FRANCHISE DISCLOSURE DOCUMENT

Skiptown Franchising, LLC
a Delaware limited liability company
222 Rampart Street
Charlotte, North Carolina 28203
(704) 741-6255
franchiseinfo@skiptown.io
https://skiptown.io/

Skiptown Franchising, LLC ("we" "us" or "our") offers franchises for premium facilities that provide Daytime Petcare, Overnight Petcare, Grooming, and optionally, In-Home Services, and other related services and retail products under the SKIPTOWN® trademark ("Facilities"). The total investment necessary to begin operation of a Skiptown franchised business is $904,679 to $1,688,231. This includes the initial fees of $72,500 to $82,500 that must be paid to us or our affiliates.

We offer qualified individuals the right to own and operate multiple Facilities by entering into a Multi-Unit Development Addendum ("Multi-Unit Development Addendum") and multiple Franchise Agreements. If you purchase the development rights to own multiple Facilities, you must pay us the Initial Franchise Fee for each Facility that you must develop as follows: $45,000 for the first Facility; $35,000 for the second Facility; and $25,000 for each additional Facility. The total investment necessary to acquire development rights for 2 to 5 Facilities is $939,679 to $1,798,231. This includes $107,500 to $192,500 that must be paid to us or our affiliate(s).

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Trevor Robinson at 222 Rampart Street, Charlotte, North Carolina 28203, (Tel. (704) 741-6255), or trevor@skiptown.io.

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 an accountant.

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

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

We issued this Disclosure Document on February 13, 2026.

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 Exhibits H (current franchisees) and I (former franchisees).
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 Skiptown 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 Skiptown franchisee?	Item 20 or Exhibits H (current franchisees) and I (former franchisees) 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 H.

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.

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

NOTICE REQUIRED BY STATE OF MICHIGAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 335-7567.

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

This Franchise Disclosure Document ("Disclosure Document") provides certain information about Skiptown Franchising, LLC, and the terms on which Skiptown Franchising, LLC currently offers franchises in the United States.

Throughout this Disclosure Document, all references to "we," "us," or "our" unless the context otherwise requires, refer to Skiptown Franchising, LLC. The person who is inquiring about or is granted the right to operate the franchise is referred to as "you" or "your." If you are a corporation, limited liability company, partnership or other type of legal entity, the provisions of the Franchise Agreement and Multi-Unit Development Addendum also apply to your owners by virtue of our requirement that your owners personally guarantee and be personally bound by your obligations under the Franchise Agreement.

The Franchisor

The franchisor is Skiptown Franchising, LLC. We are a Delaware limited liability company formed on September 22, 2025. We do business as Skiptown Franchising, LLC or Skiptown. We do not do business under any other name. Our principal business address is 222 Rampart Street, Charlotte, North Carolina 28203. The names and addresses of our agents for service of process are disclosed in Exhibit E.

We offer franchises for Skiptown® businesses that provide Daytime Petcare, Overnight Petcare, Grooming, In-Home Services (if opted in), and other related services and retail products at a designated site (a "Skiptown Facility"). "Daytime Petcare" includes the supervision and care of animals during business hours, such as doggie daycare. "Overnight Petcare" includes the housing and supervision of animals for one or more nights, commonly referred to as boarding. "Grooming" includes cleaning, trimming, styling, or otherwise attending to the hygiene and appearance of companion animals, including for example bathing, brushing, cutting or clipping hair, trimming nails, cleaning ears, and related cosmetic or sanitary procedures. "In-Home Services" includes dog walking services, waste pick-up and in-home pet sitting. We began offering Skiptown franchises in October 2025. We have not operated a business of the type being franchised but certain of our affiliates have operated Skiptown Facilities since August 2020. We refer to these affiliate-owned locations as corporate locations in Item 20. We have not engaged in any other line of business and have not offered franchises in any other line of business.

Our Parent/Affiliates

The name of our parent is Skipper Pets, Inc., a Delaware corporation ("Skipper Pets"). Our parent maintains its principal business address at 222 Rampart Street, Charlotte, North Carolina 28203.

Skipper Pets, through its direct and indirect subsidiaries, has conducted a business similar to the type you will operate since August 2020. The differences between the corporate locations and the Skiptown Facilities you will operate is explained further in Item 19 of this Disclosure Document. In September 2025, Skipper Pets, Inc.'s businesses were transferred to a newly formed affiliated entity. Skipper Pets has not offered franchises in this or any other line of business. Skipper Pets owns the proprietary software that our franchisees must use in their Facilities ("Skiptown Operating System" or "SkipOS"). We will sublicense this technology to our franchisees under the

form of Software License Agreement included as Attachment 3 to the Franchise Agreement, which is attached as Exhibit A to this Disclosure Document.

Our Predecessors

We have no predecessors.

The Franchise

Skiptown Facilities are identified by the Proprietary Marks (defined below) and provide Daytime Petcare, Overnight Petcare, Grooming, In-Home Services (if opted in), and other related services and retail products. An average Facility will be about 10,000 square feet. Skiptown® Facilities will most likely be located in suburban areas, in business districts and lifestyle centers. Your Facility will be open year-round, closing only on selected holidays. You must submit your proposed site to us for our approval before you sign any lease agreement.

