.00 per person.

## ARTICLE 9

## 9. REPORTS, FINANCIAL STATEMENTS, PET PARENT DATA, AND DATA SECURITY

**9.1 Business Records and Reporting.** Franchisee shall maintain during the term of this Agreement, and preserve for at least five (5) years from the date of their preparation, full, complete and accurate books, records and accounts, including but not to sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transaction, and backup or archived records of information maintained on any computer system per generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time within the Digital Operations Portal or otherwise in writing. The Franchisee further agrees to pay all reasonable fees charged by the Franchisor or others for such systems and to purchase or lease all necessary computer hardware, software, technical support, and other expenses.

**9.2 Reports.** Concurrently with remittance of each Royalty Fee, Franchisee shall securely upload a report of Gross Revenue for the preceding period to the Digital Operations Portal, and all other reports requested by Franchisor or otherwise designated in the Digital Operations Portal. Franchisee shall also provide Franchisor all books, records, tax returns, accounting records, licenses and supporting documents relating to the Franchised Business, including but not limited to daily cash reports, cash receipts journals, general ledgers, cash disbursement journals, weekly payroll registers, monthly bank statements, daily deposit slips, canceled checks, credit card statements, business tax returns, personal tax returns for all Shareholders, supplier invoices, balance sheets, income statements, records of promotions and coupon

redemptions, and lists of Pet Parents serviced by the Franchised Business upon Franchisor request, or as otherwise specified in the Digital Operations Portal. In the event Franchisee fails to submit a required report in a timely manner, Franchisee shall pay a Late Report Fee as specified under Section 8.14 above. In addition to the Late Report Fee, if Franchisee fails to provide its gross sales report when due, (i) all payments owed by Franchisee for such time shall be deemed overdue until Franchisor receives the reports; (ii) Franchisee shall be responsible for any applicable late fees associated with overdue payments; and (iii) Franchisor will have the right to estimate Gross Revenue as 15% higher than the previous month's revenue and to draft fees owed to Franchisor based on said estimated Gross Revenue, which shall be reconciled once the reports are received.

**9.3 Access.** Franchisee shall provide Franchisor with independent access to its accounting and reporting systems and provide Franchisor with login credentials if necessary. Franchisee shall maintain Franchisor's access to its computer-based financial information that will allow it to read, download, and copy any and all information that is required by this Agreement, at all times during the term of this Agreement.

**9.4 Failure to Maintain Proper Records.** If the Franchisee fails to keep proper business records or is unable to produce complete or adequate business records as required by this Agreement for any period and the Franchisor suspects that the Gross Sales of the Franchised Business as reported to the Franchisor has been understated for such period, the Franchisor will be entitled to estimate the Gross Sales of the Franchised Business for such period based on its experience with other franchisees and such estimate will be deemed to be accurate and will be used for purposes of calculating the fees payable to the Franchisor under this Agreement unless and until the Franchisee produces the required records in a complete and proper form.

**9.5 Audit.** The Franchisor or its designated agents will always have the right to examine the books, records, receipts, invoices, tax returns, and any other financial records and reports of the Franchisee. The Franchisor's right of examination will include the right to remove all such books, records, etc., for the purpose of photocopying, provided that any such books, records, etc., so removed will be returned promptly to the Franchisee. The Franchisor will also have the right, at any time, to conduct an independent audit of the Franchisee's books. The cost of such inspections will be paid by the Franchisor, except that the Franchisee will reimburse the Franchisor for any and all costs and expenses connected with the audit (including, without limitation, reasonable accounting and legal fees) in the event: i) the examination was due to Franchisee's failure to submit reports required by Franchisor; ii) the examination was due to Franchisee's failure to maintain books and records required by this Agreement; or if iii) an inspection discloses an understatement in any report of two percent (2%) or more. If an inspection should reveal that payments have been understated in any report to the Franchisor, then the Franchisee will immediately pay Franchisor the amount understated upon demand, and interest from the date such amount was due until paid, at the Interest Rate. Remedies under this section will be in addition to any other remedies the Franchisor may have.

**9.6 Inquiry by the Franchisor.** The Franchisee hereby authorizes the Franchisor or its designee to make inquiries to the Franchisee's bankers, suppliers, trade creditors, and Pet Parents regarding their dealings with the Franchisee. Franchisee hereby authorizes Franchisor to make credit and background checks of Franchisee and its Shareholders.

**9.7 Business and Pet Parent Data.**

a. Franchisor is authorized to access all Business Data, wherever maintained independently. Franchisor also has the right to require Franchisee to deliver Business Data to Franchisor. Franchisor has the right to use (and to authorize others to access and use) Business Data to, among other uses: i) verify sales; ii) monitor progress of its franchisees; iii) prepare a financial performance representation for Franchisor's Franchise Disclosure Document; and iv) share vendor and supplier pricing data with its affiliates.

b. Franchisor owns and therefore has the right to access all Pet Parent Data (including Personal Information), and share said information without disclosure to Franchisee or compensation to Franchisee. Franchisee may not sell Pet Parent Data or Personal Information even in an approved sale of the Franchised Business. Franchisee agrees to install and maintain the security measures and devices necessary to protect Pet Parent Data from unauthorized access or disclosure.

**9.8 Privacy and Security**. Franchisee shall comply with all applicable laws and, where they do not contradict applicable law, Franchisor's requirements in the Digital Operations Portal related to the collection, use, processing, protection, integrity, transfer of, consumer access to, correction of, and deletion of Personal Information. Franchisee shall also implement industry-standard administrative, physical, and technical security measures and devices to protect Personal Information and all other Confidential information from unauthorized access, acquisition, and loss. Franchisee is solely responsible for safeguarding the Franchise Business from unauthorized access, disruption, and loss.

## ARTICLE 10

## 10. INSURANCE

**10.1 Insurance Requirements.** Franchisee shall obtain and maintain during the term of this Agreement, at the expense of the Franchisee, an insurance policy or policies specified by Franchisor for the Franchised Business. The policies shall be written by carriers with a rating acceptable to Franchisor, and name Franchisor and its Affiliates as additional insureds as Franchisor directs. Each policy must contain a waiver by the insurance company of subrogation rights against Franchisor, its Affiliates, and their successors and assigns. Franchisee shall provide evidence of required insurance before opening, and at any time Franchisor requests. Franchisor shall maintain all required insurance information within the Digital Operations Portal. The required insurance shall include, but not be limited to, the following minimum insurance:

a. **Comprehensive General Liability** - covering the operations of the franchised business - $1,000,000 Occurrence /$2,000,000 Aggregate (Minimum Requirement)

b. **Professional Liability - Pet Crematory and Cemetery Services** $1,000,000 Occurrence/$2,000,000 Aggregate (Minimum Requirement)

c. **Commercial Business Auto** $1,000,000 Combined Single Limit (Minimum Requirement) Including **Hired and Non Owned auto** $1,000,000 Limit (Minimum Requirement)

d. **Workers Compensation / Employers Liability** and state **Disability** as required by

law Statutory Limits Required

e. **Umbrella or Excess Liability** $1,000,000 Aggregate (Minimum Requirement) **

f. **Business Income and Extra Expense** Actual Loss Sustained -12 Months (Minimum Requirement)

g. **Employment Practices Liability** $50,000 Limit (Minimum Requirement)

**** Umbrella or Excess Liability must provide excess coverage over the General & Professional Liability, Business Auto and Workers Compensation.**

**10.2 Changes.** The franchisor may increase the amount of insurance coverage to require different or additional kinds of insurance at any time upon written notice, the changes of which shall be found in the Digital Operations Portal. If Franchisee fails to obtain the insurance required by this Agreement, Franchisor shall have the right, but not the obligation, to get insurance on Franchisee's behalf. Franchisee agrees to reimburse Franchisor for the cost of such insurance, plus a reasonable administrative fee.

**10.3 Franchisee to Report Claims**. The Franchisee will promptly, within 24 hours of its awareness of a claim or potential claim, report all claims or potential claims against the Franchisee, the Franchisor, or the Franchised Business to its insurer and the Franchisor.

## ARTICLE 11

## 11. MARKETING AND ADVERTISING

**11.1 Advertising.** Recognizing the value of advertising and the importance of the standardization of advertising programs to furthering the goodwill and public image of the System and Brand, the Franchisee agrees to comply with the terms of this Article 11. All advertising and promotional materials and placements must be pre-approved by Franchisor. Franchisee shall not make any television, radio, or podcast appearances or other public statements to the media concerning the Franchised Business without Franchisor's prior written consent. Any television, radio, or podcast appearances or other public statements to the media will be handled through Franchisor's marketing team or Public Relations Crisis Management Team, as described below.

**11.2 Brand Fund.** Franchisor shall maintain the Brand Fund, which was established to support the general recognition of the Brand. All payments by the Franchisee to the Brand Fund, in accordance with Section 8.4 above, will be maintained in an account separate from any other monies of the Franchisor. The proceeds of the Brand Fund will be used, at Franchisor's sole discretion, primarily for the development, production, and implementation of Brand campaigns and programs to foster and promote goodwill and Pet Parent recognition, and loyalty to the System, as well as, by extension, to the Franchised Business. The Franchisor will make an accounting available to the franchisees each year as to funds spent, including a reasonable allocation for the Franchisor's overhead expenses incurred in connection with the administration and management of the Brand Fund, provided that no monies will be expended from the Brand Fund for use by the Franchisor principally for the purpose of promoting franchise opportunities to prospective franchisees. It is understood and agreed that the Franchisor will allocate advertising funds as it considers appropriate at its sole discretion, but will consider the input of franchisees of the System.

Franchisor will make all finalized creative content created using the Brand Funds available to Franchisee upon completion.

**11.3 Termination of the Brand Fund.** Although the Brand Fund is intended to be of perpetual duration, the Franchisor reserves the right to terminate or suspend the Brand Fund, in its discretion. However, the Brand Fund will not be terminated until all monies in the Brand Fund have been spent for advertising and/or promotional purposes.

**11.4 Grand Opening Advertising**. Upon payment of the Grand Opening Fee specified in Section 8.2 above, the Franchisor, in conjunction with the Franchisee, will launch a grand opening advertising campaign as described in the Brand Standards Manual. This campaign shall include, but not be limited to, setting up social media accounts on Facebook and Instagram, creating a Google business listing, setting up Google Ads pay-per-click, and coordinating press releases.

**11.5 Advertising Directed by the Franchisee.** Franchisee agrees that it will dedicate and spend at least $1,000.00 per month in the first two years after opening and at least $9,000.00 per year thereafter, marketing and advertising its Franchised Business through local or regional advertising as designated or approved by the Franchisor and will, upon request by the Franchisor, provide documentation demonstrating its compliance with this requirement. Franchisee agrees to focus marketing efforts first on veterinary clinics, pet hospitals, and humane societies within its Territory, and then on individual prospective clients. The Franchisee will advertise and promote only in a manner that will reflect favorably on the Franchisor, the Franchisee, the Franchised Business, and the good name, goodwill, and reputation of each. All advertising and promotional materials will be purchased from Franchisor for local placement by Franchisee to ensure uniformity and compliance with Brand Standards. Franchisee shall not utilize any marketing materials that were not provided by or purchased from Franchisor without Franchisor's prior written approval. Franchisee may utilize two hours per month of Franchisor's marketing team time, at no additional cost to Franchisee. The marketing team will assist Franchisee as needed in strategizing campaigns, creating specific marketing materials, and implementing marketing plans. Any additional marketing team time that Franchisee desires above and beyond the two hours included per month will be provided at the marketing team's then-current hourly rate.

**11.6 Website.** While Franchisee is not in default under this Agreement, the Franchised Business will be posted on the Brand website. Franchisor will use reasonable efforts to ensure the website is working properly, but Franchisor is not responsible for any lost business due to website downtime. Franchisee acknowledges and agrees to notify Franchisor immediately if its website goes down.

**11.7 Advertising to Prospective Franchisees.** Franchisor may develop advertising and promotional materials to solicit new franchisees and new franchised locations for the Brand. Franchisee agrees to display any and all materials requested by Franchisor from time to time.

**11.8 Electronic Marketing and Communications.** Franchisee may not use, register, maintain, or sponsor any website, URL, social media site, blog, messaging system, email account, username, text address, mobile application, or other digital presence that uses or displays any of the Marks or that promotes the Franchised Business without Franchisor's prior written consent. All electronic postings must follow Brand Standards and require Franchisor consent.

**11.9 Public Relations Crisis Management Team.** If an unfavorable situation arises at the Franchised Business or with Franchisee or a Shareholder, that receives or is likely to receive harmful media coverage, Franchisee shall immediately notify Franchisor in writing. At Franchisor's option, Franchisor may require Franchisee to engage Franchisor's Public Relations Crisis Team to manage the public relations crisis. Franchisee shall engage the Public Relations Crisis Team at a cost of $150.00 per hour, plus reimbursement for the team's travel, food, and lodging expenses, and shall utilize their services until Franchisor determines the crisis has passed or Franchisee no longer needs their services.

## ARTICLE 12

## 12. INTELLECTUAL PROPERTY

**12.1 Grant of License**. Subject to the additional conditions set forth herein, the Franchisor grants the Franchisee a non-exclusive license to use the Marks in connection with its Franchised Business operation at the Location and within the Territory.

**12.2 Conditions for Use.** The Franchisee agrees to comply with all of the conditions of use set out below when using the Marks pursuant to the license granted under this Agreement.

a. The Franchisee will use only the Marks designated by the Franchisor and will use them only in the manner required or authorized and permitted by the Franchisor.

b. The Franchisee will use the Marks only in connection with the license to operate the Franchised Business granted under this Agreement.

c. During the term and any renewal of this Agreement, the Franchisee will identify itself as a licensee and not the owner of the Marks and will make any necessary filings under federal, state, or provincial law and execute any documents considered essential by the Franchisor for protection of the Marks or to reflect such status. In addition, the Franchisee will be identified as a licensee of the Marks on all invoices, checks (checks), order forms, receipts, business stationery and contracts, as well as the display of a notice in such form and content and at such conspicuous locations at the Location of the Franchised Business as the Franchisor may designate in the Manual. Currently, Franchisor requires a placard in the front window of the Location that reads: "ABC Inc., a franchisee operating as Pet Passages® under a franchise agreement with Pet Passages Franchising, Inc. Pet Passages® is a trademark of Pet Passages, Inc."

d. The Franchisee's license to use the Marks is limited to such uses as are authorized under this Agreement or in the Manual, and any unauthorized use of the Marks will constitute an infringement of the Franchisor's rights and is grounds for termination of this Agreement as well as other remedies available to the Franchisor.

e. The Franchisee will not use the Marks to incur or secure any obligation or indebtedness.

f. The Franchisee will not use the Marks or any part of them as part of its corporate or other legal name.

g. The Franchisor retains ownership of the Marks, and Franchisee's licensed use of the Marks shall inure to the benefit of the Franchisor.

**12.3 Notice of Litigation.** The Franchisee will notify the Franchisor promptly, within 24 hours of Franchisee's awareness of a claim or charge, of any claims or charges or any infringement or threatened infringement or piracy of any of the Marks, of any actual or intended common law passing off because of imitation or otherwise, as well as any other information that the Franchisee may have of any suspected infringement or misuse of the Marks. The Franchisee will take no action concerning such matters without the prior written approval of the Franchisor, but will cooperate fully with the Franchisor in any such action. All decisions regarding action involving the protection and defense of the Marks will be solely in the discretion of the Franchisor.

**12.4 Acknowledgement.** The Franchisee expressly understands and acknowledges each of the matters set out below:

a. Pet Passages, Inc. owns the Marks, and all goodwill associated with and symbolized by them, and Franchisor has the exclusive right to license the Marks. Franchisee's licensed use of the Marks shall inure to the benefit of the Franchisor.

b. The Marks are valid and serve to identify the System and those licensed to operate a Franchised Business following it.

c. The Franchisee will not directly or indirectly contest the Marks' validity or ownership.

d. The Franchisee's use of the Marks according to this Agreement does not give the Franchisee any ownership interest or other rights or interest in or to the Marks.

e. All goodwill arising from the Franchisee's use of the Marks will accrue solely and exclusively to the Franchisor's benefit, provided that the Franchisee will enjoy and be entitled to the benefit of all other goodwill associated with the Franchised Business.

f. The license to use the Marks granted under this Agreement to the Franchisee is in common with others, and the Franchisor may:

i) itself use, and grant licenses to others to use, the Marks and the System

ii) establish, develop, and franchise other systems, different from the System licensed to the Franchisee in this Agreement, provided that the Franchisor will offer a ten (10) day first right of refusal to license rights in any such other system entirely from within the Territory; and

iii) modify or change, in whole or in part, any aspect of the Marks or the System so long as the Franchisee's rights are not materially harmed by such modification or change.

g. The Franchisor reserves the right to substitute different names and Marks to identify the System, the Franchised Business, and other franchised businesses operating under the System and the Marks.

h. The Franchisor will have no liability to the Franchisee for any senior users who may claim rights to the Marks. The Franchisor is not presently aware of any such senior user, or any other claim that the Marks infringe the intellectual property rights of any other person.

i. The Franchisee will not register or attempt to register the Marks in the Franchisee's name or that of any other person, firm, entity, or corporation. The prohibition in this section will not impede or inhibit the Franchisee from complying with any legislation requiring registration of any business, trade, or fictitious name of the Franchisee or the Franchised Business.

**12.5 Copyrighted Materials.** Franchisee acknowledges that Franchisor owns certain copyrighted or copyrightable works (the "Works") and that the copyrights in the Works are valuable property. The Works include, but are not limited to, the Brand Standards Manual and other content found within the Digital Operations Portal, advertisements, promotional materials, signs, internet sites, mobile applications, vehicle graphics, and facility designs. Franchisor authorizes the use of the Works per the terms of this Agreement. This Agreement does not confer any interest in the Works to Franchisee, other than the right to use them in the operation of the Franchised Business in compliance with the terms of this Agreement. If Franchisee prepares any adaptation, transaction, or other work derived from the Works or related to the Brand, whether or not authorized by Franchisor, Franchisee agrees that the material will be Franchisor's property and Franchisee hereby assigns all right, title, and interest therein to Franchisor. Franchisee shall sign any documents deemed necessary by Franchisor to confirm Franchisor's ownership.

**12.6 New Concepts.** If Franchisee or any of its Shareholders develop any new concept, process, product, or improvement to any operation or the System, Franchisee must promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Franchisee and the Shareholders acknowledge that any such concept, process, product, or improvement to any operation or the System will automatically become the Franchisor's property. Franchisor may use or disclose such information to other franchisees or developers as it determines to be appropriate.

## ARTICLE 13

## 13. DIGITAL OPERATIONS PORTAL

### 13.1 Digital Operations Portal

a. Unless Franchisee is in default under this Agreement, during the term of this Agreement, Franchisor shall provide Franchisee access to the Digital Operations Portal, which contains the Manual, as amended by Franchisor from time to time. The Digital Operations Portal will be made available to Franchisee in digital, electronic, or computerized form, or some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. To protect the reputation and goodwill of Franchisor and to maintain the high standards of operation under the Marks, Franchisee shall conduct its business in strict compliance with the Digital Operations Portal as it may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time whether or not such directives are included in the Digital Operations Portal, and any other materials created or approved by Franchisor for use in the operation of the Franchised Business.

b. The Digital Operations Portal and its contents, written directives, other manuals and materials, and any other confidential communications provided or approved by Franchisor shall always

remain the sole property of Franchisor. Franchisee shall treat the Digital Operations Portal and its contents as Confidential Information, and maintain any physical copies of the Digital Operations Portal at all times in a safe and secure location and shall take all reasonable measures to prevent unauthorized access to the Digital Operations Portal and the contents thereof, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise and shall report the theft or loss of the Digital Operations Portal, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall and similar technology to prevent unauthorized access. Franchisee shall return any physical and electronic copies of the materials in the Digital Operations Portal to Franchisor immediately upon request, termination, or expiration of this Agreement.

c. The Digital Operations Portal, any written directives, the Manual contents, and any other manuals and materials issued by Franchisor and any modifications to such materials shall supplement this Agreement, and Franchisee agrees to comply with any such modifications promptly.

d. Neither the Franchisee, nor their current, past, or future employees are employees of the Franchisor. Franchisee acknowledges and agrees that the System does not include any mandatory personnel policies or procedures or security-related policies or procedures, even if Franchisor may make certain materials available to Franchisee in the Digital Operations Portal or otherwise for Franchisee's operational use. Franchisee will determine to what extent, if any, personnel or security-related policies and procedures might apply to operations at the Franchised Business. Franchisor neither dictates nor controls labor or employment matters for franchisees and their employees. Franchisor is not responsible for the safety and security of the Franchised Business, its employees, or Pet Parents.