If you are awarded a Skiptown franchise, you must sign the Franchise Agreement (the "Franchise Agreement") disclosed in Exhibit A to this Disclosure Document, which licenses you the right to operate a Skiptown Facility under the trademarks, service marks, and other commercial symbols we designate (collectively, the "Proprietary Marks"). You must operate the Facility in accordance with the terms of the Franchise Agreement, which includes, among other obligations, the requirements that you (a) offer and sell all services, products and merchandise we designate, and (b) operate the Facility in accordance with our Manual (as defined in Item 11 of this Disclosure Document) and the System. Our "System" includes Facility trade dress, designs, layouts, color schemes, branding and other identification methods; specifications for services, methods of operation, equipment, inventory, accessories, our Skiptown Operating System, designated computer hardware and additional software programs, and website and social media specifications; member enrollment marketing methods and procedures, registration methods and procedures, booking methods and procedures; current and future developed programs and classes; training procedures, operating procedures and customer service standards, methods and marketing techniques; mandatory and suggested policies, procedures, standards, specifications, rules and requirements; all as we outline in our Manual and all other written materials we issue, all of which we and our affiliates periodically may improve, further develop, and otherwise modify.

Development Rights

In addition to our single-Facility offering, we grant qualified individuals the right to own and operate multiple Facilities through a Multi-Unit Development Addendum. If you sign a Multi-Unit Development Addendum, you must develop a certain number of Facilities in accordance with the deadlines identified in the Multi-Unit Development Addendum (the "Development Schedule"). A copy of the Multi-Unit Development Addendum is attached as Attachment 7 to the Franchise Agreement. When you sign a Multi-Unit Development Addendum, you must simultaneously sign Franchise Agreements for all Facilities that you will develop under the Multi-Unit Development Addendum.

The Market and Competition

The Facility will offer services and products to the general pet-owning public throughout the year. The market for Skiptown Facilities is developed and competitive in the areas we are targeting. You will face competition from independently operated and nationally or regionally based franchised pet boarding businesses, independently operated and nationally or regionally based doggie daycare businesses, home-based dog walking services, independently operated and franchised dog grooming businesses, private dog walkers, and other local businesses or providers that provide similar services. Other Skiptown Facilities located outside your area of protection, but that market and advertise in your market, also might compete with your Facility. Before signing a Franchise Agreement, you are expected to survey your market to determine the number and quality of competitors. These competitors could change and increase throughout your franchise term.

Laws and Regulations

Most states and local jurisdictions have enacted laws and regulations that might particularly impact the operation of Skiptown Facilities, including for example those: (a) requiring a kennel license; (b) establishing general standards, specifications, and requirements for constructing, designing, and maintaining the business premises, generally known as animal protection laws; and (c) regulating matters affecting health, safety, and welfare, such as pet food handling requirements, maintenance of water quality and availability, requirements for temperature control and ventilation, pet waste removal, noise control, drainage, humane care, interior surface requirements, space requirements, lighting requirements, pest control, and record keeping (including vaccination records). You must comply with these laws and with laws applying generally to all businesses. Many of these laws and regulations have ongoing requirements that you will need to meet. You should investigate these laws and regulations when evaluating your franchise acquisition.

Item 2
BUSINESS EXPERIENCE

Chief Executive Officer: Mike Rotondo

Mike has been our Chief Executive Officer since September 2025 and the Chief Executive Officer of Skipper Pets, Inc. since November 2024. From November 2019 to November 2024, Mike was the Chief Executive Officer of Altitude Franchising, LLC, based in Dallas, Texas. Mike serves in his present capacity in Atlanta, Georgia.

Chief Financial Officer: Molly Fisher

Molly has been our Chief Financial Officer since September 2025 and the Chief Financial Officer of Skipper Pets, Inc. since May 2023. From January 2023 to May 2023, Molly was on sabbatical. From April 2022 to December 2022, Molly was the Vice President, Business Operations for Wonder Group, based in New York, New York. From April 2019 to April 2022, Molly was the Vice President, Finance and Operations for Dig Inn, based in New York, New York. Molly serves in her present capacity in Charlotte, North Carolina.

Head of Marketing and Communications: Kristen Risby

Kristen has been our Head of Marketing and Communications since September 2025 and the Head of Marketing for Skipper Pets, Inc. since June 2025. From January 2024 to March 2025, Kristen was the Vice President of Marketing, Communications and Events for Central Bark, located in Milwaukee, Wisconsin. From October 2022 to June 2023, Kristen was a Fractional Chief Operating Officer for Light Lounge, based in Evergreen, Colorado. From May 2019 to August 2022, Kristen held various positions, including President, Vice President of Marketing and Vice President of Franchising, with Wag N Wash (acquired by Pet Supplies Plus), based in Centennial, Colorado and Livonia, Michigan. Kristen serves in her present capacity in Castle Rock, Colorado.

Head of Digital Product: Liz Sims

Liz has been our Head of Digital Product since September 2025 and the Head of Digital Product for Skipper Pets, Inc. since March 2025. From September 2023 to March 2025, Liz was the Product Manager for Skipper Pets, Inc. From January 2020 to July 2023, Liz served first as the Director of Digital Marketing and then as Vice President of Partnership Performance for The Grit Group, based in Charlotte, North Carolina. Liz serves in her present capacity in Charlotte, North Carolina.

Chief Development Officer: Trevor Robinson

Trevor has been our Chief Development Officer since January 2026. From January 2024 to January 2026, Trevor served as the Senior Director of Franchise Sales for Bojangles in Salt Lake City, Utah. From January 2012 to January 2024, Trevor served as the Senior Director of Franchise Development for Camp Bow Wow in Salt Lake City, Utah. Trevor serves in his present capacity in Sandy, Utah.

Item 3
LITIGATION

No litigation must be disclosed in this Item.

Item 4
BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

Item 5
INITIAL FEES

Initial Franchise Fee

You must pay us, on signing your Franchise Agreement, a $45,000 Initial Franchise Fee. This fee is fully earned when the Franchise Agreement is signed and is non-refundable. Except as described below in this Item 5, this fee is uniform for all franchisees.