## ARTICLE 14

## 14. CONFIDENTIAL INFORMATION

**14.1 Non-Disclosure**. Neither the Franchisee, nor any of its officers, directors, or Shareholders, as the case may be, will, during or after the term of this Agreement, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any Confidential Information, knowledge, or know-how concerning the methods of operation of the Franchised Business which may be communicated to the Franchisee, or of which the Franchisee may have knowledge, by virtue of the Franchisee's operation under the terms of this Agreement. Franchisee is restricted from utilizing the Confidential Information in any manner contrary to the terms of this Agreement, the directives of Franchisor, or the Manual. It shall not take any action to avoid or bypass its confidentiality obligations under this Agreement.

**14.2 Confidentiality Agreement**. Franchisee will divulge Confidential Information to its directors, officers, Shareholders, employees, agents, and independent contractors on a "need to know" basis only ("Recipients"). Franchisee will obtain from those Recipients and deliver to the Franchisor a confidentiality agreement with restrictive covenants substantially similar to those set forth on Schedule 7 attached hereto, and which designates Franchisor as a third-party beneficiary with the independent right to enforce the agreement.

## ARTICLE 15

## 15. RESTRICTIVE COVENANTS

**15.1 During the Term.** The Franchisee and each of its Shareholders acknowledge that under this Agreement, they will receive valuable specialized training, Confidential Information, and business opportunities from Franchisor and the System. Accordingly, during the term of this Agreement, Franchisee may not, either directly or indirectly: (i) own, maintain, operate or engage in, invest in, be employed by, provide assistance to, or have any interest (direct or indirect) in any Competing Business; or (ii) appropriate or duplicate any part of the System for a purpose other than to operate the Franchised Business; or (ii) divert or attempt to divert any present or prospective business or Pet Parent to any Competing Business; or (iv) do anything that would be deemed harmful, in Franchisor's opinion, to the goodwill associated with the Marks or the System.

**15.2 After Expiration, Termination or Transfer**. Franchisee and each of its Shareholders acknowledge and agree that they shall not, for five (5) years commencing on the date of: (a) a transfer permitted under Article 16 of this Agreement; (b) expiration of this Agreement; (c) early termination of this Agreement; or (d) a final arbitration or court order with respect to enforcement of this Section 15.2 (after all appeals have been taken) to the extent such order is later than the respective foregoing event:

a. Own, maintain, operate, engage in, invest in, be employed by, provide assistance to, or have any interest in (direct or indirect) any Competing Business that is located in or services Pet Parents within (i) the Territory; two hundred fifty (250) miles of the Territory; (iii) any zip code where Franchisee's Franchised Business served Pet Parents during the term, or (iv) two hundred fifty (250) miles from any other then-existing Pet Passages' location;

b. Appropriate or duplicate any part of the System for a purpose other than to operate the Franchised Business under a valid agreement with Franchisor;

c. Divert or attempt to divert any present or prospective business or Pet Parent to any Competing Business, or do or perform, directly or indirectly, any other act prejudicial to the goodwill associated with the Brand, Marks, or the System; or

d. Employ or seek to employ any person who is at the time employed by the Franchisor or any of its franchisees, or otherwise directly or indirectly induce such person to leave their employment.

e. Take any other action to avoid or bypass the restrictive covenants outlined in this Section 15.2.

**15.3 Injunctive Relief.** Franchisee and its Shareholders acknowledge and agree that violating this Article 15 would result in irreparable harm to Franchisor for which no adequate remedy at law may be available, and therefore consent to issuing an injunction, without the need to post bond. Injunctive relief is in addition to other remedies available to Franchisor.

## ARTICLE 16

## 16. TRANSFER

**16.1 Transfer by the Franchisor**. The Franchisor will have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity, provided that such assignee has agreed to assume all obligations of the Franchisor under this Agreement. Upon the happening of any such assignment, the Franchisor will be immediately released from any further obligation or liability under this Agreement of any nature whatsoever.

**16.2 Transfer by the Franchisee.** Franchisee acknowledges and agrees that the rights and duties set out in this Agreement are personal to the Franchisee, and that the Franchisor has entered into this Agreement based on the business skill and financial capacity of the Franchisee and its Shareholders. Accordingly, neither the Franchisee nor any of its Shareholders, will sell, assign, transfer, convey, give away, pledge, hypothecate, mortgage or otherwise encumber any legal or beneficial interest in the Franchisee, in this Agreement, in the Franchised Business or any of the assets employed by or in connection with the Franchised Business without the prior written consent of the Franchisor ("Transfer"). Any purported assignment or transfer, by operation of law or otherwise, which does not have Franchisor's prior written consent, will be null and void and will constitute a material breach of this Agreement for which the Franchisor may terminate this Agreement without opportunity to cure.

**16.3 Pre-Conditions to Transfer.** The Franchisor will not unreasonably withhold its consent to a Transfer of any interest of the Franchisee or its Shareholders in the Franchised Business. Before the proposed Transfer, in addition to any other conditions the Franchisor imposes, the Franchisee must satisfy the following conditions prior to effectuating the Transfer, unless waived by Franchisor:

a. If the transferee entity is to be a corporation, it will be a newly organized corporation, and copies of all organizational documents, including any shareholder agreement, will be provided to the Franchisor. The organizational documents will restrict the corporation's business to operating a Pet Passages® franchise.

b. All obligations, monetary or otherwise, of the Franchisee and its Shareholders to the Franchisor, Affiliates, and suppliers of the Franchisor will have been satisfied in full.

c. The Franchisee or transferor, as applicable, will have executed a general release, in a form satisfactory to the Franchisor, of all claims against the Franchisor and its officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, provincial and local law.

d. The transferee will enter into a written agreement, under seal, and in a form satisfactory to the Franchisor, assuming and agreeing to discharge all the Franchisee's obligations under this Agreement.

e. The transferee will have provided the Franchisor with criminal record statements for all transferee principals.

f. The Franchisee will not default on any provision of this Agreement or any other agreement between the Franchisor and the Franchisee.

g. The transferee and its principals will demonstrate to the Franchisor's satisfaction that the proposed transferee and its owners and managers meet all of the then-current qualifications to become a franchisee of the System, including but not limited to: the ability to comply with the Mission, Core Values, Purpose and Foundation; educational, managerial, and business standards; absence of involvement with Competing Businesses; good moral character, business reputation, and credit rating; and aptitude and ability to operate the Franchised Business. Having an existing franchised business within the System does not guarantee approval for a second location.

h. The transferee will execute such then-current standard form of franchise agreement and other supporting documents as Franchisor may require for the Franchised Business, which may substantially differ from the terms of this Agreement.

i. At the transferee's expense and upon such other terms and conditions as the Franchisor may reasonably require, the Franchisor will require the transferee's Designated Operator and Designated Managers to complete the training course then in effect for the franchisees in the same manner and upon the terms as the initial training.

j. If the transferee is a corporation, then the transferee's shareholders, directors, and officers will provide their personal guarantee of all of the Franchisee's obligations under this Agreement.

k. In accordance with Section 8.12, before approving a transfer, the Franchisor will be paid its non-refundable transfer, training, and processing fees.

l. Regardless of any transfer by the Franchisee under this article, the Franchisee and any guarantor of the Franchisee's obligations under this Agreement will remain bound by all of the terms and conditions of this Agreement and any such guarantee.

m. The transfer must comply with all conditions of the lease or sublease for the Location, including obtaining the landlord's consent, and the Franchisee must pay all costs required by the landlord in obtaining such consent.

n. Any asset transfer of the Franchised Business must comply with applicable bulk sales legislation requirements.

**16.4 Transfer on Death, Incapacity or Bankruptcy.** If any of Franchisee's Shareholders dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee is required to apply to Franchisor in writing within three (3) months after the triggering event for consent to transfer that person's interest. The transfer will be subject to the preconditions to transfer specified above, as applicable. If an interest subject to this section is not disposed of within one year after the triggering event, Franchisor may terminate this Agreement under Section 17.2.

**16.5 Transfer to Holding Corporation.** If an individual franchisee or franchisees wish to transfer all of their interest under this Agreement to a partnership, corporation, trust or other entity which they control, the Franchisor will consent to such a transfer provided that it is first provided with details of the proposed transaction in writing not less than thirty (30) days before the proposed transfer. Provided that the transferor will remain fully liable under the Franchise Agreement, the transfer will not be subject to the Franchisor's right of first refusal set out above, nor will the Franchisor's transfer fee be payable in respect of any such transfer, provided that the Franchisee will be required to reimburse the Franchisor for its reasonable legal and administrative expenses incurred in connection with the transfer.

**16.6 Franchisor's Right of First Refusal.** The Franchisee or any party holding any interest in the Franchisee or the Franchised Business and who desires to accept any valid arm's length offer from a third party to purchase its interest in the Franchisee or the Franchised Business will give notice of the offer to the Franchisor, along with a complete copy of the offer, a copy of the Franchisee's most current financial statements, the Franchisor's standard franchise application form completed by the proposed transferee, and a five hundred dollar ($500) non-refundable payment for considering the request for the transfer (this payment will be applied toward the Transfer Fee) if the Franchisor does not exercise its right of first refusal under this section). The Franchisor will then have the option, exercisable within thirty (30) days after receipt of such material, to send written notice to the seller that the Franchisor or its nominee intends to purchase the seller's interest on the same terms and conditions offered by the third party. Any change in the terms of any offer before closing will constitute a new offer subject to the same rights of first refusal by the Franchisor or its nominee as in the case of an initial offer. Failure of the Franchisor to exercise the option afforded by this section will not constitute a waiver of any other provision of this Agreement.

**16.7 Reasonableness.** The Franchisee acknowledges and agrees that each of the conditions of transfer set out in this article, which the Franchisee and the transferee must meet, are necessary and reasonable to assure full performance of the Franchisee's and transferee's obligations under this Agreement.

**16.8 Operation of the Franchised Business by the Franchisor.** To prevent any interruption of the Franchised Business or any injury to the Brand's goodwill and reputation that would cause harm to the Franchised Business and thereby lower its value, the Franchisee authorizes the Franchisor, and at the option of the Franchisor, to dispatch its crisis management team to enter upon the Franchisee's business premises and operate and manage the Franchised Business if:

a. Franchisee fails to have two (2) Certified Pet Funeral Directors operating the Franchised Business at any time; or
b. Franchisee fails to have at least one of its Certified Pet Funeral Directors on-premises at the Location during all hours of operation; or
c. Upon the happening of some event which affects the Franchisee, Designated Operator, or the Designated Manager that interferes with the Franchised Business's regular operation.

For so long as the Franchisor considers necessary and practical, and without waiver of any other rights or remedies the Franchisor may have under this Agreement. Franchisor shall not be obligated to send its crisis management team to the Franchised Business in any of the scenarios above. It will not have any liability to Franchisee for not opting to operate the Franchised Business per this Section. If the Franchisor should operate the Franchised Business, the Franchisor does not expect to operate it for a period of more

than one hundred and twenty (120) days. In such circumstances, the Franchisor will be compensated for all costs and expenses incurred in the operation of the business, including, without limiting the generality of the foregoing, any salaries, rent, materials, telephone charges, marketing and promotion expenses necessary to maintain the business. Any deficit is the responsibility of the Franchisee, its heirs, executors, or assignees, and any net income, less costs and expenses referred to herein and less the Management Fee specified in Section 8.15 above, to the Franchisor, will be returned to the Franchisee. If the Franchisor elects to operate the Franchised Business on behalf of the Franchisee temporarily, the Franchisee will indemnify and hold harmless the Franchisor from any loss or deficit suffered by the Franchisor as a result of its temporary operation of the Franchised Business, regardless of the cause, and from all claims, losses or damages of any nature whatsoever incurred by the Franchisor and its representatives during such operation.

## ARTICLE 17

## 17. DEFAULT, REMEDIES, AND TERMINATION

**17.1 Early Termination**. The Franchisor will have the absolute and unfettered right to terminate this Agreement effective upon delivery to the Franchisee of written notice of termination, upon the occurrence of any of the events listed below:

a. The Franchisee fails to enter into a lease for the Location as required in Sections 5.1 and 5.2.

b. The Franchisee fails to commence operating the Location as required in Section 5.7.

c. The Franchisor determines that the Designated Operator or Designated Manager failed to complete Bootcamp and become Certified Pet Funeral Directors successfully or has otherwise failed to demonstrate the qualities and abilities necessary for the successful operation of the Franchised Business.

**17.2 Default with No Opportunity to Cure.** The Franchisee will be in default, and the Franchisor will have the absolute and unfettered option to terminate this Agreement without affording the Franchisee any opportunity to cure the default, effective immediately, upon the occurrence of any of the events listed below.

a. The Franchisee or any officer, director, or Shareholder is convicted of a criminal offence or any other crime that is likely, in the reasonable opinion of the Franchisor, to adversely affect the System, the Marks, the goodwill associated with them, or the Franchisor's interest in them.

b. The Franchisee or any officer, director, or Shareholder discloses or divulges the contents of the Manual or other trade secrets or Confidential Information or fails to take the necessary precautions to ensure its employees and agents do not disclose or divulge the contents of the Manual or other Confidential Information.

c. A final order is made or a resolution passed for the Franchisee's winding up, dissolution, or liquidation.

d. Any execution, seizure, attachment or similar process is issued against the Franchisee or any creditor of the Franchisee takes any action or proceeding whereby the business premises of

the Franchised Business or any of the fixtures, furnishings or property on those premises is taken or seized, unless such execution, attachment or seizure is set aside, discharged or abandoned within fifteen (15) days after its commencement.

e. The Franchisee attempts to make any bulk sale or remove any part of the fixtures, furnishings, or inventory from the business premises of the Franchised Business other than in the normal course of business and without the prior written consent of the Franchisor.

f. The lease or sublease of the business premises of the Franchised Business is terminated because of the default of the Franchisee without provision being made for continuation of the Franchised Business at an alternate location according to Section 2.5.

g. The Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, or if the Franchisee files an assignment in bankruptcy or a petition is filed against and consented to by the Franchisee, or if the Franchisee becomes bankrupt, or proceedings for the appointment of a receiver or receiver/manager or other custodian (permanent or temporary) of the Franchisee or of the Franchised Business or any portion of the Franchised Business is appointed by any court or creditor of the Franchisee or the Franchised Business, or if proceedings for a proposal to the creditors of the Franchisee or the Franchised Business under any federal, state or provincial or foreign law should be instituted by or against the Franchisee.

h. The Franchisee abandons, surrenders, or fails to carry on normal business operations at the Location within the Territory actively and continuously. Where the Franchisee desires to close the Location for any extended period because of holidays or vacation, the prior written consent of the Franchisor must be obtained in each case, which consent will only be granted where the closing will not, in the sole opinion of the Franchisor, materially and negatively affect the Franchised Business or reputation of the Brand.

i. The Franchisee purports to transfer any rights or obligations under this Agreement or any lease for the Location to any third party without the Franchisor's prior written consent, or otherwise contrary to the terms of this Agreement.

j. The Franchisee knowingly or recklessly maintains false books or records, or knowingly or recklessly submits any false statements, applications, or reports to the Franchisor.

k. The Franchisee engages in conduct that constitutes a misrepresentation or a deceptive or unlawful act or practice concerning its sale of the services or products offered by the Franchised Business.

l. Any other franchise agreement by and among Franchisor, and Franchisee or its Affiliate, is terminated for any reason.

m. The Franchisee submits at any time during the term of this Agreement a report, financial statement, tax return, schedule, or other information or supporting record that understates Gross Sales for any period by more than five percent (5%).

n. The Franchisee submits any report, financial statement, tax return, schedule, or other information or supporting records required under this Agreement, more than fifteen (15) days after the date for delivery as required on three (3) or more occasions during the term of the Agreement.

o. The Franchisee operates the Franchised Business in a manner that presents a health or safety hazard to its Pet Parents, employees or the public and such manner of operation continues uncorrected for five (5) business days after notice to correct same from the Franchisor or the landlord of the Location or applicable government agency is delivered to the Franchisee.

p. The second (2nd) time during the term of the Agreement that Franchisee receives three (3) or more notices of default under this Agreement within a twelve (12) month period; or Franchisee gets six (6) or more notices of default during the term of this Agreement.

q. The Franchisee or any principal of the Franchisee fails, refuses or neglects to pay any monies owing to the Franchisor or its affiliates or suppliers when due, within five (5) business days after receiving written notice from the Franchisor to cure the default.

r. Franchisee fails to contact a Pet Parent within forty-eight (48) hours after receiving a Pet Parent complaint on three (3) or more occasions during the Agreement term. Franchisee is required to report all customer complaints to Franchisor immediately upon receipt.

s. The second (2nd) time, during the term of this Agreement that Franchisee fails to resolve, to Franchisor's satisfaction, any Pet Parent complaint in the manner and within the timeframe outlined in the Brand Standards Manual, and Franchisee does not correct such failure per Franchisor's specifications within five (5) days after written notice is provided to Franchisee.

t. Franchisee loses any required licenses or permits to operate the Franchised Business. In the case of losing a required license or permit due to failing a government mandated inspection, Franchisee shall be granted five (5) business days to cure the deficiency that led to the inspection failure (from the date of said failure), or if Franchisee can show that they are diligently pursuing the correction but unable to cure the deficiency within five (5) business days, a reasonable extension will be granted.

Any Shareholder fails to dispose of their interest per Section 16.4 above after a death, incapacity, or bankruptcy.

u. Franchisee engages in any other business besides the Franchised Business from the Location.

**17.3 Default With Thirty (30) Day Opportunity to Cure.** The Franchisee will have thirty (30) days after receiving a written notice of termination from the Franchisor to remedy any default described in this section and provide evidence of compliance to the Franchisor. If any such default is not cured within that time, the Franchisor will have the absolute and unfettered option to terminate this Agreement without further notice to the Franchisee, effective immediately upon the expiration of the thirty (30) day period. In the event that the Franchisee has, in the reasonable opinion of the Franchisor, commenced and maintained all reasonable efforts to cure the default complained of, but the default is not capable of being cured within such a thirty (30) day period, the time available for the franchisee to cure the default may be extended, in

the sole reasonable discretion of the Franchisor, for such additional period as the Franchisor may deem necessary, provided that at all times the Franchisee continues to diligently and in good faith continue to devote its full efforts to obtaining an immediate cure of the default. The Franchisee will be in default for any failure to comply substantially with any of the requirements imposed by this Agreement, as it may from time to time be supplemented by updates to the Manual, or for any failure to carry out the terms of this Agreement in good faith. Such defaults will include, without limitation, the occurrence of any of the events listed below.

a. Any employee, agent, or independent contractor of the Franchisee is convicted of a criminal offence or any other crime or offence that is reasonably likely, in the opinion of the Franchisor, to adversely affect the System, the Mark, the goodwill associated with them, or the Franchisor's interest in them.

b. Any employee, agent, or independent contractor of the Franchisee discloses or divulges the contents of the Manual or other trade secrets or Confidential Information.

c. The Franchisee, by act or omission, permits a continued violation in connection with the operation of the Franchised Business of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief from compliance.

d. The Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated with them or the Franchisor's rights in them.

e. The Franchisee fails to comply with its duties set out in this Agreement, the Manual and Digital Operations Portal, or fails to perform any obligation owing to the Franchisor or to observe any covenant or agreement made by the Franchisee, whether such obligation, covenant or agreement is outlined in this Agreement or any other agreement with the Franchisor including, but not limited to, any other franchise agreement by and between the Franchisor and the Franchisee or any entity related to the Franchisor.

f. The Franchisee fails to maintain and submit on time to the Franchisor all reports required pursuant to this Agreement, including but not limited to financial statements and Gross Sales reports.

g. The Franchisee and its employees fail to attend and successfully complete any mandatory training program after opening for business.

h. Franchisee fails to maintain any Brand Standards or to fully and properly employ the System, Image, and Marks designated by the Franchisor in this Agreement, the Manual, any other franchise agreement between the Franchisor and the Franchisee, or any other agreement between the parties, or otherwise in writing.

i. Franchisee fails to maintain and keep the Location and all equipment in good working order and repair.

**17.4 Pre-Termination Options of Franchisor**. Before termination of the Agreement, while Franchisee is in default of this Agreement, in addition to any other right under this Agreement,

Franchisor shall have the right to take the actions set forth below unless or until Franchisee cures said default to Franchisor's satisfaction, which takings shall not relieve Franchisee of its obligations under the Agreement.

a. Remove the Franchised Business from Franchisor's website, social media, and advertising published by Franchisor

b. Suspend Franchisee's access to digital and in-person trainings, and seminars

c. Suspend Franchisee's access to technology systems provided under this Agreement

d. Suspend services provided to Franchisee by Franchisor and its Affiliates under this Agreement, whether or not said services are integral to the operation of the Franchised Business, including but not limited to the sale of products and supplies

e. Charge the Non-Compliance Fee as outlined in Section 8.9; and

f. Without waiving any claim for breach and without notice to the Franchisee, cure such default for the account of and on behalf of the Franchisee. The entire cost to the Franchisor of curing any such default is due and payable on demand.