Veteran and First Responder Discount

We offer a discount on our Initial Franchise Fee for qualifying veterans and first responders. This incentive provides a 50% discount off the Initial Franchise Fee due under our Franchise Agreement. This incentive may not be combined with any other incentive program and applies only to the first Franchise Agreement. We may discontinue this incentive program at any time.

To qualify for the veteran discount, a prospective franchisee must: (i) request the incentive at the time of application; (ii) meet our then-current qualifications for new franchisees; (iii) be at least 51% legally and beneficially owned by persons meeting our qualifying veteran or first responder status; and (iv) not have previously received this incentive from us. You may meet our qualifying veteran status if you are a veteran who has received an honorable discharge from the U.S. Military, and you must give us a copy of your Form DD 214 showing your status as an honorably discharged veteran. You may meet our qualifying first responder status if you are currently employed in a profession that responds to emergencies, such as law enforcement, fire services, and emergency medical services. You must verify this employment with an official ID card, paystub or other documentation from the relevant agency.

Existing Franchisee Discount

We offer a discounted Initial Franchise Fee of $35,000 to our existing franchisees that purchase an additional franchise from us.

Grand Opening Marketing Fee

You must pay us a Grand Opening Marketing Fee of $20,000. You must pay us the Grand Opening Marketing Fee when you begin construction of your Facility. The Grand Opening Marketing Fee is held by us for you to fund your Grand Opening Marketing. The Grand Opening Marketing Fee (to the extent not already spent) is refunded to you if the Franchise Agreement is terminated before you open for business.

Technology Set-Up Fee

You must pay us a Technology Set-Up Fee of $7,500. The Technology Set-Up Fee is due at least 90 days before the earlier of your Opening Deadline or your actual Opening Date. The Technology Set-Up Fee covers the set-up of the technology that you will use for your Daytime Petcare, Overnight Petcare, and Grooming services. The Technology Set-Up Fee is not refunded if the Franchise Agreement is terminated before you open for business.

If you wish to add In-Home Services, we will set up our technology to allow you to do so for an additional set-up fee of $2,500, payable before you begin offering In-Home Services.

Hardware and Mobile Devices

As noted in Item 7, we recommend that you obtain 12 iPhones and 12 iPads so that your team members can manage appointments and daily operations. You may purchase these devices from third parties, but we also offer an optional mobile device package at $625 per device (one-time fee), which includes purchase and set-up of preloaded required applications. If you purchase

these devices from us, you must pay for them at the time of purchase and the payment is not-refundable.

Initial Fees Under the Multi-Unit Development Addendum

If we allow you to sign our Multi-Unit Development Addendum because you commit to develop a minimum number of Facilities, you must pay us the Initial Franchise Fee for each Facility that you must develop when you sign the Multi-Unit Development Addendum, as follows: $45,000 for the first Facility; $35,000 for the second Facility and $25,000 for each additional Facility. We and you will determine the number of Facilities you must develop, and the dates by which you must develop them, before signing the Multi-Unit Development Addendum.

The Initial Franchise Fees are not refundable under any circumstances. If you sign the Multi-Unit Development Addendum, pay the Initial Franchise Fees, and then cannot find sites for Facilities or choose not to perform for another reason, we will keep all of the Initial Franchise Fees and we will not return any money to you.

Except for the circumstances described in this Item, these fees are uniform and we do not refund any initial fees.

Item 6
OTHER FEES

Type of Fee[2]	Amount	Due Date	Remarks
Royalty Fee	6.0% of weekly Gross Revenues, subject to a Minimum Royalty fee of $600 per week. See Note 3.	Payable weekly on Wednesday for the preceding Monday through Sunday	See Note 1. The Minimum Royalty Fee applies beginning on the 26th full calendar week after your Facility opens.
Brand Fund Contribution	Currently 2.0% of weekly Gross Revenues, subject to a Minimum Brand Fund Contribution of $200 per week. See Note 3.	Payable weekly on Wednesday for the preceding Monday through Sunday	We administer a system wide marketing and promotional fund (see Item 11). The Minimum Brand Fund Contribution applies beginning on the 26th full calendar week after your Facility opens. We may increase the Brand Fund Contribution up to 3.0% of weekly Gross Revenues, upon 60 days' prior notice to you.
Local Marketing Fee	2.0% of weekly Gross Revenues, subject to a Minimum Local Marketing Fee of $200 per week. See Note 3.	Payable weekly on Wednesday for the preceding Monday through Sunday	You and we will consult on the plan for spending the Local Marketing Fee in your area. The Local Marketing Fee applies beginning on the 26th full calendar week after your Facility opens.

Type of Fee[2]	Amount	Due Date	Remarks
Regional cooperative advertising	As the cooperative determines (not more than 2.0% of weekly Gross Revenues)	Payable weekly on Wednesday for the preceding Monday through Sunday	Regional cooperatives have not been established at this time.
Technology Fee	Currently $1,000 per month for Daytime Petcare, Overnight Petcare, and Grooming services; additional $500 per month for In-Home Services; additional $300 per month if you acquire the mobile devices from us. See Note 3.	Payable monthly on the first Wednesday of each month	Covers certain technology related services, products, licenses and/or sublicenses we designate. We may increase the Technology Fee at any time, provided however that such increase will never be more than (1) the amount equal to any increase in our actual costs to provide the services and products associated with the Technology Fee since the last time we established or increased the Technology Fee, plus (2) 20% of the total cost to provide the services and products associated with the Technology Fee.
SkipOS Fee	Currently $1,000 per month. See Note 3.	Payable monthly on the first Wednesday of each month	Covers the licensing of our Skiptown Operating System. We may increase the SkipOS Fee at any time, provided however that such increase will never be more than (1) the amount equal to any increase in our actual costs to provide the services and products associated with the SkipOS Fee since the last time we established or increased the SkipOS Fee, plus (2) 20% of the total cost to provide the services and products associated with the SkipOS Fee.
Remedial or follow-up training	$750 per day	Before training	This training is provided if we, in our sole discretion, deem it necessary for you or your Manager(s).
Initial training of replacement manager	$750 per day	Before training	

Type of Fee[2]	Amount	Due Date	Remarks
Annual conference	Proportionate share of our out-of-pocket costs	Before conference	You must pay this fee even if you fail to attend the Annual Convention.
Equipment, supply or supplier testing or inspection	$500 per request plus actual costs of tests	At time of request	This fee covers the cost of testing or inspecting new equipment, supplies or suppliers you propose.
Transfer Fee	$15,000. See Note 3.	Before transfer	If the transferee is a wholly-owned entity, spouse or child of the transferor, no transfer fee will be charged.
Renewal Fee	$10,000. See Note 3.	Before renewal	You must pay a Renewal Fee when you exercise your right to enter into a successor Franchise Agreement.
Securities offering fee	$5,000, or any greater amount as is necessary to reimburse us for our reasonable expenses. See Note 3.	On demand	If you propose to offer securities in your franchise company, you must pay us this fee to reimburse us for our expenses in reviewing your offering materials.
Management Fee	10% of your Gross Revenues, plus our expenses while we are providing on-site management	On demand	You must pay this fee if we temporarily operate your Facility.
Insurance coverage	Cost of insurance, interest on the monies we advance and our administrative costs	When billed	If you fail to maintain insurance required by the Franchise Agreement, we may obtain the required insurance and charge you the cost of the insurance, interest on the monies we advance and our administrative costs.
Deficiencies	Our actual costs plus a 10% administrative fee	When billed	If you do not satisfy your obligations under the Franchise Agreement, we may perform your obligations for you. You must reimburse us for our costs plus 10% in performing your obligations.

Type of Fee[2]	Amount	Due Date	Remarks
Site relocation fee	Our actual costs	When you relocate	If you must relocate your Facility, you must pay a site relocation fee to us sufficient to cover our direct costs associated with reviewing the relocation, for example, site location, legal and accounting fees, travel expenses and other out-of-pocket costs.
Tax Payments	Our actual costs	When billed	You must pay to us any sales tax, goods and services taxes, gross receipts tax, or similar tax imposed on us for any payments to us required under the Franchise Agreement, unless the tax is measured by or involves our net income or our corporate status in a state.
Audit	Our actual costs	When billed	Payable only if we find, after an audit, that you have understated any amount due us by 2% or more, or if the examination or audit is made necessary by your failure to furnish required information or documents to us in a timely manner.
Interest	Lesser of 1.5% of the monthly balance of principal and interest or highest rate of interest allowed by law	When billed	If no due date is stated, interest begins to run 30 days after billing.
Late fees	$100	As incurred	Due for each payment that is more than 7 days overdue to cover our administrative costs from the late payment.
Costs and attorneys' fees	Our actual costs	As incurred	Payable if your default under your Franchise Agreement results in us incurring legal expenses.
Indemnification	Our actual costs	As incurred	You must reimburse us if we are subject to claims involving the operation of your Facility. Indemnification covers directors, officers, employees and shareholders.

Type of Fee[2]	Amount	Due Date	Remarks
Non-Compliance Fee	$500 for each event and per week that the default is not cured	As incurred	In lieu of terminating your Franchise Agreement due to your default, we may charge you this fee.
Liquidated Damages for Sale of Prohibited Services or Products	$250 per day	When billed	You must pay this fee for each day of the prohibited offer or sale.
Liquidated Damages for Premature Termination	Aggregate Royalty Fees due to us during the 104 weeks of operation immediately before closure or termination	On termination	If the Franchise Agreement is terminated due to your default, you must pay us liquidated damages. If your Facility has not been open for 104 weeks before termination, liquidated damages will be the average Royalty Fees due under the Franchise Agreement for all weeks during which the Facility was open, multiplied by 104.

Notes

1. "Gross Revenues" means the entire amount of all of your revenues from the ownership or operation of the Facility or any business at or about the Facility including the proceeds of any partnership, business interruption insurance and any revenues received from the lease or sublease of a portion of the Facility, whether the revenues are evidenced by cash, credit, checks, gift certificates, coupons and premiums (unless exempted by us), services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded and credit given to customers and receivables uncollectible from customers will be deducted in computing Gross Revenues to the extent that the cash, credit or receivables represent amounts previously included in Gross Revenues where Royalty Fees were paid. Gross Revenues are deemed received by you at the time the goods, products, merchandise or services from which they derive are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, except for the sale of bundles (which are a pack of services paid for in advance of the service at a discounted price), which are included in Gross Revenues when initially sold. Gross Revenues will include the sale of bundles at the date the customer purchases the bundle, not on the date(s) the customer uses the credit. Gross Revenues consisting of property or services (for example, "bartering" or "trade outs") are valued at the prices applicable, at the time the Gross Revenues are received, to the services or products exchanged for the Gross Revenues.

2. All fees are imposed by and payable to us. All fees are uniform for all franchisees, although we reserve the right to change or eliminate one or more fees in circumstances in which we deem it appropriate. All fees are non-refundable. Your payments to us or our affiliates, on our request, will be effectuated by a payment system by the use of pre-authorized transfers from your operating account through the use of electronic fund transfers, that we will process at the time any payment is due or through the use of any other payment system we designate.