17.5 **Franchisor's Option to Purchase**. Franchisee grants to Franchisor, upon termination, expiration or non-renewal of this Agreement, the right at Franchisor's option for one hundred twenty (120) days after such termination, expiration or non-renewal to purchase Franchisee's interest in all inventory, and marketing materials bearing the Marks at Franchisee's cost, and to buy any Franchised Business leasehold improvements, equipment, furniture, fixtures and signs at Fair Market Value of the furniture, fixtures and equipment. No appraisal shall be required, and there shall be no recognition, or purchase of any goodwill or other intangibles, which, under this Agreement, are the property of Franchisor. In such event, Franchisee agrees to execute any documents necessary to effectuate the assignment or transfer of any lease or other agreement to occupy the Location, or to execute a new lease or sublease to Franchisor, all as may be required to permit Franchisor to occupy the Location. If the Franchisor exercises this option, the Franchisee will, upon presentation of payment for the assets being purchased, deliver a bill of sale with the usual covenants as to title and comply with all applicable bulk sales laws. For purposes of this Section, "Fair Market Value" of the furniture, fixtures, and equipment shall be determined using the straight-line depreciation method over five (5) years.

**17.6 Right of Entry.** Immediately upon termination of this Agreement, Franchisor may enter upon, occupy and use, to the absolute exclusion of Franchisee, all or any part of the Location and any equipment, improvements, fixtures, furnishings and property located in, on or about the Location and used in connection with the Franchised Business free of charge. The Franchisor will have the right to take all such action as it, in its absolute discretion, deems necessary or desirable to carry out the rights granted to it by this section. All revenues, monies, profits, benefits, and advantages derived from the management and operation of the business throughout the occupation will be for the exclusive account of the Franchisor, provided the Franchisor will pay and discharge all debts and liabilities incurred by it during the period of its conduct of the business. In addition, the Franchisor may, but will not be obliged to, pay all claims owing by the Franchisee to any creditor of the Franchised Business. Any amount paid will be charged to and repaid by the Franchisee to the Franchisor immediately upon demand, and until repaid, will bear interest at the

Interest Rate. The Franchisor will have no obligation to retain any employees of the Franchised Business nor to honor any contractual commitments previously made by the Franchisee in connection with the Franchised Business, and any liability concerning such contractual obligations will be exclusively borne and paid by the Franchisee. If the Franchisor elects to retain any such employees, such employment will be under a new employment agreement and will commence on the first business day on which the Franchisor carries on business from the Location. Any claim of such employee(s) for unpaid salary, vacation pay, or other benefits arising from employment with the Franchisee will be the responsibility of and be paid by the Franchisee. The right of the Franchisor to remain in occupation of the Location and to conduct the said business will continue until the expiry of the option period set out in Section 17.5, provided that, if the Franchisor elects to exercise the option set out in Section 17.5, the Franchisor's right of occupation will not expire. It will continue throughout the period preceding the closing of such transaction. The occupation by the Franchisor of the Location as set out in this section will not be construed as an assignment of the lease for the Location by the Franchisee and the Franchisor will have no responsibility for payment of any rent or other charges owing under the lease except insofar as they relate to the period of its occupation of the Location.

**17.7 Setoff.** Notwithstanding anything contained in this Agreement, upon the failure of the Franchisee to pay the Franchisor as and when due any amount of money provided for in this Agreement, the Franchisor will have the right at its option, to deduct all such amounts remaining unpaid from any moneys or credit held by the Franchisor for the account of the Franchisee.

**17.8 Power of Attorney.** If the Franchisee does not sign and deliver to the Franchisor any document which it is required under this Agreement, within ten (10) days of receiving the Franchisor's written request, the Franchisee irrevocably appoints the Franchisor as the Franchisee's attorney with full power and authority to sign and deliver in the name of the Franchisee any such document and to do all things necessary to comply promptly with the provisions of this Agreement under which the power of attorney is being utilized, and the Franchisee agrees to ratify and confirm all such acts of the Franchisor as its lawful attorney and to indemnify and save the Franchisor harmless from all claims, losses, or damages in so acting.

**17.9 Charges for Late and Non-Sufficient Funds Payments.** All fees and payments and all amounts due for goods purchased by the Franchisee from time to time from the Franchisor or its affiliates and any other amounts owed to the Franchisor or its affiliates by the Franchisee pursuant to this Agreement or otherwise will bear interest after the due date and until paid in full at the Interest Rate, both before and after default, with interest on overdue interest at the Interest Rate. Accepting any payment will not be interpreted as a waiver by the Franchisor of its rights concerning the default giving rise to such payment. They will be without prejudice to the Franchisor's right to terminate this Agreement due to such default. In addition, the Franchisee agrees to pay any amount the bank charges Franchisor for insufficient funds, and an administrative fee of $50 for every overdue payment and payment that the Franchisee's bank refuses to honor for any reason.

**17.10 Security to Franchisor**. As security for the prompt payment, performance and satisfaction of all of the Franchisee's obligations under this Agreement, the Franchisee assigns, transfers and sets over to the Franchisor all of its right, title and interest in and to, and grants to the Franchisor a continuing lien on and security interest, in and to, all of the assets of the Franchisee or the Guarantors used in the Franchised Business, including but not limited to all of the personal property, real property, machinery, fixtures, equipment and inventory, wherever located, whether now owned, existing, acquired or arising after this date, together with all replacements, accessions, parts, proceeds, including insurance proceeds, bank

accounts and proceeds of proceeds. Upon default by the Franchisee in payment of all or any part of the indebtedness or liability of the Franchisee to the Franchisor or in the performance or observance of any of the provisions of this Agreement, the Franchisor will have the rights and remedies of a secured party under the Uniform Commercial Code, or any equivalent provincial or state legislation. The Franchisor shall have the right in its exclusive discretion to perfect the Franchisor's security interest by filing a UCC-1 Financing Statement without the Franchisee's signature. If the Franchisee is in default, all debts then due and owing by the Franchisee to the Franchisor under this or any other present or future agreement with the Franchisor will, if the Franchisor so elects, become immediately due and payable. The Franchisor will subordinate its security interest to any bank for financing provided by the bank to construct and/or operate the Franchised Business. Until default by the Franchisee, the Franchisee may dispose of inventory and accounts receivable in the ordinary course of business.

**17.11 Rights Non-exclusive.** No right or remedy conferred upon or reserved to the Franchisor by this Agreement is intended to be, nor will be considered, exclusive of any other right or remedy under this Agreement or by law or equity provided or permitted, but each will be in addition to every other right or remedy.

## ARTICLE 18

## 18. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration, this Agreement will terminate immediately, and the Franchisee will observe and perform every one of the provisions set out below.

a. Franchisee will immediately cease Franchised Business operations, and will not, directly or indirectly, represent to the public or hold itself out as a present or former Pet Passages franchisee.

b. Franchisee will immediately and permanently cease to use, in any manner whatsoever, any equipment, format, confidential method, program, literature, procedure, and technique associated with the System, the name Pet Passages®, and any Marks, forms, slogans, signs, symbols, or devices associated with the System. In particular, the Franchisee will cease to use, without limitation, all signs, fixtures, furniture, equipment, advertising materials or promotional displays, paper goods, stationery, program material, forms, and any other articles which display the Marks associated with the System.

c. Franchisee will take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Marks or any other trademark, trade name or service of the Franchisor, and the Franchisee will furnish the Franchisor with evidence satisfactory to the Franchisor of compliance with this obligation within fifteen (15) days after termination or expiration of this Agreement. If the Franchisee fails or refuses to do so, the Franchisor may, in the Franchisee's name, on the Franchisee's behalf and at the Franchisee's expense, execute any and all documents necessary to cause discontinuance of the name Pet Passages or any related name used under this Agreement and the Franchisor is hereby irrevocably appointed by the Franchisee as its attorney to do so.

d. Allow Franchisor to operate out of the Location per Section 17.6

e. The Franchisee will, within five (5) business days, pay all sums owing to the Franchisor and its Affiliates and suppliers. In the event of termination for any default of the Franchisee, Royalty fees and advertising fund contributions through the entire term of the Agreement shall accelerate and become immediately due and payable to Franchisor, and shall be calculated using the average monthly gross sales over the preceding six months (ex. If there is 6 months left in the franchise term and the average monthly gross sales over the past 6 months was $10,000.00, then $3,600 ($600 per month (6%) x 6 months) in Royalty fees and $600 ($100 per month (1%) x 6 months) in advertising fund contributions shall be immediately due and payable to Franchisor). In addition, such amounts will include all damages, costs and expenses, including reasonable legal fees, by the Franchisor as a result of the default, together with interest at the Interest Rate, obligation will give rise to and remain, until paid in full, a lien in favor of the Franchisor all of the personal property, machinery, fixtures, equipment and inventory owned by the Franchisee on the premises of the Franchised Business at the time of the default. If the Franchisee is indebted to the Franchisor through loan, mortgage, arrears, or otherwise, all indebtedness and obligations will be accelerated and become immediately due and payable.

f. The Franchisee will pay to the Franchisor all of the Franchisor's damages, costs and expenses, including legal fees and costs, whether legal proceedings are commenced or not, incurred by the Franchisor after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

g. The Franchisee will immediately turn over to the Franchisor all copies of all materials related to the Franchised Business in the Franchisee's possession including the Manual, all records, files, Pet Parent lists and contracts (which shall be freely assignable to Franchisor or its designee), instructions, correspondence, disclosure statements and all other materials relating to the operation of the Franchised Business in the Franchisee's possession (all of which are acknowledged to be the Franchisor's property). It will not retain any copy or record of any of those materials, except the Franchisee's copy of this Agreement and any correspondence between the parties and other documents which the Franchisee reasonably needs for compliance with any provision of law. In addition, the Franchisee will deliver to the Franchisor a complete list of everyone employed by the Franchisee during the three (3) years immediately preceding termination, together with all employment files of each employee on such list. The Franchisee will bear all costs of delivering all material required by this section.

h. The Franchisee will promptly notify the appropriate telephone company and all telephone directory listing agencies of the termination or expiration of its right to use any telephone number and any regular, classified, or other telephone directory listings associated with any Marks. It will authorize the transfer of those numbers and listings to Franchisor. The Franchisee agrees to execute updated letters of direction to any telephone company and telephone listing agencies directing termination and/or transfer of the Franchisee's right to use any telephone number associated with the Marks, which the Franchisor may hold until termination or expiration of this Agreement. The Franchisee acknowledges that as between the Franchisor and the Franchisee, the Franchisor has the right to and interest in all telephone numbers and directory listings associated with any Marks. The Franchisee authorizes the Franchisor and hereby appoints the Franchisor and any officer of the Franchisor as its attorney

to direct the appropriate telephone company and all listing agencies to transfer all such listings to the Franchisor or its nominee upon the terms of this Agreement.

i. The Franchisee will fully cooperate with any exercise by the Franchisor of its option to purchase the tangible assets of the Franchisee upon termination, including execution and delivery of all transfer documentation, and delivery of all tangible assets purchased per Section 17.5.

j. The Franchisee will execute any legal documents that may be necessary to carry out any termination or transfer to the Franchisor or its nominee provided for in this Agreement and will furnish to the Franchisor, within thirty (30) days after the effective date of termination, written evidence satisfactory to the Franchisor of the Franchisee's compliance with the obligations set out in this article.

k. Upon request by Franchisor, Franchisee will immediately assign all its right, title, and interest in and to the lease agreement for the Location to Franchisor. The Franchisee authorizes the Franchisor and hereby appoints the Franchisor and any officer of the Franchisor as its attorney to direct the landlord to transfer Franchisee's right, title, and interest in the lease agreement for the Location to the Franchisor or its nominee upon termination of this Agreement. The Franchisee shall sign the Lease Power of Attorney in Schedule 3 attached, to prove the Franchisor's rights.

l. Other than as explicitly set out in this article, the Franchisee will have no interest in the Franchised Business upon termination or expiration of this Agreement, and the Franchisee will continue to be bound by any obligation set out in this Agreement which is expressed or intended by Franchisor to survive the termination or expiration of this Agreement.

## ARTICLE 19

## 19. INDEMNIFICATION

The Franchisee agrees, during and after the term of this Agreement, to indemnify and save the Franchisor, and its affiliates, owners, directors, officers and agents (collectively "Indemnitees") harmless from any and all liabilities, losses, suits, claims, demands, costs, fines and actions of any kind or nature whatsoever including legal fees and expenses, whether legal proceedings are commenced or not, to which any of the Indemnitees will or may become liable for, or suffer by reason of or relating to the operation of Franchisee's Franchised Business or any breach, violation or non-performance or threatened breach on the part of the Franchisee or, if the Franchisee is a corporation or partnership, any of its directors, officers, shareholders, partners, agents, servants or employees of any term or condition of this Agreement, any other agreement between the Franchisee and the Franchisor, or any lease or sublease of the business premises where the Franchised Business is located and from all claims, damages, suits, costs or rights of any persons, firms or corporations arising from the operation of the Franchised Business by the Franchisee. The indemnity provided for in this section will not apply to the extent that the loss, claim, or damage, including legal fees, is caused by the Franchisor's gross negligence or willful misconduct.

## ARTICLE 20

## 20. GUARANTEE

**20.1 Guarantee and Indemnity**. In consideration of the Franchisor entering into this Agreement with the Franchisee and in consideration of the sum of ten dollars ($10.00) and other good and valuable consideration, (the receipt and sufficiency whereof is hereby acknowledged by the Guarantor(s)) the Guarantor(s) hereby unconditionally guarantees to the Franchisor that the Franchisee will pay all amounts to be paid and otherwise observe and perform all terms and conditions to be so observed and performed, either in this Agreement and/or in any other agreement between the Franchisor and the Franchisee. If the Franchisee defaults in making any such payments or in the observance or performance of any such obligations, the Guarantor(s) hereby covenants and agrees to pay to the Franchisor forthwith upon demand all amounts not so paid by the Franchisee and all damages that may arise in consequence of any such non-observance or non-performance. Without in any way restricting or limiting the guarantee given by the Guarantor(s) as set out above or any other rights and remedies to which the Franchisor may be entitled, the Guarantor(s) hereby covenants and agrees to indemnify and save the Franchisor harmless against all liabilities, losses, suits, claims, demands, costs, fines and actions of any kind or nature whatsoever to which the Franchisor will or may become liable for, or suffer, because of any breach, violation or non-performance by the Franchisee of any term or condition of this Agreement, any lease for the Location, or any other agreement made between the Franchisee and the Franchisor. Concerning the guarantee and indemnification provided for herein by the Guarantor(s), the Guarantor(s) covenant and agree to execute and deliver such separate form of guarantee and/or indemnity evidencing its obligations under the provisions of this section as the Franchisor will in its reasonable discretion determine. Without in any way limiting the generality of any other section of this Agreement, the covenants and agreement of the Guarantor(s) contained in this section will inure to the benefit of and be binding upon the Guarantor(s) and the heirs, executors, administrators, successors and assigns of the Guarantor(s).

**20.2 Waiver of Rights to Proceed.** In the enforcement of any of its rights against the Guarantor(s), the Franchisor may, in its discretion, proceed as if the Guarantor(s) were the primary obligor under this Agreement, any lease for the Location, or any other agreement made between the Franchisee and the Franchisor. The Guarantor(s) hereby waive any right to require the Franchisor to proceed against the Franchisee or to proceed against or to exhaust any security (if any) held from the Franchisee, or to pursue any other remedy whatsoever which may be available to the Franchisor before proceeding against the Guarantor(s). Where two or more individuals have given this guarantee, then their liability will be joint and several. Each Guarantor waives the benefits of division and discussion and acknowledges that his obligations as Guarantor are indivisible. Each Guarantor acknowledges that his guarantee is irrevocable and is a continuing guarantee which will remain in effect until the complete performance of all of the obligations of the Franchisee under this Agreement and/or any other agreement between the Franchisor and the Franchisee and until the Franchisor has released all Guarantors from their obligations in writing.

**20.3 Any Dealings Binding on Guarantor(s).** No dealings of whatsoever kind between the Franchisor and the Franchisee and/or any party from whom the right to occupy the Location has been obtained and/or any other persons as the Franchisee may see fit, whether with or without notice to the Guarantor(s), will exonerate, release, discharge or in any way reduce the obligations of the Guarantor(s) in whole or in part, and in particular, and without limiting the generality of the foregoing, the Franchisor may modify or amend this Agreement or any lease for the Location, grant any indulgence, release, postponement or extension of time, waive any term or condition of this Agreement or any lease for the Location or any

obligation of the Franchisee, take or release any securities or other guarantees for the performance by the Franchisee of its obligations and otherwise deal with the Franchisee and/or any party from whom the right to occupy the Location has been obtained and/or any other persons as the Franchisor may see fit without affecting, lessening or limiting in any way the liability of the Guarantor(s). The Guarantor(s) hereby waive notice of all or any default of the Franchisee.

**20.4 Settlement Binding on Guarantor(s).** Any settlement made between the Franchisor and/or the Franchisee and/or any party from whom the right to occupy the Location has been obtained and/or any other persons as the Franchisor may see fit to deal with, or any determination made under this Agreement or any lease for the Location which is expressed to be binding upon the Franchisee, will be binding upon the Guarantor(s).

**20.5 Bankruptcy of the Franchisee.** Notwithstanding any assignment for the general benefit of creditors or any bankruptcy or other act of insolvency by the Franchisee and notwithstanding any rejection, disaffirmance, or disclaimer of this Agreement, the Guarantor(s) will continue to be fully liable hereunder.

## ARTICLE 21

## 21. DISPUTES

**21.1 Arbitration.** Except for an action to collect monetary damages from the Franchisee or to determine the validity of a portion of this Agreement, or as otherwise specified in this Agreement, any controversy or claim arising out of or relating to this Agreement or the breach thereof (including, but not limited to contract, tort and statutory claims) shall be settled by arbitration under the auspices of JAMS, under JAMS applicable arbitration rules and judgment rendered on the arbitration award may be entered in any court having jurisdiction thereof. If Franchisor prevails in any arbitration between the parties to this agreement, Franchisee shall reimburse Franchisor for all reasonable costs associated with resolving the dispute, including arbitration and reasonable attorneys' fees. If Franchisee prevails, then all arbitration fees shall be borne by Franchisor. The parties agree that New York, New York, shall be the site for all hearings held under this paragraph, and that neither party shall pursue class claims and/or consolidate the arbitration with any other proceedings to which the Franchisor is a party.

Before the arbitrator's appointment (s), and within 10 days from the date of the arbitration, the Franchisor may submit the dispute to JAMS for mediation. If the Franchisor commences mediation under this paragraph, the parties will cooperate with JAMS and with one another in selecting a mediator from JAMS' panel of neutrals and in promptly scheduling the mediation proceedings. The parties covenant that they will participate in the mediation in good faith and share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts and attorneys, and by the mediator or any JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. If the dispute is not resolved within 30 days from the date of the submission of the dispute to mediation (or such later date as the parties may mutually agree in writing), the arbitration administration shall proceed forthwith. The mediation may continue, if the parties agree, after the appointment of the arbitrators. Unless otherwise agreed by the parties, the mediator shall be disqualified from serving as arbitrator in the case.

Any disputes concerning the enforceability or scope of the arbitration clause shall be resolved under the Federal Arbitration Act, 9 U.S.C. § 1 et seq. (FAA), and the Franchisee acknowledges that, notwithstanding any contrary language in this Agreement or the Franchisor's Uniform Franchise Offering Circular, the FAA preempts any state law restrictions on the enforcement of the arbitration clause in this Agreement according to its terms, including any restrictions on the site of the arbitration.

If any provision of this arbitration section is unenforceable, that provision is severable from the remainder of this arbitration clause, and the balance of the arbitration section shall remain in full force and effect. In addition, any ruling invalidating any other portion of the Franchise Agreement shall not affect the validity of this arbitration clause.

The Franchisee knows, understands, and agrees that it is the intent of the parties that any arbitration between the Franchisor and the Franchisee will be of the Franchisee's claims and that the claims subject to arbitration will not be arbitrated on a class-wide basis.

Notwithstanding this arbitration clause, the Franchisor may bring action for injunctive relief in any court having jurisdiction to enforce the Franchisor's trademark or proprietary rights, to avoid irreparable harm to the Franchisor, its affiliates, or the franchise System.

The sole entity against which the Franchisee may seek damages or any remedy under law or equity for any arbitrable claim is the Franchisor or its successors or assigns. Franchisee agrees that the shareholders, directors, officers, employees, agents, and representatives of the Franchisor and its affiliates shall not be liable nor named as a party in any litigation or other proceedings commenced by the Franchisee where the claim arises out of or relates to this Agreement.

If, before an Arbitrator's final decision, either the Franchisor or the Franchisee commences an action in any court of a claim that arises out of or relates to this Agreement (except to enforce the arbitration clause or as otherwise permitted by this Agreement), that party will be responsible for the other party's expenses of enforcing the arbitration clause, including court costs, arbitration filing fees and attorneys' fees.

A final award by an arbitrator (there will be no appeal of interim awards or other interim relief) may be appealed within thirty (30) days of such final award. Appeals will be conducted before a three (3) arbitrator panel appointed by the same organization that conducted the arbitration, each member shall be experienced in franchising. The arbitration panel will not conduct any trial de novo or perform any other fact-finding function. Such panel's decision shall be in writing, may be entered in any court having jurisdiction, and will be binding, final, and non-appealable. On request by either party, the arbitration panel shall provide to all disputants a reasoned opinion with findings of fact and conclusions of law. The party so requesting shall pay the arbitration panel's fees and costs.

**21.2 Legal Fees.** In connection with Franchisee's failure to comply with the terms of this Agreement, whether or not an action or arbitration is commenced, Franchisee will reimburse Franchisor, upon demand, for the costs and expenses incurred by Franchisor resulting from such failure and Franchisor's enforcement of the terms of this Agreement, including but not limited to attorneys' fees, financial advisor fees, costs of investigation, court costs and other litigation expenses. This section shall survive the termination or expiration of this Agreement.

**21.3 Injunctive Relief.** Nothing in this Agreement, including any arbitration provision, will bar the Franchisor's right to obtain injunctive or other specific relief against conduct or threatened conduct that will cause it loss or damage, including loss or damage under the usual equity rules, including the applicable laws for obtaining restraining orders and preliminary, temporary or permanent injunctions. Franchisee and Guarantors consent to issuing an injunction at Franchisor's request (without posting a bond or other security) prohibiting any conduct violating this Agreement that Franchisor believes may cause Franchisor irreparable harm.

**21.4 Filing Deadline**. Except for claims arising from Franchisee's failure to timely pay amounts owed to Franchisor or from performance or non-performance of Franchisee's obligations arising upon expiration or termination of this Agreement, any claim or action arising out of or relating to this Agreement or the relationship between the Franchisor and Franchisee will be barred unless submitted to arbitration as required by this Agreement, or filed in court if allowed by the terms of this Agreement, and served within one (1) year from the date of the complaining party knew or should have known the facts giving rise to such claim.

**21.5 No Setoff.** The payment and performance by the Franchisee of the fees and other obligations under this Agreement are absolute and unconditional, irrespective of any defense or any rights of setoff, or counterclaim that the Franchisee might otherwise have against the Franchisor. The Franchisee will pay, absolutely net, all of the fees due under this Agreement, free of any deductions and without abatement, diminution, or setoff. Any defense or right of setoff, or counterclaim must be brought by a separate action. The Franchisor will not be bound by any restrictive endorsement on any payment made by the Franchisee. Upon receipt of any payment by the Franchisee, the Franchisor reserves the right to allocate such payment at its discretion, even if the Franchisee has designated the payment for a different purpose or account.

**21.6 Waivers.** Franchisee and Guarantors hereby irrevocably waive trial by jury in any action, proceeding, or counterclaim; the right to seek certification of a class in any action, proceeding, or counterclaim against Franchisor, to the extent permitted by law; and any right to or claim of punitive or exemplary damages against Franchisor.

**21.7 Joint and Several Liability.** If two or more individuals, corporations, partnerships, or other entities (or any combination of two or more of them) sign or are subject to the terms and conditions of this Agreement as Franchisee or as guarantor, the liability of each of them under this Agreement will be considered to be joint and several.

## ARTICLE 22

## 22. GENERAL PROVISIONS

**22.1 Amendments**. Any amendment or modification of this Agreement is invalid unless made in writing and signed by the Franchisor, the Franchisee, and the Guarantors.

**22.2 Further Assurances.** Each of the parties agrees to sign and deliver such other documents, cause such meetings to be held, resolutions passed, and by-laws enacted, exercise their vote and influence, and do and cause to be done any other acts and things necessary or desirable to give full effect to this Agreement.

**22.3 Written Consent.** Whenever this Agreement requires the prior approval or consent of the Franchisor, the Franchisee will make a timely written request to the Franchisor for such approval or consent, and such approval or consent will be obtained in writing. The Franchisor may grant or deny its approval or consent in its sole, absolute, and unfettered discretion, with or without reason or consideration.

**22.4 Notice.** Any notice required or permitted to be given under this Agreement will be in writing and may be provided by electronic mail (email), personal service, sent by pre-paid courier, or by pre-paid certified mail, in a sealed envelope (except by email) addressed to:

**The Franchisee:**

Name: _____
Address: _____
Email: _____

**The Franchisor:**

Pet Passages Franchising, Inc.
Attn: Michael Harris
348 State Route 104
Ontario, New York 14519
Email: mikeharris@petpassages.com

With a copy to:

Dawson Law Firm, P.C.
Attn: Tricia Cifuentes-Inglese
1844 Penfield Road
Penfield, New York 14526
TCifuentes@dlfpc.com

The address given for the delivery of a notice may be changed at any time by either party by written notice per this section. Any notice delivered personally or by courier will be considered received on the day delivered. Any notice sent by certified mail will be deemed received on the fifth (5th) business day following the date of mailing. Any notice sent by electronic mail will be considered received upon sending (unless the sender receives notification of non-delivery). Notwithstanding the foregoing, this Section does not apply to changes to the Brand Standards Manual or any written instructions Franchisor furnishes to Franchisee relating to operational matters.

**22.5 No Waiver.** No failure of the Franchisor to execute any power reserved to it by this Agreement, or to insist upon strict compliance by the Franchisee with any obligation or condition of this Agreement, and no custom or practice of the parties that differs from the terms of this Agreement, will constitute a waiver of the Franchisor's right to demand exact compliance with any of the terms of this Agreement. Waiver by the Franchisor of any particular default by the Franchisee will not affect or impair the Franchisor's rights concerning any subsequent default of the same, similar or different nature, nor will any delay, forbearance or omission of the Franchisor to exercise any power or right arising out of any breach

or default by the Franchisee of any of the terms, provisions or covenants, affect or impair the Franchisor's right to exercise any of its powers or rights, nor will such constitute a waiver by the Franchisor of any right under this Agreement, or the right to declare any subsequent breach or default and to terminate this Agreement before the expiration of its term. Following acceptance by the Franchisor of any payments due to it under this Agreement will not be considered a waiver by the Franchisor of any preceding breach of the Franchisee of any terms, covenants, or conditions of this Agreement.

**22.6 Uncontrollable Circumstances.** Except for Franchisee's monetary obligations under this Agreement, delays in the performance of any duties under this Agreement that are not within the reasonable control of the parties including fire, flood, natural disaster, act of God, governmental acts or orders or civil disorder, including strikes, will not cause a default under this Agreement and the other party will, upon notice, extend the time for performance for the period of such delay or for such other time as may reasonably be required.

**22.7 Independent Contractor.** This Agreement does not create a fiduciary relationship. The Franchisee will be an independent contractor. Nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee, or servant of the other for any purpose whatsoever. Franchisor shall have no control over the essential terms and conditions of employment of Franchisee's employees, including but not limited to hiring, firing, discipline, supervision, direction, wages, hours, number of workers, scheduling, seniority, assigning work, or determining the manner or method of performance. The Franchisee will have the right to profit from its efforts, commensurate with its status as "owner" of the Franchised Business operations and will bear the risk of loss or failure characteristic of this status, notwithstanding the affiliation with the System created by this Agreement.

**22.8 No Authorization.** It is understood and agreed that nothing in this Agreement authorizes the Franchisee to make any contract, agreement, warranty or representation on the Franchisor's behalf, or to incur any debt or other obligation in the Franchisor's name, and that the Franchisor will in no event assume liability for, or be considered liable as a result of, any such action, or because of any act or omission of the Franchisee in its conduct of the Franchised Business or any claim or judgment against the Franchisee. The Franchisee will indemnify and hold the Franchisor harmless against all claims arising directly or indirectly from, or in connection with, Franchisee's operation of the Franchised Business and the costs, including legal fees, of defending against them.

**22.9 Brand Responsibility.** The Franchisee acknowledges that the nature of franchising is such that Franchisor has responsibilities not only to the Franchisee but also to all other Brand franchisees, the Brand's Pet Parents, Franchisor's employees, and shareholders. The Franchisee understands that those responsibilities may sometimes conflict or be inconsistent. The Franchisee also acknowledges that the Franchisor has the right to act in its best interest, which may sometimes conflict or be inconsistent with the Franchisee's best interests.

**22.10 Good Faith.** Where any provision of this Agreement permits the Franchisor to do any act or not to do any act based on its discretion, opinion, or judgment, the Franchisor agrees to deal fairly and in good faith with the Franchisee in deciding to do or not to do any such act.

**22.11 Governing Law.** This Agreement will be interpreted under the laws of the State of New York.

**22.12 Jurisdiction and Venue.** The parties agree that, subject to the arbitration provisions of this Agreement, any permitted action brought by either party against the other will be commenced and continued in the county of Monroe, State of New York.

**22.13 Counterparts.** This Agreement may be executed in one or more counterparts, and if executed in more than one counterpart, the executed counterparts shall each be deemed an original, but all such counterparts shall together constitute the same instrument. Delivery of an executed Agreement by one party to any other party may be made by facsimile or electronic mail (including any electronic signature complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§301-309), as amended from time to time, or other applicable law), and the parties hereto agree that any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

**22.14 Entire Agreement.** When fully executed, this Agreement will supersede all existing agreements, understandings, negotiations, and discussions, either oral or in writing, between the parties concerning the subject matter of this Agreement. Except as specifically outlined in this Agreement, there are no representations, warranties, undertakings, provisos, inducements, covenants or agreements, whether direct, indirect, collateral, express or implied, made by the Franchisor or Franchisee.

**22.15 Disclaimer.** The Franchisee acknowledges that it has conducted an independent investigation of the System and prospective franchise and recognizes that the business venture contemplated by this Agreement is speculative and involves business risks and that its success will be largely dependent upon the abilities of the Franchisee. The Franchisor expressly disclaims the making of, and the Franchisee acknowledges that it has not received any representation, warranty, promise, inducement or guarantee, express or implied, oral or written, as to the potential volume, profits or success of the business venture contemplated by this Agreement or otherwise concerning the subject matter of this Agreement except as specifically outlined in this Agreement or the associated franchise disclosure document. Franchisor's Brand Standards do not constitute a warranty or representation, express or implied, as to quality, safety, suitability, or fitness for a particular purpose. Franchisor shall not be liable to Franchisee because of the designation of Brand Standards for operating the Franchised Business under the System.

**22.16 Severability**. Except as expressly provided to the contrary in this Agreement, each section, part, term, and/or provision of this Agreement will be considered severable and fully enforceable. If for any reason, any part of this Agreement is determined to be invalid, contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, it will not impair the operation of, or have any other effect upon, any other part of this Agreement as may remain otherwise intelligible, and that part will continue to be given full force and effect and bind the parties. The court may modify or amend an otherwise unenforceable or invalid provision of this Agreement to render it enforceable to the maximum extent permitted by law, but if not practicable, then the invalid part or parts will not be a part of this Agreement.

**22.17 Headings**. All headings in this Agreement are intended solely for the convenience of the parties, and no heading will be considered to affect the meaning or interpretation of any part of this Agreement.

**22.18 Benefit of Agreement.** Nothing in this Agreement is intended, nor will be considered, to confer upon any person or legal entity other than the parties and those persons expressly

indicated to be entitled to rights or remedies under this Agreement. This Agreement is available for the benefit of, and is binding upon, the heirs, successors, personal legal representatives, and permitted assigns of the parties. The Franchisor will be considered a third-party beneficiary of any agreement between the Franchisee and its employees, agents, suppliers, and independent contractors.

**22.19 Voluntary Agreement.** The Franchisee acknowledges that it has received, read, and understood this Agreement; Franchisor has provided Franchisee ample time and opportunity to consult with advisors of its choosing about the potential benefits and risks of entering into this Agreement; and Franchisee is entering into this Agreement voluntarily without threat, duress, or compulsion.

**22.20 Incorporation of Recitals.** The recitals are incorporated in the body of this Agreement by reference.

**22.21 Schedules**. The following schedules are attached to and (except Schedule 1) are incorporated in this Agreement by reference and are part of this Agreement. Even though the schedules are considered a part of this Agreement, the relevant schedules have been signed by the parties and are independent and binding agreements per their terms.

1. **GLOSSARY: GENERAL FRANCHISE-RELATED DEFINITIONS**
2. **FRANCHISEE INFORMATION AND TERRITORY**
3. **LEASE ADDENDUM**
4. **IRREVOCABLE POWER OF ATTORNEY – TELEPHONE**
5. **IRREVOCABLE POWER OF ATTORNEY – LEASE**
6. **FORM OF PERSONAL GUARANTY**
7. **CONFIDENTIALITY AGREEMENT**
8. **STATE-SPECIFIC FRANCHISE AGREEMENT AMENDMENT (IF APPLICABLE)**

**22.22 Date of Execution.** This Agreement has been signed, sealed, and delivered by the parties _____, 20___.

**[Signature Page Follows]**

**IN WITNESS WHEREOF,** this undersigned have executed this Franchise Agreement as of the date outlined in Section 22.22 above.

**Franchisor: Pet Passages Franchising, Inc.**

By: _____

Name: _____

Title: _____

**Franchisee: _____**

By: _____

Name: _____

Title: _____

**Guarantor(s):**

By: _____

Name: _____

By: _____

Name: _____

## SCHEDULE 1
## GLOSSARY: GENERAL FRANCHISE RELATED DEFINITIONS
***(for Informational Purposes)***

*The definitions provided in this Glossary are intended to help a franchisee understand franchising in general and the terms used within a franchise business model. These definitions are not defined terms within the Agreement, and are not intended to create a legal obligation for either Franchisor or Franchisee.*

**Accountability**
Accountability is ensuring results are accomplished. Responsibility is ensuring the activities producing the results are completed correctly and the results are accomplished on time.

**Arbitration**
A process in which a neutral third party hears both sides to a dispute and renders a decision. It is an alternative to using the legal process which can be costly and time consuming.

**Branding**
Branding is a way of identifying your business. It is the process of creating a strong positive emotional perception of the Brand to its existing and potential customers, what it stands for, its products and services, and its beliefs regarding its customers and the communities it serves.

A Brand is defined by the feelings and perceptions the customers have before, during, and after experiencing the Brand's products and/or services. Successful branding promotes recognition, differentiates itself from others, generates referrals, connects with customers emotionally, provides business value, and represents the company and its promise to the consumer.

**Business**
A business can be defined as an organization or enterprising entity engaged in commercial, industrial, or professional activities. The **reason** for the existence of a business is for economic performance (profit and growth). The **purpose** creates and keeps customers which drives economic performance; and the result of a business is satisfied, loyal, frequent user, fanatical fan customers who drive the sustaining economic performance of the business. Business consists of mechanics and dynamics. Mechanics include process, systems, and technology; dynamics include beliefs and behaviors lived between and among one another and with customers.

The characteristics of a successful business include the following ten competencies – each can be measured. These metrics, numbers if you will, are predictive indicators of the future growth and profitability of the business:

1. Attracting new customers.
2. Retaining new customers.
3. Ensuring customers are fanatical fans, i.e. satisfied, loyal, frequent users, promoters of the Brand.
4. Retaining current customers.
5. Ensuring customers promote you, forever.

6. Getting customers to purchase more of its products or services more often.
7. Continually increasing market share.
8. Maintaining a sufficient profit margin.
9. Creating a "great place to work", i.e. low turnover, happy, successful team members.
10. Having "happy, successful franchisees".

**Compliance**

Compliance is adherence to a predetermined set of behaviors designed to get specific results. It is in accordance with established guidelines, agreements, specifications, laws, regulations, standards, etc. For a Brand to be successful, everyone must be on the same page, support the Brand, and act as one. That page has to do with creating and retaining very satisfied, loyal, fanatical fans. Customers expect "no surprises". Customers talk to other potential customers who might go to other units in the same or other markets. Customers gain confidence from compliance. Staff are easier to manage with compliance. Compliance makes the operation of a unit easier.

A consistent EXPERIENCE is what creates an emotional bond between the customer and the Brand. Compliance creates that consistent emotional bonding experience. We are in an experience economy. That's where compliance comes in. When there is lack of compliance, Franchisees could act independently resulting in a fragmented system that is not aligned and moving toward the same goals which is creating fanatical fans. Enforcing compliance on both sides (Franchisor and Franchisee) protects the investment that all Franchisees make in the Franchised Business.

**Core Values**

Core values are principles and priorities that guide and direct the organization and its culture. They are deeply ingrained and create a moral compass for the organization and its employees. Core values establish a standard against which decisions are made and actions can be assessed. To be effective, core values must be fully embraced at all levels of the company including leadership and should be used daily to guide attitudes, actions, and decision-making. It is important to have set pre-determined ways the core values are embedded and reinforced.

**Customer Centric**

The goal of a customer-centric business is to create a "great place for customers to do business". The best franchise company (or any business) will realize the key to success lies with making the customer experience the center of everything it does. They understand that the ways we ensure new and existing customers are loyal, frequent users, and fanatical fans promoting the Brand ensure our future. Our primary, number one, commitment is focusing all efforts on the goal of creating fanatical fans who return frequently and promote the business with their sphere of influence. Everyone on the team has an attitude and belief that we will not be content until everyone who wants and needs our products and services is highly satisfied.

We can achieve this number one commitment by asking and answering three questions: (1) Who are OUR customers? (2) What do they value? (3) How can and do we enhance what they value?

Customer-Centric Culture Concepts include Customer satisfaction can be measured; the customer is not dependent on us – we are dependent on them; the customer is not an interruption of our work - the customer

is the reason for our work; the customer deserves the most attentive, courteous, and professional treatment you can provide; and the customer is the lifeblood of our business. The team realizes that without customers we would not have a business; therefore, we work for the customers.

Customers have many choices when they are purchasing a product or service. Its human nature to frequent the business where the customer perceives value and feels appreciated. Additionally, the customer experience involves both the head (intellectual) and heart (feelings). Head and heart issues include quality, convenience, unparalleled customer service, cleanliness, consistency, friendliness, tone of voice, body language, image, and perceived value.

Most businesses make decisions and interact with customers every day. Some decisions are small while others are large like expansion, pricing, hours, staffing, product/service changes, etc.; and interactions with customers can vary. A successful business will instill in their employees that when making a decision or interacting with a customer, the customer-centric concepts and head and heart issues need to be at the forefront of that decision or interaction.

**Default**

Default is failure to perform as required by a contract. Examples of "default" in the franchising arena include but are not limited to: failure to abide by the requirements of the Franchise Agreement; failure to submit and pay royalties as required; and/or failure to make timely payments on a promissory note. When a Franchisee consciously and deliberately does NOT perform as required by the Franchise Agreement that Franchisee is, in effect, telling the Franchisor they no longer want to be a part of the system. It is the obligation of the Franchisor to protect the other Franchisees from "bad actor's franchisees" whose non-compliant choices affect their businesses and the Brand. So, the Franchisor makes their decision after the non-compliant Franchisee makes theirs. The Franchisee is in effect requesting the Franchisor do the paperwork to help them exit the system.

**Franchise**

A franchise is a business relationship between a Franchisor and a Franchisee based on a legal structure. Under the legal structure, the Franchisor grants to the Franchisee a license to use the Franchisor's Brand name, philosophies, business principles, operating system, and ongoing performance improvement resources to accomplish the business purpose of the relationship – to create and retain very satisfied, loyal, frequent user, fanatical promoter customers.

**Franchise Agreement**

The Franchise Agreement sets out all of the terms and conditions governing the franchise relationship. It is prepared by the Franchisor and signed by both the Franchisee and representative of the Franchisor (usually the CEO). Franchise Agreements will include but are not limited to: franchise cost including initial fee, royalties, marketing costs; franchise location terms; territorial rights; training schedule; building, equipment and supply terms; operating practices; system standards; termination and renewal terms; and the general obligation of the Franchisee. In addition, it includes the Franchisee's rights and consequences of being non-compliant.

It also sets forth the expectations, obligations, and rights of the Franchisor by describing the Franchisor's commitment to the Franchisee.

**Franchise Disclosure Document**

The Franchise Disclosure Document (FDD) is a legal document the Federal Trade Commission (FTC) requires Franchisors to provide to prospective Franchisees before granting them a franchise. The FDD is divided into twenty-three Items (sections); each requires a Franchisor to disclose certain information to assist a prospective Franchisee in making a well-informed decision before signing a Franchise Agreement. This information concerns the Franchisor, the individuals and entities associated with the Franchisor, the franchise opportunity, the fees charged by the Franchisor, the Franchisor-Franchisee relationship, and other information about the offering.

**Franchisee**

Within the franchise relationship, the Franchisee is the person or entity to whom the right and obligation to conduct a business has been granted by the Franchisor. The Franchisee owns their own company, but for a fee is licensed and obligated to use the Franchisor's name and operating system in a defined and proscribed way for a designated period. A Franchisee owns the assets of their company which they have chosen to invest in someone else's Brand, operating system, and ongoing support.