3. The Renewal Fee, the Minimum Royalty Fee, the Minimum Brand Fund Contributions, the Minimum Local Marketing Contribution, the Transfer Fee, the Offering Fee, the Technology Fee, and the SkipOS Fee are subject to annual adjustment based on changes in the Consumer Price Index. "Consumer Price Index" means the Consumer Price Index - All Items - Urban Consumers (CPI-U) (1982-1984 = 100), or its successor, as published by the U.S. Government. All dollar amounts may be adjusted annually on January 1 of each year beginning on the first full calendar year after the Effective Date during the Term of the Franchise Agreement (the "Adjustment Date") to reflect changes in the Consumer Price Index. If the latest Consumer Price Index published before the Adjustment Date (the "Adjustment Date Level") is at a level higher than the level that the Consumer Price Index was published immediately before the Effective Date (the "Effective Date Level"), those dollar amounts that are subject to adjustment will be amended and adjusted as of the Adjustment Date by multiplying the amounts by a factor that is determined by dividing the Adjustment Date Level by the Effective Date Level. We may in our sole discretion, waive or defer the required adjustments; however, any waiver or deferral is subject to the terms of Section 19.08 of the Franchise Agreement. Unless we otherwise agree in writing, our failure to make adjustments timely is deemed a deferral of the adjustments until we specify in writing that the adjustments are necessary or have been waived for any particular year or years. If the Consumer Price Index is discontinued, we will substitute a comparable index reflecting changes in the cost of living or the purchasing power of money, published or recognized as being reliable by the U.S. Government.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

SINGLE FACILITY

Type of Expenditure[1]	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee	$45,000	$45,000	On signing Franchise Agreement	Lump sum	Us
Travel, lodging and meals for initial training[2]	$3,000	$5,000	As incurred	As agreed	Third parties
Licenses, Permitting and Fees[3]	$3,500	$10,500	As incurred	As agreed	Third parties

Type of Expenditure[1]	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment Is to Be Made
Prepaid rent and security deposit and utilities[4]	$16,579	$33,231	As incurred	As agreed	Landlord
Architect, engineer and other design professionals[5]	$20,000	$65,000	As incurred	As agreed	Third parties
Grand Opening Marketing Fee[6]	$20,000	$20,000	Lump sum	On construction start	Us
Leasehold improvements[7]	$350,000	$800,000	As incurred	As agreed	Various contractors/ suppliers
Furniture, fixtures, equipment and decor[8]	$5,000	$10,000	As incurred	As agreed	Third parties
Grooming equipment and start-up supplies[9]	$12,000	$27,000	As incurred	As agreed	Third parties
Kennels[10] (75 to 100)	$175,000	$230,000	As incurred	As agreed	Third parties
Exterior Signs[11]	$2,500	$5,000	As incurred	As agreed	Third parties
Interior Signage and Branding[11]	$1,000	$5,000	Before starting business	As agreed	Third parties
Technology Set-Up Fee[12]	$7,500	$10,000	Lump sum	At least 90 days before opening	Us
POS System[13]	$1,500	$2,500	Before starting business	As agreed	Third parties
Hardware & Mobile Devices[14]	$15,000	$20,000	Before starting business	As agreed	Third parties or Us
WebCam System[15]	$8,000	$10,000	Before starting business	As agreed	Third parties
Access Control System[16]	$100	$10,000	Before starting business	As agreed	Third parties
Networking and Internet[17]	$4,000	$25,000	Before starting business	As agreed	Third parties
Back Office Systems[18]	$35,000	$45,000	As incurred	As agreed	Third parties
Other start-up expenses (uniforms, supplies, etc.)	$5,000	$15,000	As incurred	As agreed	Third parties

Type of Expenditure[1]	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment Is to Be Made
Project Management Fee[19]	$25,000	$70,000	On invoice	As agreed	Strata
Additional funds[20] (for first 3 months)	$150,000	$225,000	As incurred	As agreed	Third parties
TOTALS	$904,679	$1,688,231			

Unless otherwise stated in Items 5 or 6, or as otherwise negotiated with third party suppliers, these expenses are non-refundable. We do not offer financing for any part of your initial investment.

Note 1: These figures are estimates to build a single Facility. Your actual costs will depend on: region; time of year; number of customers served; sales promotions; how much you follow our methods and procedures; your management skill, experience and acumen; local economic conditions; local market for the services and products; prevailing wage rate; competition; and sales level that you reach during the initial phase of your business. None of these amounts are refundable, unless you negotiate otherwise with a third-party supplier.

Note 2: You must arrange and pay for your transportation, meals and lodging for you and your Manager while attending the Initial Training Program. The amount you spend will depend on several factors, including the distance you have to travel and the type of accommodations you choose. We based this estimate on attendance of 2 people.

Note 3: You must maintain all required licenses and permits necessary to build and operate your Facility. You should check with local authorities, an attorney, or a business consultant to determine what licenses and permits are necessary at your Location. The amount for licenses and permits can vary significantly in different areas, and you should verify specific amounts with local authorities. “Location” is the premises from which you will operate your Facility and the Location will be identified in Attachment 1 to the Franchise Agreement.

Note 4: We expect that you will lease rather than own real estate and construct a building. Unless you purchase the location at which your Facility will operate, you will negotiate a lease directly with the landlord of the location. These costs are determined by location, length of the lease, the age, type and condition of the leased property, local market conditions, size of the location and bargaining power of the landlord. The size of a typical Facility is about 10,000 square feet and a Facility will typically be located in a free-standing building. The figures provided for utility deposits do not include any special connection and/or tap fees. These figures are based on our experience in Colorado, Georgia, and North Carolina and the assumption that a landlord will require first and last month's rent and a security deposit.