**Franchising**

Franchising is a business growth strategy whose advantage is to enable the Brand to simultaneously enter, penetrate, and dominate every market entered. Franchising is also a strategic alliance between groups of people who share three specific goals: (1) open locations; (2) ensure happy, successful franchisees; and (3) exceed customer expectations so the customers will be fanatical fans. It is a network of interdependent business connections that allows several people to share Brand identification, a successful method of doing business, and a proven marketing and distribution system.

Franchising involves a Franchisor with a method of distributing products or services who establishes the Brand's trade name and/or trademark along with a proven business system. A Franchisee pays a royalty and often an initial fee for the right to do business under the Franchisor's name utilizing their proprietary way of doing business and established operating systems.

In essence, it is an organized marketing and distribution system meeting and exceeding customer's wants, needs and desires. When more products/services are delivered with a great customer experience under the same name (Brand) the result is loyal, fanatical, promoter customers, and Brand recognition. The greater the recognition, the more likely the consumer is to use or patronize that Brand when they have a need. The more consumers who use the Brand, the faster the Brand can increase its market share. An increased market share creates an image in the mind of future customers about how the Brand's products/services can help them.

**Franchisor**

Within the franchise relationship, the Franchisor is the person or entity that owns the Brand name, operating system, trademark, and business model.

**I Own My Franchise**

"I Own My Franchise" is a misconception arising from the use of phrases making the Franchisee believe they bought a franchise. For example: Buy a franchise; We sell franchises; and/or own a franchise. Franchisees don't own the franchise; they are licensed to use the Brand name and the operating system for an x-number of years in a defined market. In fact, they are not just licensed to use the system, they are obligated to use the system. The Franchisee owns their company but are licensed to operate it using the Franchisor's operating system. Franchisees are in an interdependent relationship in which both the Franchisor and the Franchisee work for the same business object which is to dominate markets by getting and keeping customers. Instead of the Franchisee thinking "I am buying a franchise" they are investing their assets in a system to utilize the Brand name, operating system, and ongoing support.

**Industry**

An Industry is a group of companies related based on their core business activities. Similar businesses are grouped into industries based on their primary product/services. This effectively creates industry groups which can then be used to isolate businesses from those who participate in different activities. Companies operating in the same industry can be compared to each other to evaluate the relative attractiveness of a company within that industry. Each recognized industry has what is known as a Standard Industrial Code (SIC). Franchising does not have an SIC. When companies are listed by their SIC, franchising is not listed because franchising is neither an industry nor a company. In the list of companies listed by SIC you find companies who franchise and those who do not.

Although not directly related to the definition of industry, successful companies identify a characteristic of their organization (Brand) that separates them from key competitors in their industry and gives them a perceived advantage in the eyes of their target audience; this is called a "differentiator". Differentiation creates value, Brand loyalty, and helps to create fanatical fans for that Brand within the industry.

**Initial Fee**

The Initial Fee is generally paid upon signature of the Franchise Agreement. It goes toward the costs related to the preparation of the legal documents and individual state registrations. It helps cover: the Franchisor's expenses connected with franchisee selection; training and support provided by the Franchisor prior to openings; new Franchisee training; marketing assistance; costs to develop and organize the franchise and related systems including trade name/trademark registration and protection; and legal fees to ensure compliance with various laws.

Simply stated the Initial Fee is cost recovery. The Franchisor spent time, money, and effort preparing their organization to offer individuals the opportunity to join their team and prosper. These costs are recovered through the Initial Fee paid to the Franchisor by the Franchisee.

These costs are recovered through the Initial Fee paid to the Franchisor by the Franchisee.

**Key Result Area:** One of the very few broad areas where the concentration of thinking, planning, and execution of strategies and tactics achieves results contributing to the Brand's Vision.

- Loyalty Brands' vertical partner Brands share three Key Result Areas. Loyalty Brands also uses the term "Strategic Imperatives" to mean the same thing as KRA. The three KRAs are
  1. Open Locations,
  2. Happy, Successful Franchisees, and
  3. Fanatical Fans.

**Key Result Indicators:** KRIs are sub-areas of the Key Result Areas.
Example: Under Open Locations KRIs include:

- Number of Inquiries
- Number of RFCs received per week
- Franchise Agreements signed
- Location Leases Signed
- All Locations ready for the upcoming tax season
- New Franchisee Training Successfully Completed
- Fanatical Fans created and retained

**Key Performance Standards:** These are minimum measurable acceptable results applying; (1) everyone doing a particular job or function, or that fits a particular person who is doing a particular job or function as their minimum measurable acceptable results. Examples:

- Minimum acceptable standards are below for Key Result Indicators:
  1. 1,000 Inquiries per week
  2. 250 RFC completed
  3. 10% of completed RFCs sign Franchise Agreements
  4. Applicable Location Leases Signed by December 1st of every year
  5. New Franchisee Training Successfully Completed by November 1st of every year
  6. All locations ready for the upcoming tax season by Dec. 15th of every year
  7. Tax schools completed by Dec. 10th of every year
  8. Applicable top 10 are successfully executed by established dates throughout the year
  9. 90% of new customers become Fanatical Fans
  10. 90% of existing customers are Fanatical Fans
  11. 75% of tax preparers return from the previous year

**Lead Generation**

Lead Generation is the process of attracting, creating, and retaining lifetime customers (users) who are very satisfied, loyal, frequent users, promoters of the Brand, and fanatical fans who refer you to their sphere of influence. Lead generation strategies and tactics are too numerous to mention. Lead generation can be used for new Franchisees, Area Representatives, and customers for the Franchised Business. A lead is defined as a potential user (customer) who has shown interest in a company's products or service in some way, shape, or form. It can apply to generating leads for consumers, new employees, Franchisees, Area Representatives, suppliers, etc.

**Leadership**

Leadership is a process of influence that maximizes the efforts of others toward the achievement of goals. Leadership has nothing to do with seniority or a position in a company. Nor is it associated with titles or

management. Leadership has the capacity to translate vision into reality by directing the organization in a way that makes it more cohesive and coherent. Leaders are defined as individuals who influence the beliefs, thinking, and behavior of others to achieve the mission of the organization. When a leader is successful, their mission and passion become contagious. A great leader acts with integrity, helps develop others, values relationships, shows honesty, listens to their followers, promotes their vision, displays courage, and holds themselves accountable. To sum it up: leadership is to influence, inspire, and help others become their best selves while building their skills and achieving organizational goals along the way.

It is common for people to associate leadership with a specific person or title when in fact it is a set of skills that anyone can master if they truly want to. You don't have to be a CEO, company owner, manager, etc. to be a leader. You just need to understand what leadership is, identify a leadership mentor(s), learn from that mentor(s), and then model your behavior so you can inspire others to join you on your mission.

**Management's Functions** common to every business include (1) research, (2) planning, (3) organizing, (4) coordinating, (5) controlling, (6) delegating, and (7) directing. The seven functions of management reveal the information needed to decide the; who, what, when, where, and how to deploy the five resources to achieve the short and long-term results required for the accomplishment of Vision.

**Management's Process** performs the seven functions on each of the five resources toward how they can, together, achieve the results needed to accomplish the Vision.

**Management's Resources** common to every business include (1) people, (2) money, (3) materials, (4) time, and (5) space. Resources are allocated to achieve results.

**Marketing**

"Everything is marketing and marketing is everything". Marketing done well is to know and understand customers including who they are and what they value so they understand that the Brand's products and/or services meet their wants, needs, desires, and goals thus creating buyers eliminating the need to sell. When the encounters with the customers occur, the Brand's representatives can enhance what the customers' value in what is called the many forms of "the customer experience". Marketing must result in a customer who is ready to buy.

**Mission**

The Mission is the main idea, the purpose, and the drivers behind an organization which propels the company in a particular direction. In essence, the Mission is the organization's reason for existence.

**Moments of Truth**

"Moments of Truth" are contacts (encounters) with both existing and potential customers as they perceive each contact as either "deal makers" or "deal breakers" regarding their relationship with the company. If each encounter is perceived as a positive memorable moment, the customer and potential customer will be: (1) very satisfied; (2) want to see you again and again; and (3) will become fanatical fans.

**Obligation**

An obligation is a formal contract, a promise, or the demands of conscience or custom that obligates one to a course of action or non-action. An obligation can be enforceable such as a contract, rule, or law; or it can be something a person feels bound to do based on a sense of duty or custom. The legal obligations that a Franchisee and Franchisor have to each other are detailed in the Franchise Agreement. However, for the business relationship to work both sides need to understand their basic obligations to establishing a successful company even though some may not be documented. This basic understanding fosters the concept of unified thinking and promotes the company mission which is to have satisfied repeat customers. As an example: Franchisors and Franchisees are not legally obligated to the core values, but those values are the principles and priorities that guide and direct the organization and its culture. Therefore, operating under the premise that Franchisors and Franchisees are in essence obligated to those core values is what causes the entire organization to be more successful.

**Ongoing Support**

Ongoing Support is the support that remains in existence and is beneficial to both the Franchisor and Franchisee. The Franchisor provides ongoing support as detailed in the Franchise Agreement and may provide other support as warranted. For the Franchisee, ongoing support is a valuable resource of expert know-how that is used in conjunction with the Operations Manual for the successful operation of their business. As applicable, the Franchisor may provide ongoing administrative or technical support and/or they may provide marketing, mentoring, training, or access to supply vendors.

**Operations Manual**

The Operations Manual (OM) is the blue-print and how-to guide of a franchise system. It contains comprehensive guidelines advising a Franchisee on how to operate the Franchised Business. It covers all aspects of the business including general business procedures not necessarily peculiar to Franchised Business. The specific topics of a well-written Operations Manual are too numerous to list; however, at a minimum the OM should contain chapters related to: an introduction including an overview of the Franchisee responsibilities; pre-opening procedures; personnel issues including related laws; daily operating procedures including the customer experience; technology; supplier information; marketing; and management documents/forms. Just as important, the OM should contain the Brand's mission, vision, core values, a section on franchising, and one on the Franchisor's and Franchisee's rights and obligations as well as the AR/Franchisee relationship.

The Operations Manual ensures uniformity of the customer experience, quality control across multiple locations, serves as a training tool, protects and ensures consistency throughout the Brand, aligns Franchisee performance, and saves time as Franchisees have a document in hand to refer to as opposed to waiting on a response via an e-mail, phone call, etc.

**Performance Improvement**

Performance improvement is a process helping people achieve better performance and growth. It corrects underperformance and encourages above average performance. It monitors the Franchisee's meeting organization standards and expectations both in terms of productivity and behaviors reflecting the living of the Brand's mission and values between and among one another and with the customers.

To be effective, the involved parties must first identify the areas that need improvement such as understanding what's working and what isn't. A related performance improvement plan is only effective if the performance issues in question can be resolved with a structured plan and time-sensitive goals.

**Personal Goals**

Personal goals include what individuals want, need, and/or desire that at that moment they do not have. Personal goals can be in the following areas: income, lifestyle, wealth, equity, debt elimination, avoidance, and more. What's important to note is that personal goals drive business goals. The motivation for achieving business goals is to achieve personal goals. Business goals are a means to an end, not the end. Therefore, personal goals play an important role in business success as they are motivating factors.

Both business and personal goals when written are better when following the SMART criteria. S=Specific; M=Meaningful; A=Achievable; R=Realistic; and T=Trackable. When setting personal goals set those that are a bit challenging but not out of reach. They should be something that really matters to the goal setter and aligns with their values. Once goals are set, strategies to stay on track should be developed and a timeline to re-evaluate those goals should be established as priorities can change.

**Planning**

Planning is ongoing and dynamic. A plan is static and unchanging. Planning is the rational (the "what") and emotional (the "why") assessment of where you are, where you want to be, how you will get there, when you are going to get there, how you will measure your results, and why you are doing it (improve lifestyle, income, wealth, or equity). Planning of some kind is going on in business all the time; it may be formal or informal and can include hundreds of variables. Planning involves: (1) who does what; (2) what is to be done; (3) when it will be done; (4) where it will be done; (5) how it will be done; and (6) why it is to be done? Planning includes thinking long-term but acting short-term. Planning is firm on strategy and flexible on tactics. Planning involves everyone understanding the purpose and anticipating accomplishing the results. It includes metrics to measure and monitor performance.

Planning starts with five basic questions:

1. Where is my business today? (analysis)
2. Where do I want to be at some predetermined point in time? (goal setting)
3. How will I get there?
4. How will I measure my progress toward success/results?.
5. Why am I doing these other four things? (goals)

**Renewal**

The Franchisee is granted a particular timeframe in which to conduct business as a Franchisee in the initial Franchise Agreement. The Franchise Agreement will state the terms and conditions to renew that business relationship. Renewal is the resigning of a Franchise Agreement after the initial or subsequent terms of the franchise expires.

**Return on Investment:** Formula: Net return divided by the total investment made times 100. This gives a percentage. When the net return equals the investment made then the business has reached break even.

The Cost of investment calculation for a new franchised location, for the first year of operation, would include two calculations:

1. The first includes costs incurred by the franchise from first contact through the end of the initial 12 months of the business divided by the net return of the first 12 months in business times 100%.
    - If the total cost was $500,000.00 and the net return was $50,000.00, the ROI would be 10%
2. The second includes costs only related to starting up the business from (1) lease and buildout, (2) and operating costs through the end of the first 12 months of business. If costs were 150,000.00 and the net return was $50,000.00, the ROI would be 33.33%.

**Royalty**

Royalties are funds that transfer from the Franchisee to the Franchisor to support the existing Franchisees and maintain and grow the franchise system. The mistaken concept is that the Franchisee is paying the royalty; however, even though it is deducted from the Franchisee's funds it is the customer who is actually paying the royalty. When the customer pays for a service or product, part of what they paid for the service or product goes to the Franchisee and part of it goes to the Franchisor.

Royalty is similar to a "quid pro quo" which is an agreement between two or more parties in which there is a reciprocal exchange of goods or services. The phrase is Latin for "*something for something*". The "quid" is the use of the Operating System including all intellectual property (IP) of the Franchisor (the *something*). The "pro quo" is the Franchisor's share (for *something*) of the customer's money generated when the Franchisee uses the Operating System and IP to get and keep customers.

The Franchise Agreement states what the royalty amount is and when it's due.

**Standards**

Standards are specific norms, management practices, methods, and levels of expectation that create opportunities to measure performance. Standards often have zero tolerance for adherence to, maintaining, and achieving. They apply to tasks, processes, and outputs. They ensure quality and consistency. Standards must align with a company's core values and mission; and everyone within the company must know of and accept the standards because they build trust in the company's Brand. Standards are a roadmap to success, and they make companies and the people within it better at what they do. Most Franchise Agreements identify the standards needing to be followed. Lack of adherence to franchise standards can result in the default process being activated by the Franchisor.

**Strategy**

Strategy refers to a direction toward a vision and the goals to achieve it. These provide the actions to be taken in achieving the organization's mission. Strategies can take time, research, and careful planning to create because of their long-term vision. Creating effective strategies should involve input across the organization so it's important to ensure there's alignment between the strategy and each department's priorities.

Examples of strategies include Franchising, company locations, lowest price always, multi-level marketing, serving the masses, serving the classes, focusing on the specific needs of one demographic, etc. A company's

strategy must be linked to performance. The strategy provides the specific "how to reach a vision", but the tactical plan can be flexible. "Firm on Strategy; Flexible on Tactics". Strategies and tactics must work together to an end and be in line with one another. Strategies are not goals.

**System**

A System is a series of interdependent tasks or documented procedures outlining exactly how to do something to achieve a result. They are a group of interdependent elements or components that meet a business objective (common purpose). Well thought-out and documented systems help a business scale more quickly, streamline processes, achieve greater efficiency, promote consistency, lowers labor costs, allow for control without micromanaging, and help identify and prevent problems faster.

Ten Systems of a Successful Franchise Company:

1. Creating and Retaining Loyal Frequent User Fanatical Fan Customers
2. Superior Leadership
3. Strong Business & Financial Planning
4. Happy, Successful Franchisees
5. Pre-Opening and Operations Manuals
6. Excellent Franchisor/Franchisee Relations
7. Focused Field Staff
8. Effective Training & Development Programs
9. Legal & Regulatory Compliance
10. Branding & Marketing

**Tactics**

Tactics are the specific actions taken to support a strategy; they have a clear purpose that aids the strategy. Tactics are more concrete than a strategy, oriented toward smaller steps, have clear deliverables, and a finite timeline during which specific activities will be completed and their impacts measured. Unlike strategies which are broader, tactics can be quickly adjusted to correct the course of action. Because tactics are actions taken in furtherance of a strategy they must work together and be in line with one another.

**Territory**

A Territory is a specific geographic region that is defined by zip codes, counties, cities, natural, or political boundaries. The population of the territory, established by the Franchisor, varies by Brand and is determined by using data from the U.S. Census Bureau or reliable mapping software. Territories may be exclusive, meaning a geographic area within which the Franchisor promises not to establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks. Specific information of the Franchisee's territorial rights are included in the Franchise Agreement.

**Vision**

Vision is what the organization wants to be; it concentrates on the future and describes a future identity. Vision looks forward and creates a mental image of the ideal state the organization wishes to achieve. It is inspirational and aspirational; and should challenge employees.

**SCHEDULE 2**
**FRANCHISEE INFORMATION**
*(to be updated and signed as information changes)*

**Franchise Effective Date:**

**Franchise Fee:**

**Franchisee Name:**

**Ownership of Franchisee Entity, each ("Shareholder"):**

| | |
|---|---|
| **Name:** | **Ownership Percentage:** |
| **Name:** | **Ownership Percentage:** |
| **Name:** | **Ownership Percentage:** |

**Officers and Directors of Franchisee Entity:**

| | |
|---|---|
| **Name:** | **Title:** |
| **Name:** | **Title:** |
| **Name:** | **Title:** |

**Franchisee Principal Address:**

**Location Address:**

**Franchisee Phone:**

**Franchisee Email:**

**Designated Operator:**

**Designated Manager:**

**Territory:**

**Expiration Date of Initial Term:**

**Due Date for Renewal Notification:**

| | |
|---|---|
| **FRANCHISOR:** | **FRANCHISEE:** |
| **PET PASSAGES FRANCHISING, INC.** | |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title: _____ | Title:_____ |
| Dated: _____ | Dated: _____ |

## SCHEDULE 3

## LEASE ADDENDUM

**THIS ADDENDUM** (the "Addendum"), dated the ___ day of _____, 20___ by and among _____ ("Landlord"), and _____ (the "_____") (collectively the "Parties").

**WHEREAS**, Landlord and Tenant have entered into a lease of even date herewith, for the space located _____ (the "Lease"); and

**WHEREAS**, the Parties desire to amend the Lease to comply with the requirements of the Franchise Agreement dated _____ (the "Franchise Agreement") between Tenant and Pet Passages Franchising, Inc. (the "Franchisor") for the operation of a Pet Passages® franchise location at the Leased Premises.

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree that the Lease Agreement shall be modified as follows:

1. If the lease term (including the initial term and any properly exercised renewal terms) is not equal to or greater than the term of the Franchise Agreement, the Lease shall automatically extend to match the term of the Franchise Agreement.

2. Upon termination of the Franchise Agreement, for any reason provided for in Franchise Agreement, the Franchisor or its designee will have the option for 30 days to assume the Tenant's remaining obligations under the Lease without accruing any liability regarding the Lease before the effective date of any assignment, or the Franchisor will have the right to execute a new lease with the Landlord for the remaining term on same terms and conditions.

3. In the event of a default under the Lease by Tenant, Landlord will send copies of all notices of default sent to the Tenant to the Franchisor at the following address:

   Pet Passage Franchising, Inc.
   348 State Route 104
   Ontario New York 14519

4. In the event of the Tenant's default under the Lease, the Landlord will allow Franchisor or its designee to cure such default and assume the Tenant's remaining obligations under the Lease; however, Franchisor will not have any obligation to do so.

5. All signs, advertising, logos, or other forms or insignia about the Pet Passages® System must be removed from the Leased Premises if neither the Tenant nor the Franchisor or its designee is the tenant under the lease upon termination of the Franchise Agreement.

6. To the extent that any terms or provisions in this Addendum conflict with the Lease, the terms and provisions of this Addendum shall control.

7. The Parties acknowledge and agree that Pet Passages Franchising, Inc. is a third-party beneficiary of the covenants of this Addendum and the Lease Agreement, and that Pet Passages Franchising, Inc. is otherwise an express third-party beneficiary of this Addendum and the Lease Agreement, entitled to enforce the terms thereof as if it were an original party hereto.

8. This Addendum may be executed in multiple counterparts, each deemed an original, but all constitute one instrument.

9. All other terms of the Lease are to remain the same.

**IN WITNESS WHEREOF**, the Landlord and the Tenant have duly executed this Addendum as of the day and year first above written.

**LANDLORD:**

By: _____

**TENANT:**

By: _____

By: _____

## SCHEDULE 4

## IRREVOCABLE POWER OF ATTORNEY - TELEPHONE

**Appointment**

The undersigned hereby irrevocably nominates, constitutes and appoints Pet Passages Franchising, Inc. ("Pet Passages"), its true and lawful Attorney in its name, place and stead, and for the sole use and benefit of Pet Passages, in connection with all telephone numbers or telephone directory advertisement or listings containing or using the name "Pet Passages" or any other trade-names or trade-marks now or in the future used or owned by Pet Passages;

**Scope of Powers**

For all and every of the purposes set out above, the undersigned grants and gives to Pet Passages as our Attorney full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done, and also to commence, institute and prosecute all actions, suits and other proceedings which may be necessary or expedient as fully and effectually to all intents and purposes as we could do if personally present and acting therein, and also with full power and authority to Pet Passages as our Attorney to appoint a substitute or substitutes and such substitution at pleasure to be revoked. We hereby ratify, confirm, and agree to ratify and confirm and allow all and whatsoever our said Attorney or said substitute or substitutes will lawfully do or cause to be done in respect of the aforesaid purposes.

**Date of Execution**

This irrevocable Power of Attorney has been signed, sealed, and delivered on_____, 20__.

IN WITNESS WHEREOF, the Franchisee, on behalf of itself and its equity owners acknowledges that it has read and understands the contents of this Schedule, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Schedule and be bound by it. The parties have duly executed and delivered this Power of Attorney on _____, 20__.

| **PET PASSAGES FRANCHISING, INC. :** | **FRANCHISEE :** |
|---|---|
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title: _____ | Title:_____ |

## SCHEDULE 5

## IRREVOCABLE POWER OF ATTORNEY – LEASE

**Appointment**

The undersigned hereby irrevocably nominates, constitutes and appoints Pet Passages Franchising, Inc., a New York corporation with its principal office at 348 State Route 104, Ontario, New York 14519 ("Pet Passages"), its true and lawful Attorney in its name, place and stead, and for the sole use and benefit of Pet Passages, in connection with all leases, subleases, or assignments of real property for a franchised Pet Passages Location (the "Franchised Business");

**Scope of Powers**

For all and every of the purposes set out above, the undersigned grants and gives to Pet Passages as our Attorney full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done, and also to commence, institute and prosecute all actions, suits and other proceedings which may be necessary or expedient as fully and effectually to all intents and purposes as we could do if personally present and acting therein, and also with full power and authority to Pet Passages as our Attorney to appoint a substitute or substitutes and such substitution at pleasure to be revoked. We hereby ratify, confirm and agree to ratify and confirm and allow all and whatsoever our said Attorney or said substitute or substitutes will lawfully do or cause to be done in respect of the aforesaid purposes.

**Date of Execution**

This irrevocable Power of Attorney has been executed on the date set forth below.

IN WITNESS WHEREOF, the Franchisee, on behalf of itself and its equity owners acknowledges that it has read and understands the contents of this Schedule, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Schedule and be bound by it. The parties have duly executed and delivered this Power of Attorney on _____, 20__.

| **PET PASSAGES FRANCHISING, INC.:** | **FRANCHISEE:** |
|---|---|
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title: _____ | Title:_____ |

## SCHEDULE 6
## PERSONAL GUARANTY

For value received, the undersigned do hereby jointly and severally (if more than one undersigned) and unconditionally guaranty unto Pet Passages Franchising, Inc., a New York corporation with its principal office at 348 State Route 104, Ontario New York 14519, and its successors and assigns (the "Franchisor") the full payment and performance of _____, a(n) _____ (the "Franchisee") under the terms and covenants of that certain Franchise Agreement between Franchisor and Franchisee, dated _____, 20__ (the "Agreement") including, without limitation, interest and all other sums due thereunder and attorneys' fees and costs incurred in the enforcement of the Agreement or this Personal Guaranty.

The obligations of the undersigned under this Personal Guaranty are joint and several, primary, and independent of the obligation of Franchisee. This Personal Guaranty is a guarantee of payment and performance and not of collection, and a separate action or actions may be brought and prosecuted against the undersigned regardless of whether an action is brought against Franchisee or whether Franchisee is joined in any such action or actions. This is a continuing guaranty relating to the Agreement, including indebtedness arising under successor agreements or other transactions that continue the Agreement or from time to time renew or extend it. The undersigned authorizes Franchisor without notice or demand and without affecting their liability hereunder from time to time to: (a) change the amount of or the time for payment or any of the other terms and covenants of the Agreement; (b) take and hold security for the payment of this Personal Guaranty, and to renew, compromise, exchange, transfer, enforce, waive and release any such security; (c) apply such security and direct the order or manner of sale thereof as Franchisor in its discretion may determine; (d) release or substitute any one or more of the undersigned guarantors; (e) bid and purchase at any sale of security for this Personal Guaranty; (f) assign or transfer all or any part of its interest in the Agreement; and (g) assign this Personal Guaranty in whole or in part. The undersigned waive any right to require Franchisor to proceed against Franchisee, proceed against or exhaust security for the indebtedness evidenced hereby, or pursue any other remedy in Franchisor's power. If constituting married persons, each of the undersigned expressly agrees that recourse may be made against their marital community and their separate property and in such order and manner as Franchisor may elect. The undersigned waive any defense arising because of any disability or defense of Franchisee or because of the cessation from any cause whatsoever of the liability of Franchisee. The undersigned waive all presentments, demands, or performance, notice of nonperformance, protest, notice of protest, notices of dishonor, and notices of acceptance of this Personal Guaranty and the existence, creation, or incurring of new or additional obligations. Until all obligations of Franchisee under the Agreement have been paid and satisfied in full, the undersigned shall have no right of subrogation and waive any right to enforce any remedy which Franchisor now has or hereafter may have against Franchisee, and further waive any benefit of, and any right to participate in any security now or hereafter held by Franchisor. This Personal Guaranty shall bind the undersigned's heirs, administrators, personal representatives, successors, and assigns, and shall inure to the benefit of Franchisor and its successors and assigns including, without limitation, any party to whom Franchisor may assign any interest in the Agreement, and the undersigned hereby waives notice of any such assignment. All of Franchisor's rights are cumulative and not alternative. This Personal Guaranty shall be governed by, construed, and enforced under New York law.

IN WITNESS WHEREOF, the Franchisee, on behalf of itself and its equity owners, acknowledges that it has read and understands the contents of this Schedule, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Schedule and be bound by it.

Dated: _____

| **PET PASSAGES FRANCHISING, INC.:** | **GUARANTOR :** |
|---|---|
| By:_____ | _____ |
| Name:_____ | Name: |
| Title: _____ | |

## SCHEDULE 7
## CONFIDENTIALITY AGREEMENT

This Agreement is made and entered into this ___ day of _____, 20__, by and among, _____ ("Franchisee"), and _____ a _____ with an address at _____ ("Recipient").

### RECITALS

**WHEREAS**, Pet Passages Franchising, Inc. ("Franchisor") and Franchisee entered into a Franchise Agreement dated _____ ("Franchise Agreement") whereby Franchisee was granted a license to operate the Franchised Business at the Location and within the Territory utilizing the System and the Marks; and

**WHEREAS,** Franchisor developed the Confidential Information, and Franchisor and Franchisee agree on the importance of restricting the use, access, and dissemination of the Confidential Information; and

**WHEREAS**, Franchisee's obligations under the Franchise Agreement require Franchisee to obtain from Recipient a written agreement protecting the Confidential Information; and

**WHEREAS**, Recipient agrees that receipt of and the right to use the Confidential Information per the Franchise Agreement constitutes independent valuable consideration for the covenants made by Recipient herein.

**NOW, THEREFORE**, in consideration of the use of the Confidential Information in performance of Recipient's duties on behalf of Franchisee, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The capitalized terms used, but not defined herein, shall have the meaning outlined in the Franchise Agreement, which definitions are incorporated herein by reference.

2. Recipient shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her duties or association with Franchisee in connection with the operation of the Pet Passages® Location under the Franchise Agreement.

3. Recipient shall not at any time make copies of the Brand Standards Manual, or any documents or compilations containing some or all of the Confidential information without Franchisor's express written permission.

4. Recipient shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of the Franchisee and only to the limited extent necessary to train employees in the operation of the Franchise Business.

5. Recipient shall not permit any Confidential Information to leave the Location, except as required to perform Recipient's duties on behalf of the Franchised Business, and in such circumstances, Recipient shall take care to protect the confidentiality of the Confidential Information and return to the Location any materials containing the Confidential information immediately thereafter.

6. Recipient shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely harm the reputation or goodwill of the Brand.

7. Recipient acknowledges and agrees that the Digital Operations Portal shall not be accessed or reproduced without Franchisor's prior written consent, and only for the limited purpose of performing Recipient's duties on behalf of the Franchised Business.

8. Recipient acknowledges and agrees that its violation of the terms of this Agreement would result in irreparable harm to Franchisor for which no adequate remedy at law may be available, and therefore consents to the issuance of an injunction, without the need to post bond. Injunctive relief is in addition to other remedies available to Franchisor at law and in equity.

9. This Agreement will be interpreted following the laws of the State of New York. Recipient hereby irrevocably submits themself to the jurisdiction of the State Courts of Monroe County, New York, and the Federal District courts for the Western District of New York. Recipient hereby waives all questions about personal jurisdiction or venue to carry out this provision. And further agrees that Monroe County, New York, shall be the venue for any proceeding relating to or arising out of this Agreement.

10. Recipient shall pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

11. Any failure by Franchisor or Franchisee to object to or take action concerning any breach of this Agreement by Recipient shall not be deemed a waiver or consent to Recipient's breach.

12. Each section, part, term, and/or provision of this Agreement will be considered severable and fully enforceable. If for any reason, any part of this Agreement is determined to be invalid, contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, it will not impair the operation of, or have any other effect upon, any other part of this Agreement as may remain otherwise intelligible, and that part will continue to be given full force and effect and bind the parties. The court may modify or amend an otherwise unenforceable or invalid provision of this Agreement to render it enforceable to the maximum extent permitted by law, but if not practicable, then the invalid part or parts will not be considered to be a part of this Agreement.

13. This Agreement contains the entire agreement of the parties regarding the subject matter contained herein

14. Franchisor is hereby named a third-party beneficiary entitled to enforce the provisions of this Agreement against the Recipient. Franchisor may assign its rights under this Agreement to a third party without Franchisee or Recipient consent.

15. This Agreement may be executed in one or more counterparts. The executed counterparts shall each be deemed an original, but all such counterparts shall together constitute one and the same instrument.

**IN WITNESS WHEREOF,** the undersigned have executed this Confidentiality Agreement as of the date first set forth above.

| **Franchisee:** | **Recipient:** |
|---|---|
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

## SCHEDULE 8
## STATE-SPECIFIC AMENDMENT

If the franchise being awarded is subject to the franchise-specific laws of one (1) or more of the following states because (a) the franchise prospect is a resident of that state, and/or (b) the franchise rights being awarded in within that state, as applicable under the specific state statute(s) at issue, the amendment for that state set forth below will apply to the franchise documents and should be entered into with Franchisor.

*[attached if applicable]*

**ILLINOIS AMENDMENT**
**TO PET PASSAGES FRANCHISE AGREEMENT**

In recognition of the requirements of 815 ILCS 705/1-44 of Illinois Law the parties to the attached Franchise Agreement (the "Agreement") agree as follows:

1. Notwithstanding anything contained in the Agreement to the contrary, Franchisor shall not terminate a franchise prior to the expiration of its term except for "good cause" as provided below:

(a) "Good cause" shall include, but not be limited to, the failure of the franchisee to comply with any lawful provisions of the franchise or other agreement and to cure such default after being given notice thereof and a reasonable opportunity to cure such default, which in no event need be more than 30 days.

(b) "Good cause" shall include, but without the requirement of notice and an opportunity to cure, situations in which the franchisee:

(i) makes an assignment for the benefit of creditors or a similar disposition of the assets of the franchise business;
(ii) voluntarily abandons the franchise business;
(iii) is convicted of a felony or other crime which substantially impairs the good will associated with the franchisor's trademark, service mark, trade name or commercial symbol; or
(iv) repeatedly fails to comply with the lawful provisions of the franchise or other agreement.

2. Notwithstanding anything contained in the Agreement to the contrary, the Franchisor shall not refuse to renew a franchise either by repurchase or by other means for the diminution in the value of the franchised business caused by the expiration of the franchise where:

(a) the franchisee is barred by the franchise agreement (or by the refusal of the franchisor at least 6 months prior to the expiration date of the franchise to waive any portion of the franchise agreement which prohibits the franchisee) from continuing to conduct substantially the same business under another trademark, service mark, trade name or commercial symbol in the same area subsequent to the expiration of the franchise; or

(b) the franchisee has not been sent notice of the franchisor's intent not to renew the franchise at least 6 months prior to the expiration date or any extension thereof of the franchise.

3. The Illinois Attorney General's Office has imposed an escrow requirement due to Franchisor's financial condition, a copy of Franchisor's escrow agreement is on file with the Office of the Illinois Attorney General. The initial Franchise Fee that you pay to us will be held in escrow until we have met all of our pre-opening obligations to you.

**PET PASSAGES FRANCHISING, INC. :**

By:_____
Name:_____
Title: _____

**FRANCHISEE :**

By:_____
Name:_____
Title:_____

## WISCONSIN AMENDMENT
## TO PET PASSAGES FRANCHISE AGREEMENT

In recognition of the requirements of the Wisconsin Dealership Practices Law the parties to the attached Franchise Agreement (the "Agreement") agree as follows:

1. Notwithstanding the terms set forth in Section 17, or elsewhere in the Agreement, Franchisor will not terminate, cancel, fail to renew or substantially change the competitive circumstances of the Agreement without good cause.

2. Notwithstanding the terms set forth in Section 17, or elsewhere in the Agreement, except as provided in this section, Franchisor shall provide Franchisee at least 90 days' prior written notice of termination, cancellation, nonrenewal or substantial change in competitive circumstances of the Agreement. The notice shall state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and shall provide that the dealer has 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days the notice shall be void. The notice provisions of this section shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Agreement, the Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. Notwithstanding anything contained in the Agreement, if the Agreement is terminated by the Franchisor, the Franchisor, at the option of the Franchisee, shall repurchase all inventories sold by the Franchisee to the Franchisee for resale under the Franchise Agreement at the fair wholesale market value. This section applies only to merchandise with a name, trademark, label or other mark on it which identifies the Franchisor.

**PET PASSAGES FRANCHISING, INC. :**

By:_____
Name:_____
Title: _____

**FRANCHISEE :**

By:_____
Name:_____
Title:_____

## MINNESOTA AMENDMENT
## TO PET PASSAGES FRANCHISE AGREEMENT

In recognition of the requirements of CHAPTER 80C. FRANCHISES of Minnesota Law the parties to the attached Franchise Agreement (the "Agreement") agree as follows:

1. Notwithstanding Section 22.8, or anything contained in the Agreement to the contrary, Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. Notwithstanding Section 17, or anything contained in the Agreement to the contrary, with respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases):

- that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; and
- that consent to the transfer of the franchise will not be unreasonably withheld.

4. Notwithstanding anything contained in the Agreement to the contrary, the franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name as required by Minnesota Statute 80C.12 Subd. 1(G).

5. Notwithstanding Section 4.2(f), or anything contained in the Agreement to the contrary, in compliance with Minnesota Rules 2860.4400(D) the franchisor does not require a franchisee to assent to a general release.

6. Notwithstanding Sections 18.1(f) and 19.7, or anything contained in the Agreement to the contrary, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

7. Notwithstanding anything contained in the Agreement to the contrary, all claims must comply with Minnesota Statute 80C.17 Subd. 5. "No action may be commenced pursuant to this section more than three years after the cause of action accrues."

8. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

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

| | |
|---|---|
| Franchisor: Pet Passages Franchising, Inc. | Franchisee: |
| _____ | _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

## MARYLAND AMENDMENT TO
## PET PASSAGES FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Franchise Agreement (the "Agreement") agree as follows:

1. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 1.5 shall be omitted in its entirety.

3. Section 1.7 shall be omitted in its entirety.

4. That the following shall be added to the end of Section 19.14: Notwithstanding the above, the parties agree that only with respect to claims arising under the Maryland Franchise Registration and Disclosure Law, Franchisee may bring such claims in any federal or state court in the state of Maryland.

5. That the following shall be added to the end of Section 22.8: Notwithstanding the above, the parties agree that only with respect to claims arising under the Maryland Franchise Registration and Disclosure Law, Franchisee may bring such claims in any federal or state court in the state of Maryland.

6. Section 22.11 shall be omitted in its entirety.

7. Section 22.12 shall be omitted in its entirety.

8. Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee to Franchisor will be held in escrow in accordance with the requirements of the Maryland Securities Commissioner until the Franchisor completes its pre-opening obligations under this Franchise Agreement.

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

10. Provision 17.2(g) of the Agreement may not be enforceable under federal bankruptcy law.

This Addendum is to be executed simultaneously with the Franchise Agreement.

Receiving Party (Franchisee): Date:

_____ _____

Authorized representative of

_____

Disclosing Party: Date:

_____ _____

Authorized representative of Pet Passages Franchising, Inc.

_____

EXHIBIT "D"

TO
FRANCHISE DISCLOSURE DOCUMENT

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*[See Attached]*

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EXHIBIT "E"

TO
FRANCHISE DISCLOSURE DOCUMENT

## List of Franchisees as of December 31, 2024

**Pet Passages – Southbury, CT**
Stone Family Cremation Services, Inc.
125 Bullet Hill Road North
Southbury, CT 06488
203-263-2146

**Pet Passages – Livonia, MI**
Lady LuLu Enterprises Inc.
31039 Schoolcraft
Livonia, MI 48150
734-855-7029

**Pet Passages – Lake Orion, MI**
Charlie's Angels – Lake Orion, LLC
4577 S. Lapeer Rd, Suite I
Lake Orion, MI
248-499-8446

**Pet Passages – Finger Lakes, NY**
Emma's Eternal Light, Inc.
1040 Owego Rd
Candor, NY 13743
607-236-4122

**Pet Passages – Dover, NH**
STCP Enterprises, LLC
2 Concord Rd.
Lee, NH 03861
603-868-2100

**Pet Passages – Little Falls, NY**
Mohawk Valley Pet Tributes, LLC
7507 State Route 5, Building B
Little Falls, NY 13365
315-743-0218

**Pet Passages – Charlotte, NC**
Check Zero Consulting, LLC
1470 E. Independence Blvd.
Indian Trail, NC 28079
704-628-5052

**Pet Passages – Texarkana, AR**
VHawkins, LLC
10178 U.S 71
Fouke, AR 71837
870-653-2458

**Pet Passages – Largo, FL**
Patti and Bob Enterprises, LLC
9070 130th Ave N.
Largo, FL 33773
727-518-0147

**Pet Passages – Billings, MT**
JM Barnes, LLC
2223 1st Ave. North
Billings, MT 59101
406-839-2003

**Pet Passages – Oklahoma City, OK**
TIB Enterprises, LLC
3209 Thomas Rd.
Oklahoma City, OK 73179
405-768-2221

**Pet Passages – Philadelphia, PA**
Scott Wittman
1330-2 MacDade Blvd.
PO Box 187
Woodlyn, PA 19094
610-455-4072

**Pet Passages – Northern Utah, Utah**
Bailey Pet Cremation and Memorial LLC
1205 Flint Meadow Dr
Kaysville, UT 84037
385-515-6211

**Pet Passages – Marble Falls, TX**
Best Friend LLC
320 N Ridge Rd.
Marble Falls, TX 78654
830-220-5505

**Pet Passages – Collin County, TX**
TX VIZ 444, LLC
15596 State Hwy 160
Unit B
Blue Ridge, TX 75424
469-631-9372

**Pet Passages – Ft. Lauderdale, FL. – Franchise Agreement signed but location not yet open**
AC Enterprises Intl LLC

**Affiliate Owned:**

**Pet Passages – Rochester, NY**
348 State Route 104
Rochester, NY 14589
585-265-9933

**Pet Passages – Melbourne, FL**
2825 Business Center Blvd, Suite C-3
Melbourne, FL 32940
321-254-3333

**Pet Passages – Lafayette, LA**
Ellis Wallice Enterprises, Inc.
110 Eunice St.
Lafayette, LA 70508
337-534-0098

**Former Franchisees:**

**None**

EXHIBIT "F"

TO
FRANCHISE DISCLOSURE DOCUMENT

**Financial Statements**

*[See Attached]*

# PET PASSAGES FRANCHISING, INC.

## AUDITED FINANCIAL STATEMENTS

## DECEMBER 31, 2024 AND 2023

PET PASSAGES FRANCHISING, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Stockholder
Pet Passages Franchising, Inc.
Ontario, NY

***Report on the Audit of the Financial Statements***

***Opinion***

We have audited the accompanying financial statements of Pet Passages Franchising, Inc. (a New York S corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pet Passages Franchising, Inc. 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pet Passages Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pet Passages Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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, including omissions, 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 Pet Passages Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pet Passages Franchising, Inc.'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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule on page 11 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Thaney & Associates CPAs, P.C

Rochester, New York

February 21, 2025

PET PASSAGES FRANCHISE, INC.
BALANCE SHEETS

DECEMBER 31,

ASSETS

| | 2024 | 2023 |
|---|---|---|
| Current assets: | | |
| Cash | $ 11,681 | $ 37,682 |
| Other current assets | 53,500 | 26,675 |
| Total current assets | 65,181 | 64,357 |
| Property and equipment - net - Note 3 | 1,812 | 1,979 |
| Other assets: | | |
| Intangible assets - net - Note 4 | 8,803 | 10,270 |
| Total other assets | 8,803 | 10,270 |
| Total assets | $ 75,796 | $ 76,606 |

LIABILITIES AND SHAREHOLDER'S EQUITY

| | | |
|---|---|---|
| Shareholder's equity: | | |
| Common stock, no par value, 200 shares authorized, issued and outstanding -Note 5 | $ 150 | $ 150 |
| Retained earnings | 75,646 | 76,456 |
| Total shareholder's equity | 75,796 | 76,606 |
| Total liabilities and shareholder's equity | $ 75,796 | $ 76,606 |

See accompanying notes and independent auditor's report.