Note 5: You must employ and pay an architect or engineer that we have approved to prepare a site plan and other construction documents. Although we will provide you with a building layout and specifications at no additional cost to you, you must pay an architect or engineer to adapt the layout and specifications to city, state and local building codes and to the specific site chosen for your Facility.

Note 6: We will spend the Grand Opening Marketing Fee in the 60 days after opening your Facility. Your cost may be higher based on the length of time you wish to run opening promotions.

Note 7: The cost of construction and remodeling depends on the size and condition of the Location, the local cost of contractors and other trades and the location of your Facility. The amount may be less if your landlord provides a construction allowance for tenant improvements when you negotiate the terms of your lease. Any additional costs can vary widely depending on a multitude of factors, including existing building conditions, zoning and leasehold requirements, local regulations and other factors.

Note 8: You must purchase and install the furniture, fixtures, equipment and decor necessary to operate your Facility under our specifications. The cost to purchase and install the furniture, fixtures, equipment and decor varies according to local market conditions, the size of the Location, your selections made from our approved line of items, price differences among suppliers, the location of the Facility and other related factors. This estimate assumes the purchase of all furniture, fixtures, equipment and decor, and does not include an estimate for leasing.

Note 9: You must purchase the essential equipment for your Facility's Grooming services, including grooming tables, grooming kennels, high velocity blow dryers, clippers, brushes, combs, nail clippers/grinders, and various shampoos and conditioners. All of these items must meet our specifications. This estimate assumes the purchase of all grooming equipment and start-up supplies, and does not include an estimate for leasing.

Note 10: Dog kennels that are used for Daytime Petcare and Overnight Petcare must be constructed with corrosion-resistant panels (e.g., FRP/HPL/stainless) and tempered-glass or welded-wire doors. Systems are configurable for either floor-mounted installation tying into in-slab/trench drains or above-floor bases with integrated drainage, allowing use in leased or uneven spaces. Typical modules are 3 to 4 feet wide and 4 to 8 feet deep, with options for double-deck units, transfer doors, swivel feeders, benches, and raised floors. Design emphasizes sanitation (coved bases/sealed joints), durability, and sound reduction. Installation must be done by a licensed contractor; plumbing and electrical connections by others. All kennel equipment must meet local code and animal-care regulations and our specifications. This estimate assumes the purchase of all kennels and does not include an estimate for leasing.

Note 11: We will specify both the exterior and interior signs and graphics and only those we approve may be used. Signs and graphics must be maintained in a condition acceptable to us at all times. You, at your own expense, must prepare, construct and erect the signs and graphics in accordance with approval from governmental authority and the landlord.

Note 12: The Technology Set-Up Fee covers the set-up of the technology that you will use for your Daytime Petcare, Overnight Petcare, and Grooming services. If you wish to add In-Home Services, we will set up our technology to allow you to do so for an additional set-up fee of $2,500, payable before you begin offering In-Home Services. See Item 5 for additional information on the Technology Set-Up Fee.

Note 13: Our proprietary software (the "Skiptown Operating System" or "SkipOS") is a custom-built, integrated platform that manages financial transactions and operational workflows across each Facility's services—including Daytime Petcare, Overnight Petcare, Grooming, In-Home Services (if opted in) and retail. Unlike off-the-shelf POS software, SkipOS is tailored specifically

to the needs of our multi-revenue business model, ensuring that customer experiences, staff operations, and financial reporting are unified in one system. Our integrated platform is inclusive of a client booking app, an internal team app, and a web-based POS/CRM. See Item 11 for additional information on SkipOS.

Note 14: We recommend that you obtain 12 iPhones and 12 iPads so that your team members can manage appointments and daily operations. You may purchase these devices from third parties, but we also offer an optional mobile device package at $625 per device (one-time fee), which includes purchase and set-up of preloaded required applications. See Item 11 for additional information on the mobile devices. If you opt to acquire this package from us, it will also include a $300 monthly maintenance fee for regular updates to ensure software functionality. See Item 11 for additional information on the mobile devices.

Note 15: You must, at your sole expense, purchase, install, maintain and use the web-based camera system we specify, which may include cameras covering all of the service lines in the Facility including for example, kennels, play yards, grooming center and front lobby. This system must be turned on and operational at all times during the Term. You agree that you are solely responsible for complying with all applicable laws, rules and regulations in connection with the use of the camera system, including all applicable privacy and customer notification requirements. You will maintain all camera footage for the amount of time required by your insurance carrier, but in no event less than 90 days. You will provide us with footage as requested by us.

Note 16: The access control system includes badge readers at all exterior doors and entrances for security as well as badge readers on interior doors to secure pet care spaces from front of house public areas.

Note 17: You must set up and maintain our required networking and internet systems. See Item 11 for additional information on our requirements for networking and internet.

Note 18: Back office systems include a productivity suite such as Microsoft Office, a printer/scanner and a payroll and labor management software.

Note 19: Strata Project Management Group (“Strata”) provides comprehensive project management and consulting services. Strata will manage the site selection along with your real estate professional, design and construction process including implementation of furniture, fixtures and equipment to meet the required design standards for the Facility. Strata will facilitate the design and construction process for you while communicating with us.