PET PASSAGES FRANCHISE, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31,

| | 2024 Amount | % of Sales | 2023 Amount | % of Sales |
|---|---|---|---|---|
| Sales | $ 390,996 | 100.0 | $ 233,307 | 100.0 |
| Gross profit | 390,996 | 100.0 | 233,307 | 100.0 |
| Operating expenses - Schedule 2 | 286,866 | 73.4 | 146,438 | 62.8 |
| Income from operations | 104,130 | 26.6 | 86,869 | 37.2 |
| Other income (expense): | | | | |
| Other income | - | - | 32,516 | 13.9 |
| Total other income | - | - | 32,516 | 13.9 |
| Income before provision for income taxes | 104,130 | 26.6 | 119,385 | 51.1 |
| Provision for income taxes: | | | | |
| New York State franchise tax | (275) | (0.1) | (50) | - |
| NYS PTET Tax | (10,679) | (2.7) | (6,750) | (2.9) |
| | (10,954) | (2.8) | (6,800) | - |
| Net income | 93,176 | 23.9 | 112,585 | 48.2 |
| Retained earnings - beginning | 76,456 | | 52,071 | |
| Shareholder distributions | (93,988) | | (88,200) | |
| Retained earnings - ending | $ 75,644 | | $ 76,456 | |

See accompanying notes and independent auditor's report.

PET PASSAGES FRANCHISE, INC.
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

| | 2024 | 2023 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 93,176 | $ 112,585 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Decrease (increase) in: | | |
| Accounts receivable | - | - |
| Other current assets | (26,823) | 517 |
| Increase (decrease) in: | | |
| Due to related party | - | - |
| Deperciation | 167 | 167 |
| Amortization | 1,467 | 1,467 |
| Total adjustments | (25,189) | 2,151 |
| Net cash provided by operating activities | 67,987 | 114,736 |
| Cash flows from financing activities: | | |
| Shareholder distributions | (93,988) | (88,200) |
| Net cash (used) provided by financing activities | (93,988) | (88,200) |
| Net increase in cash | (26,001) | 26,536 |
| Cash - beginning | 37,682 | 11,146 |
| Cash - ending | $ 11,681 | $ 37,682 |

| | 2024 | 2023 |
|---|---|---|
| Supplemental disclosures of cash flow information: | | |
| Cash paid during the year for: | | |
| Income taxes | $ (10,954) | $ (6,800) |

See accompanying notes and independent auditor's report.

**Note 1 – Organization**

Pet Passages Franchising, Inc. (the Company) offers franchises for the operation of businesses providing pet cremation and memorialization products and services at wholesale and retail to veterinarians, pet hospitals, humane societies and other businesses, and to individual families mourning the loss of their pets. The Company was incorporated in New York in 2011.

**Note 2 – Summary of Significant Accounting Policies**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, nonrefundable fee and continuing royalty fees based upon a percentage of sales. General and administrative costs are charged to expense as incurred.

Effective January 1, 2019, the Company has adopted FASB Accounting Standards Codification 606, Revenue from Contracts with Customers. When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including site selection and training. The Company has elected to recognize the preopening services as a single performance obligation under ASU 2021-02. There is no cumulative effect on retained earnings as a result of this election. The Company recognizes franchise fees as revenue when substantially all initial services required by the franchise agreement are performed, which is generally upon opening of a store. At December 31, 2022, the Company had fulfilled all of its contract obligations related to franchises sold during the year; therefore, there was no allocation to deferred revenue. Franchise royalty fees are based on a defined percentage of gross sales of the franchisee and are recognized at a point in time when services are rendered.

| | 2024 | 2023 |
|---|---|---|
| Franchise sales | $ 106,719 | $ 77,275 |
| Franchise royalty fees | 201,978 | 127,304 |
| Totals | $ 308,697 | $ 204,579 |

The Company grants credit to franchisees under signed franchise agreements. Allowance for doubtful accounts, if any, are provided based on the review of outstanding receivables, historical experience and economic conditions. Uncollectible accounts, if any, are expensed in the period such amounts are determined.

The Company's financial instruments include cash and related party receivables. The The company's value of these financial instruments approximates fair value due to their short-term nature.

**Note 2 – Summary of Significant Accounting Policies - continued**

The Company maintains its demand deposits in commercial banks with Federal Deposit Insurance Corporation limits.

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Leasehold improvements have a useful life of fifteen years. When property and equipment are retired or disposed of, the assets and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in income.

Intangible assets are stated at cost. Amortization is provided using the straight-line method over fifteen years.

Income taxes are provided based on current enacted and applicable income tax rates. Current and deferred income taxes are calculated based on an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company has adopted accounting standards relating to accounting for uncertain tax positions. The standard prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and provides guidance on various matters such as de-recognition, interest, penalties and disclosures required. The Company does not have any entity-level, uncertain tax positions. The Company files income tax returns in federal and New York state jurisdictions

**Note 3 – Property and Equipment**

Property and equipment consist of the following at December 31:

| | 2024 | 2023 |
|---|---|---|
| Leasehold improvements | $ 2,500 | $ 2,500 |
| Less: Accumulated depreciation | (688) | (521) |
| | $ 1,812 | $ 1,979 |

Depreciation expense for the years ended December 31, 2024 and 2023, was $167 and $167, respectively, which is included in "general and administrative expenses" on the statement of income and retained earnings.

**Note 4 – Intangible Assets**

Intangible assets consist of the following at December 31:

| | 2024 | 2023 |
|---|---|---|
| Leasehold improvements | $ 22,006 | $ 22,006 |
| Less: Accumulated amortization | (13,204) | (11,737) |
| | $ 8,802 | $ 10,270 |

Amortization expense for the years ended December 31, 2024 and 2023, was $1,467, which is included in "general and administrative expenses" on the statement of income and retained earnings.

**Note 5 – Common Stock**

At December 31, 2024 and 2023, the Company had 200 shares of no par value common stock authorized and 150 shares issued and outstanding.

**Note 6 – Lease Commitments:**

The Company leases its operating facilities from MEMI, LLC, a company related through common ownership. The lease stipulates that the lease is from January 1, 2024, through December 31, 2024 and payments are made monthly for $2,000. Rental expense was $24,000 and $26,000 for the years ended December 31, 2024 and 2023, respectively.

The company leases its software from Pet Passages, Inc., a company related through common ownership. The lease is from January 1, 2024 through December 31, 2024. Payments are made monthly and can fluctuate from month to month for a minimum of $4,000 per month as long as payments total $63,500 annually. Software expense was $94,447 and $63,500 for the years ended December 31, 2024 and 2023, respectively.

**Note 7 – Provision for Income Taxes**

The Company has elected under the Internal Revenue Code to be treated as an S corporation. In lieu of corporate income taxes, the stockholders of an S corporation are taxed on the proportionate share of the company's taxable income. Under New York regulations, S corporations pay an annual tax based on gross receipts, from $25 up to a maximum of $4,500. Income tax provision consists of current tax expense of $275. Additionally, the Company made a Pass Through Entity Tax payment during 2024 and 2023. The total income tax expense for the years ended December 31, 2024 and 2023 was $10,954 and $6,800, respectively.

Due to various timing differences, certain deductions are recognized in different periods for tax reporting than for financial statement purposes. The deferred taxable income and the resulting deferred taxes are not material to these financial statements.

**Note 8– Contingencies and Subsequent Events**

FASB Accounting Standards Codification 842, Leases (ASC 842) requires entities to recognize right-to-use assets and lease liabilities for operating leases on the balance sheet. ASC 842 is effective for years beginning on or after December 15, 2021. The Company is evaluating this new standard and the impact it will have on the financial statements.

The Company has evaluated subsequent events through February 21, 2025, the date which the financial statements were available to be issued.

PET PASSAGES FRANCHISE, INC.
SUPPLEMENTAL SCHEDULES OF OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31,

| | 2024 Amount | % of Sales | 2023 Amount | % of Sales |
|---|---|---|---|---|
| Advertising | $ 76,608 | 19.6 | $ 41,280 | 17.7 |
| Bank and credit card charges | 308 | 0.1 | 416 | 0.2 |
| Depreciation | 167 | - | 167 | 0.1 |
| Amortization | 1,467 | 0.4 | 1,467 | 0.6 |
| Meals | 120 | - | 1,151 | 0.5 |
| Professional fees | 89,749 | 23.0 | 11,847 | 5.1 |
| Rent | 24,000 | 6.1 | 26,000 | 11.1 |
| Software | 94,447 | 24.2 | 63,500 | 27.2 |
| Miscellaneous | - | - | 610 | 0.3 |
| Total operating expenses | $ 286,866 | 73.4 | $ 146,438 | 62.8 |

See accompanying notes and independent auditor's report.

# PET PASSAGES FRANCHISING, INC.

## AUDITED FINANCIAL STATEMENTS

## DECEMBER 31, 2023 AND 2022

PET PASSAGES FRANCHISING, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Stockholder
Pet Passages Franchising, Inc.
Ontario, NY

***Report on the Audit of the Financial Statements***

***Opinion***

We have audited the accompanying financial statements of Pet Passages Franchising, Inc. (a New York S corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pet Passages Franchising, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pet Passages Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pet Passages Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

*Auditor's 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 auditor's 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, including omissions, 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 Pet Passages Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pet Passages Franchising, Inc.'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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Thaney; Associates CPAs, P.C

Rochester, New York

March 13, 2024

PET PASSAGES FRANCHISE, INC.
BALANCE SHEETS

DECEMBER 31,

ASSETS

| | 2023 | 2022 |
|---|---|---|
| Current assets: | | |
| Cash | $ 37,682 | $ 11,146 |
| Other current assets | 26,675 | 27,005 |
| Total current assets | 64,357 | 38,151 |
| Property and equipment - net - Note 3 | 1,979 | 866 |
| Other assets: | | |
| Intangible assets - net - Note 4 | 10,270 | 13,204 |
| Total other assets | 10,270 | 13,204 |
| Total assets | $ 76,606 | $ 52,221 |

LIABILITIES AND SHAREHOLDER'S EQUITY

| | | |
|---|---|---|
| Shareholder's equity: | | |
| Common stock, no par value, 200 shares authorized, issued and outstanding -Note 5 | 150 | 150 |
| Retained earnings | 76,456 | 52,071 |
| Total shareholder's equity | 76,606 | 52,221 |
| Total liabilities and shareholder's equity | $ 76,606 | $ 52,221 |

See accompanying notes and independent accountant's review report.

PET PASSAGES FRANCHISE, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31,

| | 2023 Amount | % of Sales | 2022 Amount | % of Sales |
|---|---|---|---|---|
| Sales | $ 233,307 | 100.0 | $ 117,049 | 100.0 |
| Gross profit | 233,307 | 100.0 | 117,049 | 100.0 |
| Operating expenses - Schedule 2 | 146,438 | 62.2 | 76,806 | 65.7 |
| Income from operations | 86,869 | 37.8 | 40,243 | 34.3 |
| Other income (expense): | | | | |
| Other income | 32,516 | 13.9 | - | - |
| Total other income | 32,516 | 13.9 | - | - |
| Income before provision for income taxes | 119,385 | 51.7 | 40,243 | 34.3 |
| Provision for income taxes: | | | | |
| New York State franchise tax | (50) | - | (93) | (0.1) |
| NYS PTET Tax | (6,750) | (2.9) | (3,807) | (3.3) |
| | (6,800) | (2.9) | (3,900) | - |
| Net income | 112,585 | 48.8 | 36,343 | 31.0 |
| Retained earnings - beginning | 52,071 | | 20,728 | |
| Shareholder distributions | (88,200) | | (5,000) | |
| Retained earnings - ending | $ 76,456 | | $ 52,071 | |

See accompanying notes and independent accountant's review report.

PET PASSAGES FRANCHISE, INC.
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

| | 2023 | 2022 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 112,585 | $ 36,343 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Decrease (increase) in: | | |
| Accounts receivable | - | 3,000 |
| Other current assets | 517 | (27,005) |
| Increase (decrease) in: | | |
| Due to related party | - | (4,700) |
| Deperciation | 167 | 1,453 |
| Amortization | 1,467 | - |
| Total adjustments | 2,151 | (27,252) |
| Net cash provided by operating activities | 114,736 | 9,091 |
| Cash flows from financing activities: | | |
| Shareholder distributions | (88,200) | (5,000) |
| Net cash (used) provided by financing activities | (88,200) | (5,000) |
| Net increase in cash | 26,536 | 4,091 |
| Cash - beginning | 11,146 | 7,055 |
| Cash - ending | $ 37,682 | $ 11,146 |

| | 2023 | 2022 |
|---|---|---|
| Supplemental disclosures of cash flow information: | | |
| Cash paid during the year for: | | |
| Income taxes | $ 50 | $ 93 |

See accompanying notes and independent accountant's review report.

PET PASSAGES FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**Note 1 – Organization**

Pet Passages Franchising, Inc. (the Company) offers franchises for the operation of businesses providing pet cremation and memorialization products and services at wholesale and retail to veterinarians, pet hospitals, humane societies and other businesses, and also to individual families mourning the loss of their pets. The Company was incorporated in New York in 2011.

**Note 2 – Summary of Significant Accounting Policies**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, nonrefundable fee and continuing royalty fees based upon a percentage of sales. General and administrative costs are charged to expense as incurred.

Effective January 1, 2019, the Company has adopted FASB Accounting Standards Codification 606, Revenue from Contracts with Customers. When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including site selection and training. The Company has elected to recognize the preopening services as a single performance obligation under ASU 2021-02. There is no cumulative effect on retained earnings as a result of this election. The Company recognizes franchise fees as revenue when substantially all initial services required by the franchise agreement are performed, which is generally upon opening of a store. At December 31, 2022, the Company had fulfilled all of its contract obligations related to franchises sold during the year; therefore, there was no allocation to deferred revenue. Franchise royalty fees are based on a defined percentage of gross sales of the franchisee and are recognized at a point in time when services are rendered.

| | 2023 | 2022 |
|---|---|---|
| Franchise sales | $ 77,275 | $ - |
| Franchise royalty fees | 127,304 | 117,049 |
| Totals | $ 204,579 | $ 117,049 |

The Company grants credit to franchisees under signed franchise agreements. Allowance for doubtful accounts, if any, are provided based on the review of outstanding receivables, historical experience and economic conditions. Uncollectible accounts, if any, are expensed in the period such amounts are determined.

The Company's financial instruments include cash and related party receivables. The Company's value of these financial instruments approximates fair value due to their short-term nature.

**Note 2 – Summary of Significant Accounting Policies - continued**

The Company maintains its demand deposits in commercial banks with Federal Deposit Insurance Corporation limits.

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Leasehold improvements have a useful life of fifteen years. When property and equipment are retired or disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in income.

Intangible assets are stated at cost. Amortization is provided using the straight-line method over fifteen years.

Income taxes are provided based on current enacted and applicable income tax rates. Current and deferred income taxes are calculated based on an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company has adopted accounting standards relating to accounting for uncertain tax positions. The standard prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various matters such as de-recognition, interest, penalties and disclosures required. The Company does not have any entity-level, uncertain tax positions. The Company files income tax returns in federal and New York state jurisdictions

**Note 3 – Property and Equipment**

Property and equipment consists of the following at December 31:

| | 2023 | 2022 |
|---|---|---|
| Leasehold improvements | $ 2,500 | $ 2,500 |
| Less: Accumulated depreciation | (521) | (1,634) |
| | $ 1,979 | $ 866 |

Depreciation expense for the years ended December 31, 2023 and 2022, was $167 and $1,634, respectively, which is included in "general and administrative expenses" on the statement of income and retained earnings.

**Note 4 – Intangible Assets**

Intangible assets consists of the following at December 31:

| | 2023 | 2022 |
|---|---|---|
| Leasehold improvements | $ 22,066 | $ 22,006 |
| Less: Accumulated depreciation | (11,737) | (8,802) |
| | $ 10,270 | $ 13,204 |

Amortization expense for the years ended December 31, 2023 and 2022, was $1,467, which is included in "general and administrative expenses" on the statement of income and retained earnings.

**Note 5 – Common Stock**

At December 31, 2023 and 2022, the Company had 200 shares of no par value common stock authorized and 150 shares issued and outstanding.

**Note 6 – Lease Commitments:**

The Company leases its operating facility from MEMI, LLC, a company related through common ownership. The lease stipulates that the lease is from January 1, 2023 through December 31, 2023 and payments are made monthly for $2,000. Rental expense was $26,000 and $22,000 for the years ended December 31, 2023 and 2022, respectively.

The company leases its software from Pet Passages, Inc., a company related through common ownership. The lease is from January 1, 2023 through December 31, 2023. Payments are made monthly and can fluctuate from month to month for a minimum of $4,000 per month as long as payments total $63,500 annually. Software expense was $62,500 and $41,500 for the years ended December 31, 2023 and 2022, respectively.

**Note 7 – Provision for Income Taxes**

The Company has elected under the Internal Revenue Code to be treated as an S corporation. In lieu of corporate income taxes, the stockholders of an S corporation are taxed on the proportionate share of the company's taxable income. Under New York regulations, S corporations pay an annual tax based on gross receipts, from $25 up to a maximum of $4,500. Income tax provision consists of current tax expense of $50. Additionally, the Company made a Pass Through Entity Tax payment during 2023 and 2022. The total income tax expense for the years ended December 31, 2023 and 2022 was $6,800 and $3,900, respectively.

Due to various timing differences, certain deductions are recognized in different periods for tax reporting than for financial statement purposes. The deferred taxable income and the resulting deferred taxes are not material to these financial statements.

**Note 8– Contingencies and Subsequent Events**

FASB Accounting Standards Codification 842, Leases (ASC 842) requires entities to recognize right-to-use assets and lease liabilities for operating leases on the balance sheet. ASC 842 is effective for years beginning on or after December 15, 2021. The Company is evaluating this new standard and the impact it will have on the financial statements.

The Company has evaluated subsequent events through March 13, 2024, the date which the financial statements were available to be issued.

Schedule 2

PET PASSAGES FRANCHISE, INC.
SUPPLEMENTAL SCHEDULES OF OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31,

| | 2023 Amount | % of Sales | 2022 Amount | % of Sales |
|---|---|---|---|---|
| Advertising | 41,280 | 17.7 | - | - |
| Bank and credit card charges | 416 | 0.2 | 194 | 0.2 |
| Depreciation | 167 | 0.1 | 1,453 | 1.2 |
| Amortization | 1,467 | | - | |
| Meals | 1,151 | 0.5 | 194 | 0.2 |
| Professional fees | 11,847 | 5.1 | 10,230 | 8.7 |
| Rent | 26,000 | 11.1 | 22,000 | 18.8 |
| Software | 63,500 | 27.2 | 41,500 | 35.5 |
| Travel and entertainment | - | - | 1,135 | 1.0 |
| Miscellaneous | 610 | 0.3 | - | - |
| Total operating expenses | $ 146,438 | 62.2 | $ 76,806 | 65.7 |

See accompanying notes and independent accountant's review report.

# PET PASSAGES FRANCHISING, INC.

## AUDITED FINANCIAL STATEMENTS

## DECEMBER 31, 2022

PET PASSAGES FRANCHISING, INC.