Note 20: Additional Funds is an estimate of certain funds needed to cover business (not personal) expenses during the first 3 months of operation of your business. You will need capital to support ongoing costs of your business, such as payroll, utilities, taxes, loan payments and other expenses, if revenues do not cover business costs. The above table does not include an estimate for any debt service on any financing you may obtain. You may need additional funds during the first 3 months of initial operation or afterwards. The 3-month period from beginning your business does not necessarily mean that you will have reached "break-even," "positive cash flow," or any other financial position. In addition, Additional Funds relate only to costs associated with the Facility and do not cover any owners' draw or personal, living, finance costs, unrelated business or other expenses you may have. In preparing the figures in this table, we relied on our affiliates’ 5 years of experience in constructing and developing Facilities in Colorado, Georgia and North

Carolina. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

MULTIPLE FACILITIES

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be made
	Low Range	High Range			
Your Initial Facility	$904,679	$1,688,231	Per above table	Per above table	Per above table
Initial Franchise Fee for 2 and 5 Facilities	$35,000	$110,000	Lump Sum	On signing Multi-Unit Development Addendum	Us
TOTAL ESTIMATED INITIAL INVESTMENT	$939,679	$1,798,231			

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases From Us Or Our Affiliates

Except as described below, you are not required to purchase any goods, supplies, fixtures, equipment, inventory or real estate for your Facility from us or from our affiliates. We reserve the right to require you at any time in the future to purchase any items for your Facility from us or from our affiliates.

Currently, we are the only approved supplier of the Skiptown Operating System and all related updates and enhancements you must use. The source code of the computer programs is a trade secret and no other source is available to you to obtain the software. The Skiptown Operating System is provided at a fee of $1,000 per month.

Except as described above, neither we nor our affiliates are the sole supplier of any products/services to franchisees, but we or our affiliate may become one for additional products and/or services in the future.

When franchisees purchase any item from us or our affiliates, we or our affiliates will derive income/profit from the sale of the items. Any profit will be derived by selling the items to our franchisees for more than the costs for which we have developed or purchased the products.

Purchases From Approved Suppliers

You must purchase or lease all of your equipment, signage, uniforms, kennels, fencing, supplies, forms, products, services, digital marketing, fixtures, inventory, computer hardware and non-proprietary software, merchandise and marketing materials (collectively "Equipment and Supplies") from our approved suppliers, in accordance with our specifications and standards. In certain instances, we have designated a single source for Equipment and Supplies that you must use. You must also participate in any mandatory promotional or incentive program we require, including gift card and loyalty programs, unless doing so would cause you to violate any local, state or federal law. We may designate new mandatory suppliers at any time and require that all future purchases of Equipment and Supplies be made from these designated suppliers, which may be us, or our Affiliates.

We require you to use our designated suppliers for architectural space planning, flooring, fencing, kennels, wall art, grooming tubs, lobby furniture, dog cots, outdoor turf, play yard equipment, video display technology, and other build-out requirements.

You must use our designated public relations and advertising agencies.

You must use our approved supplier for cleaning supplies and must use only the cleaning supplies we require.

We reserve the right to designate an approved or required supplier for any product or service at any time, and on notice, to require you to start using the approved or required supplier.

Approval of Alternative Suppliers

Except for items where we have designated a single source of supply or authorized supplier, if you want to use an alternative supplier for any required purchases, you must provide us (i) the name, address and telephone number of the proposed supplier, (ii) a description of the item you wish to purchase, (iii) purchase price of the item, if known, (iv) the then-current product or supplier review fee, which is currently $500 for each new product or supplier, (v) a complete vendor approval form which can be furnished to you on request, and (vi) a sample of the product for testing purposes. If we incur any costs for testing a particular product or service or evaluating an alternative supplier at your request, you must reimburse our reasonable inspection and testing costs, regardless of whether we later approve the item or supplier. We will use reasonable efforts to approve, deny, or initiate further testing within 60 days of receiving all requested information. If we do not respond within 60 days of our receipt of all required information, the product or supplier is deemed disapproved. We are not required to approve or test any particular supplier, product, or service. We may base our decision on considerations relating not only directly to the item or supplier, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in our System as a whole. Our criteria for supplier approval are not available to you.

We may revoke our approval of previously approved services or products or suppliers when we determine, in our sole discretion, that those products, services, or suppliers no longer meet our standards, as updated from time to time. On receipt of written notice of revocation, you must immediately stop purchasing services or products from the specified suppliers.

Revenues From Restricted Purchases

Neither we nor our affiliate currently receives revenue from franchisees' purchases of any services or products from an approved supplier. We reserve the right to receive these revenues in the future. These revenues may take the form of rebates, marketing support or any other revenue.

We currently receive a nominal one-time referral fee from The Farmer's Dog when one of our Facilities signs up to promote The Farmer's Dog products in the Facility.

Our total revenues for fiscal year 2025 were $0. Of this amount, $0 was derived from services and products our franchisees must purchase from us, our affiliates, or from our approved suppliers. This amount represented 0% of our total revenues for fiscal year 2025.

None of our officers owns any interest in any third party approved supplier.

Insurance

You must obtain and maintain, for the duration of the Term, all insurance policies as we designate in the Manuals or through other written communications. You also are responsible for complying with insurance requirements imposed under your lease and applicable law. If coverage under the lease or applicable law differs from our requirements, the higher limits will apply. All coverage must be written on an occurrence basis, unless occurrence basis is unavailable, and must be primary to any insurance or self-insurance we maintain. We reserve the right to require you to secure insurance coverage from a designated vendor. You also must comply with our required additional insured language, as stated in the Franchise Agreement or the Manuals. All coverage must be underwritten by companies licensed in your state and insurance must be placed through insurers with a current A.M. Best's rating of no less than A-, VII, unless we otherwise agree in writing. You must assess your own risks and if you deem appropriate and/or prudent, maintain higher limits and/or broader coverage. You are not relieved of any liability or other obligations assumed under the Franchise Agreement by reason of your failure to obtain or maintain insurance in sufficient amounts, duration, or types. Our current requirements for your minimum insurance coverages are stated below.