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THANEY & ASSOCIATES
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Stockholder
Pet Passages Franchising, Inc.
Ontario, NY

***Report on the Audit of the Financial Statements***

***Opinion***

We have audited the accompanying financial statements of Pet Passages Franchising, Inc. (a New York S corporation), which comprise the balance sheet as of December 31, 2022, and the related statements of income and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pet Passages Franchising, Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pet Passages Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pet Passages Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

*Auditor's 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 auditor's 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, including omissions, 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 Pet Passages Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pet Passages Franchising, Inc.'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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Thaney; Associates CPAs, P.C

Rochester, New York

March 30, 2023

PET PASSAGES FRANCHISE, INC.
BALANCE SHEET

DECEMBER 31,

ASSETS

| | 2022 |
|---|---|
| Current assets: | |
| Cash | $ 11,146 |
| Other current assets | 27,005 |
| Total current assets | 38,151 |
| Property and equipment - net - Note 3 | 866 |
| Other assets: | |
| Intangible assets - net - Note 4 | 13,204 |
| Total other assets | 13,204 |
| Total assets | $ 52,221 |

LIABILITIES AND SHAREHOLDER'S EQUITY

| | |
|---|---|
| Shareholder's equity: | |
| Common stock, no par value, 200 shares authorized, issued and outstanding -Note 5 | 150 |
| Retained earnings | 52,071 |
| Total shareholder's equity | 52,221 |
| Total liabilities and shareholder's equity | $ 52,221 |

See accompanying notes and independent accountant's review report.

PET PASSAGES FRANCHISE, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31,

| | 2022 Amount | % of Sales |
|---|---|---|
| Sales | $ 117,049 | 100.0 |
| Gross profit | 117,049 | 100.0 |
| Operating expenses - Schedule 2 | 76,806 | 65.7 |
| Income from operations | 40,243 | 34.3 |
| Income before provision for income taxes | 40,243 | 34.3 |
| Provision for income taxes: | | |
| New York State franchise tax | (93) | (0.1) |
| NYS PTET Tax | (3,807) | (3.3) |
| | (3,900) | (3.4) |
| Net income | 36,343 | 31.0 |
| Retained earnings - beginning | 20,728 | |
| Shareholder distributions | (5,000) | |
| Retained earnings - ending | $ 52,071 | |

See accompanying notes and independent accountant's review report.

PET PASSAGES FRANCHISE, INC.
STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

| | | 2022 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ | 36,343 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Decrease (increase) in: | | |
| Accounts receivable | | 3,000 |
| Other current assets | | (27,005) |
| Increase (decrease) in: | | |
| Due to related party | | (4,700) |
| Deperciation | | 1,453 |
| Total adjustments | | (27,252) |
| Net cash provided by operating activities | | 9,091 |
| Cash flows from financing activities: | | |
| Shareholder distributions | | (5,000) |
| Net cash (used) provided by financing activities | | (5,000) |
| Net increase in cash | | 4,091 |
| Cash - beginning | | 7,055 |
| Cash - ending | $ | 11,146 |

See accompanying notes and independent accountant's review report.

PET PASSAGES FRANCHISE, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31,

| | 2022 |
|---|---|
| Supplemental disclosures of cash flow information: | |
| Cash paid during the year for: | |
| Interest | $ - |
| Income taxes | $ 93 |
| Supplemental schedule of non-cash investing and financing activities: | |
| Acquisition of property and equipment | $ - |
| Actual cash paid | $ - |

See accompanying notes and independent accountant's review report.

PET PASSAGES FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

**Note 1 – Organization**

Pet Passages Franchising, Inc. (the Company) offers franchises for the operation of businesses providing pet cremation and memorialization products and services at wholesale and retail to veterinarians, pet hospitals, humane societies and other businesses, and also to individual families mourning the loss of their pets. The Company was incorporated in New York in 2015.

**Note 2 – Summary of Significant Accounting Policies**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, nonrefundable fee and continuing royalty fees based upon a percentage of sales. General and administrative costs are charged to expense as incurred.

Effective January 1, 2019, the Company has adopted FASB Accounting Standards Codification 606, Revenue from Contracts with Customers. When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including site selection and training. The Company has elected to recognize the preopening services as a single performance obligation under ASU 2021-02. There is no cumulative effect on retained earnings as a result of this election. The Company recognizes franchise fees as revenue when substantially all initial services required by the franchise agreement are performed, which is generally upon opening of a store. At December 31, 2022, the Company had fulfilled all of its contract obligations related to franchises sold during the year; therefore, there was no allocation to deferred revenue. Franchise royalty fees are based on a defined percentage of gross sales of the franchisee and are recognized at a point in time when services are rendered.

| | |
|---|---|
| Franchise sales | $ - |
| Franchise royalty fees | 117,049 |
| Total | $ 117,049 |

The Company grants credit to franchisees under signed franchise agreements. Allowance for doubtful accounts, if any, are provided based on the review of outstanding receivables, historical experience and economic conditions. Uncollectible accounts, if any, are expensed in the period such amounts are determined.

The Company's financial instruments include cash and related party receivables. The Company's value of these financial instruments approximates fair value due to their short-term nature.

**Note 2 – Summary of Significant Accounting Policies - continued**

The Company maintains its demand deposits in commercial banks with Federal Deposit Insurance Corporation limits.

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Leasehold improvements have a useful life of fifteen years. When property and equipment are retired or disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in income.

Intangible assets are stated at cost. Amortization is provided using the straight-line method over fifteen years.

Income taxes are provided based on current enacted and applicable income tax rates. Current and deferred income taxes are calculated based on an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company has adopted accounting standards relating to accounting for uncertain tax positions. The standard prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various matters such as de-recognition, interest, penalties and disclosures required. The Company does not have any entity-level, uncertain tax positions. The Company files income tax returns in federal and New York state jurisdictions

**Note 3 – Property and Equipment**

Property and equipment consists of the following:

| | 2022 |
|---|---|
| Leasehold Improvements | $ 2,500 |
| Less: Accumulated Depreciation | (1,634) |
| | $ 866 |

Depreciation expense for the year ended December 31, 2022, was $1,634, which is included in "general and administrative expenses" on the statement of income and retained earnings.

**Note 4 – Intangible Assets**

Intangible assets consists of the following:

| | 2022 |
|---|---|
| Start-up costs | $ 22,006 |
| Less: Accumulated Depreciation | (8,802) |
| | $ 13,204 |

Amortization expense for the year ended December 31, 2022, was $1,467, which is included in "general and administrative expenses" on the statement of income and retained earnings.

**Note 5 – Common Stock**

At December 31, 2022, the Company had 200 shares of no par value common stock authorized and 150 shares issued and outstanding.

**Note 6 – Lease Commitments:**

The Company leases its operating facility from MEMI, LLC. The lease stipulates that the lease is from January 1, 2022 through December 31, 2022 and payments are made monthly for $2,000. Rental expense was $22,000 for the year ended December 31, 2022.

The company leases its software from Pet Passages, Inc., a company related through common ownership. The lease is from January 1, 2022 through December 31, 2022 and payments are made monthly for $4,000. Software expense was $41,500 for the year ended December 31, 2022.

**Note 7 – Provision for Income Taxes**

The Company has elected under the Internal Revenue Code to be treated as an S corporation. In lieu of corporate income taxes, the stockholders of an S corporation are taxed on the proportionate share of the company's taxable income. Under New York regulations, S corporations pay an annual tax based on gross receipts, from $25 up to a maximum of $4,500. Income tax provision consists of current tax expense of $25. Additionally, the Company made a Pass through Entity Tax payment during 2022. The total current income tax expense is $3,900 for the year ended December 31, 2022.

Due to various timing differences, certain deductions are recognized in different periods for tax reporting than for financial statement purposes. The deferred taxable income and the resulting deferred taxes are not material to these financial statements.

**Note 8– Contingencies and Subsequent Events**

FASB Accounting Standards Codification 842, Leases (ASC 842) requires entities to recognize right-to-use assets and lease liabilities for operating leases on the balance sheet. ASC 842 is effective for years beginning on or after December 15, 2021. The Company is evaluating this new standard and the impact it will have on the financial statements.

The Company has evaluated subsequent events through March 30, 2023, the date which the financial statements were available to be issued.

PET PASSAGES FRANCHISE, INC.
SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31,

| | 2022 Amount | % of Sales |
|---|---|---|
| Bank and credit card charges | 194 | 0.2 |
| Depreciation | 1,453 | 1.2 |
| Dues and subscriptions | 100 | 0.1 |
| Meals | 194 | 0.2 |
| Professional fees | 10,230 | 8.7 |
| Rent | 22,000 | 18.8 |
| Software | 41,500 | 35.5 |
| Travel and entertainment | 1,135 | 1.0 |
| Total operating expenses | $ 76,806 | 65.7 |

See accompanying notes and independent accountant's review report.

EXHIBIT "G"

TO
FRANCHISE DISCLOSURE DOCUMENT

**State Addendum**

ADDITIONAL STATE DISCLOSURES

If the franchise being awarded is subject to the franchise-specific laws of one (1) or more of the Following states because (a) the franchise prospect is a resident of that state, and/or (b) the franchise rights being awarded in within that state, as applicable under the specific state statute(s) at issue, the addendum (or addenda) of that state set forth below will apply to the franchise documents and should be entered into with Franchisor.

*[See Attached]*

**MARYLAND ADDENDUM**
**TO PET PASSAGES FRANCHISE DISCLOSURE DOCUMENT**

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

2. Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee to Franchisor will be held in escrow in accordance with the requirements of the Maryland Securities Commissioner until the Franchisor completes its pre-opening obligations under the Franchise Agreement.

## ILLINOIS ADDENDUM
## TO PET PASSAGES FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of 815 ILCS 705/1-44 of Illinois Law the parties to the attached Franchise Disclosure Documents (the "FDD") agree as follows:

1. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, Franchisor shall not terminate a franchise prior to the expiration of its term except for "good cause" as provided below:

(a) "Good cause" shall include, but not be limited to, the failure of the franchisee to comply with any lawful provisions of the franchise or other agreement and to cure such default after being given notice thereof and a reasonable opportunity to cure such default, which in no event need be more than 30 days.

(b) "Good cause" shall include, but without the requirement of notice and an opportunity to cure, situations in which the franchisee:

(i) makes an assignment for the benefit of creditors or a similar disposition of the assets of the franchise business;
(ii) voluntarily abandons the franchise business;
(iii) is convicted of a felony or other crime which substantially impairs the good will associated with the franchisor's trademark, service mark, trade name or commercial symbol; or
(iv) repeatedly fails to comply with the lawful provisions of the franchise or other agreement.

2. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, the Franchisor shall not refuse to renew a franchise either by repurchase or by other means for the diminution in the value of the franchised business caused by the expiration of the franchise where:

(a) the franchisee is barred by the franchise agreement (or by the refusal of the franchisor at least 6 months prior to the expiration date of the franchise to waive any portion of the franchise agreement which prohibits the franchisee) from continuing to conduct substantially the same business under another trademark, service mark, trade name or commercial symbol in the same area subsequent to the expiration of the franchise; or

(b) the franchisee has not been sent notice of the franchisor's intent not to renew the franchise at least 6 months prior to the expiration date or any extension thereof of the franchise.

3. The Illinois Attorney General's Office has imposed an escrow requirement due to Franchisor's financial condition, a copy of Franchisor's escrow agreement is on file with the Office of the Illinois Attorney General. The initial Franchise Fee that you pay to us will be held in escrow until we have met all of our pre-opening obligations to you.

4. The Franchisor has entered into an Assurance of Voluntary Compliance agreement between Franchisor and the State of Illinois County of Sangmon dated March 26, 2025 docket number 25-AVC-F002.

| **PET PASSAGES FRANCHISING, INC. :** | **FRANCHISEE :** |
|---|---|
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title: _____ | Title:_____ |

# MINNESOTA ADDENDUM
# TO PET PASSAGES FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of CHAPTER 80C. FRANCHISES of Minnesota Law the parties to the attached Franchise Disclosure Documents (the "FDD") agree as follows:

1. Item 1 shall be amended to include the following statements.

Neither the Franchisor nor any person identified in the public offering statement:

a. has during the ten-year period immediately preceding the date of the public offering statement been convicted of a felony, pleaded nolo contendere to a felony charge, or been held liable in a civil action by final judgment if such felony or civil action involved fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices or misappropriation of property;

b. is subject to any currently effective order of the United States Securities and Exchange Commission or the securities administrator of any state denying registration to or revoking or suspending the license or registration of such person as a securities broker, dealer, agent, or investment adviser, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange;

c. is subject to any currently effective order or ruling of the Federal Trade Commission;

d. is subject to any currently effective injunctive or restrictive order relating to the business which is the subject of the franchise offered or any other business activity as a result of an action brought by any public agency or department; or

e. has any civil or criminal actions pending against that franchisor or person involving fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices or misappropriation of property.

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

3. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, with respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases):

- that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; and
- that consent to the transfer of the franchise will not be unreasonably withheld.

4. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, the franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial

symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name as required under Minnesota Statute 80C.12 Subd. 1(G).

5. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, in compliance with Minnesota Rules 2860.4400(D) the franchisor does not require a franchisee to assent to a general release.

6. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

7. Notwithstanding anything contained in the Franchise Disclosure Document to the contrary, all claims must comply with Minnesota Statute 80C.17 Subd. 5. "No action may be commenced pursuant to this section more than three years after the cause of action accrues."

8. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

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

**NEW YORK ADDENDUM**

**TO PET PASSAGES FRANCHISE 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 RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or
expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action

brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a 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; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. 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 the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

EXHIBIT "H"

TO
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE ORGANIZATIONS:

A. Franchisee Organizations We Have Created, Sponsored Or Endorsed: None.

B. Independent Franchisee Associations: None

EXHIBIT "I"

TO
FRANCHISE DISCLOSURE DOCUMENT

**Request for Consideration**

**Not for use if the franchisee is a Maryland resident or if the franchised business will be located within the State of Maryland.**

EXHIBIT "J"

TO
FRANCHISE DISCLOSURE DOCUMENT

**State Effective Dates**

*[see attached]*

## State Effective Dates

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

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

| State | Effective Date |
|---|---|
| Utah | October 10, 2024 |
| Michigan | March 27th, 2025 |
| New York | Pending |
| Wisconsin | July 26th, 2024 |
| Indianna | August 12th, 2024 |
| Illinois | Pending |
| Minnesota | 02/12/2025 |
| Virginia | 09/19/2024 |
| Maryland | Pending |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "K"
TO
FRANCHISE DISCLOSURE DOCUMENT

**NON-DISCLOSURE AGREEMENT**

The undersigned party (the "Receiving Party") understands that Pet Passages Franchising, Inc., a New York corporation with its principal office at 348 State Route 104, Ontario New York 14519 (the "Disclosing Party") has disclosed or may disclose information relating to the Disclosing Party's business which to the extent previously, presently, or subsequently disclosed to the Receiving Party is hereinafter referred to as "Proprietary Information" of the Disclosing Party

In consideration of the parties' discussions and any access of the Receiving Party to Proprietary Information of the Disclosing Party, the Receiving Party hereby agrees as follows:

1. The Receiving Party agrees: (i) to hold the Disclosing Party's Proprietary Information in confidence and to take reasonable precautions to protect such Proprietary Information (including, without limitation, all precautions the Receiving Party employs with respect to its confidential materials); (ii) not to divulge any such Proprietary Information or any information derived therefrom to any third person, except to a professional advisor such as a lawyer or accountant (and then solely for the purposes in (iii) below); (iii) not to make any use whatsoever at any time of such Proprietary Information except to evaluate its relationship with the Disclosing Party; (iv) not to copy any such Proprietary Information; and (v) not to export or re-export (within the meaning of U.S. or other export control laws or regulations) any such Proprietary Information or product thereof. Without granting any right or license, the Disclosing Party agrees that the foregoing shall not apply with respect to any information after five years following the disclosure thereof or any information that the Receiving Party can document (i) is or becomes (through no improper action or inaction by the Receiving Party or any affiliate, agent, consultant or employee) generally available to the public, or (ii) was in its possession or known by it without restriction prior to receipt from the Disclosing Party or (iii) was rightfully disclosed to it by a third party without restriction, or (iv) was independently developed without use of any Proprietary Information of the Disclosing Party by employees of the Receiving Party who have had no access to such information. The Receiving Party may make disclosures required by law or court order provided the Receiving Party uses diligent reasonable efforts to limit disclosure and to obtain confidential treatment or a protective order and has allowed the Disclosing Party to participate in the proceeding. The Receiving Party, it affiliates and their respective directors, officers, and employees shall refrain from using for any purpose any "residuals" from access to the Proprietary Information. "Residuals" means information in non-tangible form which may be retained by persons who had access to Proprietary Information, including ideas, concepts, know-how, methods or techniques.

2. Immediately upon a request by the Disclosing Party at any time the Receiving Party will turn over to the Disclosing Party all Proprietary Information of the Disclosing Party and all documents or media containing any such Proprietary Information and any and all copies or extracts thereof. The Receiving Party understands that nothing herein (i) requires the disclosure of any Proprietary Information of the Disclosing Party or (ii) requires the Disclosing Party to proceed with any transaction or relationship.

3. This Agreement applies only to disclosures made before the first anniversary of this Agreement. The Receiving Party acknowledges and agrees that due to the unique nature of the Disclosing Party's Proprietary Information, there can be no adequate remedy at law for any breach of its obligations hereunder, which breach may result in irreparable harm to the Disclosing Party, and therefore, that upon

any such breach or any threat thereof, the Disclosing Party shall be entitled to appropriate equitable relief in addition to whatever remedies it might have at law. In the event that any of the provisions of this Agreement shall be held by a court or other tribunal of competent jurisdiction to be illegal, invalid or unenforceable, such provisions shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect. This Agreement shall be governed by the law of the State of New York without regard to the conflicts of law provisions thereof. This Agreement supersedes all prior discussions and writings and constitutes the entire agreement between the parties with respect to the subject matter hereof. The prevailing party in any action to enforce this Agreement shall be entitled to reasonable costs and attorney's fees. No waiver or modification of this Agreement will be binding up a party unless made in writing and signed by a duly authorized representative of such party and no failure or delay in enforcing any right will be deemed a waiver.

Receiving Party: Date:

_____ _____

Authorized representative of

_____

Disclosing Party: Date:

_____ _____

Authorized representative of
Pet Passages Franchising, Inc.

_____

EXHIBIT "L"
TO
FRANCHISE DISCLOSURE DOCUMENT

**Receipts**

*[See Attached]*

RECEIPT #1

**(This copy is for the prospective franchise owner and must remain herein)**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Pet Passages Franchising, Inc. offers you a franchise, the Federal Trade Commission requires 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. In addition, New York State law requires Pet Passages Franchising, Inc. to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Pet Passages Franchising, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, dc 20580, and the appropriate state agency listed in Exhibit "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are **(to be completed by franchise seller involved in sales process):**

Name:_____
Address:_____
Phone:_____

Name:_____
Address:_____
Phone:_____

Our agent to receive service of process is listed in Exhibit "B" to this Disclosure Document.

Issuance Date: April 2, 2025

I have received the Franchise Disclosure Document dated _____, 2025 that included the following Exhibits:

EXHIBIT "A" State Agencies and Administrators
EXHIBIT "B" Franchisor's Agent for Service of Process
EXHIBIT "C" Franchise Agreement
EXHIBIT "D" Table of Contents to Brand Standards Manual
EXHIBIT "E" List of Franchisees
EXHIBIT "F" Financial Statements
EXHIBIT "G" State Addendum
EXHIBIT "H" Franchisee Organizations
EXHIBIT "I" Request for Consideration (Not Applicable for use in the State of Maryland)
EXHIBIT "J" Receipts

Date: _____ FRANCHISEE: _____

State: _____ Print Name: _____

RECEIPT #2

**(This copy must be signed by prospective franchise owner and returned to us)**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Pet Passages Franchising, Inc. offers you a franchise, the Federal Trade Commission requires it to 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. In addition, New York State Law requires Pet Passages Franchising, Inc. to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Pet Passages Franchising, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, dc 20580, and the appropriate state agency listed in Exhibit "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are **(to be completed by franchise seller involved in sales process):**

Name:_____
Address:_____
Phone:_____

Name:_____
Address:_____
Phone:_____

Our agent to receive service of process is listed in Exhibit "B" to this Disclosure Document.

Issuance Date: April 2, 2025.

I have received the Franchise Disclosure Document dated _____, 2025 that included the following Exhibits:

EXHIBIT "A" State Agencies and Administrators
EXHIBIT "B" Franchisor's Agent for Service of Process
EXHIBIT "C" Franchise Agreement
EXHIBIT "D" Table of Contents to Brand Standards Manual
EXHIBIT "E" List of Franchisees
EXHIBIT "F" Financial Statements
EXHIBIT "G" State Addendum
EXHIBIT "H" Franchisee Organizations
EXHIBIT "I" Request for Consideration (Not Applicable for use in the State of Maryland)
EXHIBIT "J" Receipts

Date: _____ FRANCHISEE: _____

State: _____ Print Name: _____