(a) General liability coverage, including: (i) personal and advertising injury of $1,000,000 per occurrence; (ii) $2,000,000 general aggregate, per location; (iii) damage to premises rented to you and/or fire damage legal liability of not less than $300,000; (iv) medical payments must be included; (v) additional insured, grantor of franchise, endorsement in our name; and (vi) a waiver of subrogation in favor of us;

(b) Professional liability coverage, including: (i) at least $1,000,000 each professional claim / $1,000,000 aggregate; (ii) Additional insured or co-defendant endorsement in our name; and (iii) a waiver of subrogation in favor of us;

(c) Animal bailee coverage, including: (i) at least $2,500 per animal / $25,000 per occurrence / $100,000 aggregate; (ii) In-transit coverage cannot be excluded; (iii) Additional insured or co-defendant endorsement in our name; and (iv) a waiver of subrogation in favor of us;

(d) Auto liability coverage, including: (i) Hired and non-owned auto liability coverage of $1,000,000 CSL; (ii) Owned auto coverage included (as applicable) with a limit of no less than

$1,000,000 CSL; (iii) Additional insured endorsement in our name; and (iv) a waiver of subrogation in favor of us;

(e) Property insurance, including: (i) Business income and extra expense coverage of at least 12 months' income replacement; (ii) Business personal property and tenant improvements and betterments at full replacement cost; and (iii) Special causes of loss form required;

(f) Crime insurance, including: (i) Employee dishonesty limit of not less than $25,000; (ii) Theft of client's property limit of not less than $25,000; (iii) Additional insured, grantor of franchise in our name; and (iv) a waiver of subrogation in favor of us;

(g) Workers compensation and employers liability insurance, including: (i) Workers compensation per state statutes; (ii) Employers liability of at least $1,000,000 each accident, $1,000,000 each employee, $1,000,000 policy limit; and (iii) a waiver of subrogation in favor of us;

(h) Employment practices liability coverage, including: (i) Minimum limit of $500,000 per claim; (ii) Must include 1st & 3rd party coverage; (iii) Must include wage and hour defense sublimit of at least $25,000; and (iv) Must include joint employer co-defense language for us;

(i) Cyber liability and data privacy coverage, including: (i) Minimum limit of $1,000,000 policy aggregate; (ii) Must include first and third-party coverage; and (iii) Must include cyber business interruption; and

(j) All other insurance, and in the amounts, as we reasonably require for our own and your protection.

We may periodically adjust the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes are required throughout the System. We make no representation or warranty that compliance with these insurance requirements will insure or protect you against all insurable risks or losses.

At least: (i) 10 days before the date any construction begins; (ii) 10 days from the Effective Date if the Facility is constructed and you presently own or lease it; or (iii) 10 days after a lease of the Location is signed, whichever is applicable, you must furnish to us a certificate of insurance issued by an approved insurance company showing compliance with these requirements and a paid receipt showing the policy number. The certificate of insurance must include a statement by the insurer that the policies will not be canceled, subject to nonrenewal or materially altered without at least 30 days' (10 days for non-payment of premiums) written notice to us. Copies of all insurance policies and proof of payment must be submitted promptly on our request to you. You must send to us current certificates of insurance on an annual basis and copies of all insurance policies on our request.

Magnitude of Required Purchases or Leases and Cooperatives

We estimate that 80% to 90% or more of your purchases and leases in establishing your Facility and 20% to 30% or more of your total purchases and leases in operating your Facility will be subject to the restrictions described in Item 8.

We do not discriminate against you or provide you with material benefits such as renewal of your franchise or grant you additional franchises based on your use of any particular approved supplier.

We have no purchasing or distribution cooperatives.

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement/Multi-Unit Development Addendum	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 3.01,3.02, and 5.01; Section 6 of Multi-Unit Development Addendum	Items 5, 7, 8 and 11
(b) Pre-opening purchases/leases	Sections 5.02, 5.03 and 5.08	Items 5, 7, 8 and 11
(c) Site development and other pre-opening requirements	Sections 5.02 and 5.03	Items 5, 7, 8 and 11
(d) Initial and ongoing training	Sections 3.05, 3.08 and 3.10(d)	Items 5, 6, 8 and 11
(e) Opening	Sections 5.04; Section 3 of Multi-Unit Development Addendum	Items 7, 8 and 11
(f) Fees	Article 4 and Sections 1.05, 2.02(a)(vii), 3.10(e), 5.13, 5.15, 5.19, 9.03, 11.02(e)(v), 13.02(f), and 18.02; Section 5 of Multi-Unit Development Addendum	Items 5, 6 and 7
(g) Compliance with standards and policies/Brand Standards Manual	Section 5.07 and Article 7	Items 8, 11 and 14
(h) Trademarks and proprietary information	Article 6	Items 13 and 14
(i) Restrictions on products/services offered	Sections 5.07, 5.08 and 5.11	Items 8, 11 and 16
(j) Warranty and customer service requirements	None	None

Obligation	Section in Franchise Agreement/Multi-Unit Development Addendum	Disclosure Document Item
(k) Territorial development and sales quotas	Section 1 of Multi-Unit Development Addendum	Items 12 and 17
(l) Ongoing product/service purchases	Sections 5.07 and 5.11	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Sections 5.06 and 5.18	Items 6, 7 and 8
(n) Insurance	Article 10	Items 6, 7 and 8
(o) Advertising	Article 8	Items 6, 7, 8 and 11
(p) Indemnification	Section 16.02	Items 6 and 8
(q) Owner's participation/ management/staffing	Sections 5.09 and 5.10	Items 6 and 15
(r) Records and reports	Article 9	None
(s) Inspections and audits	Section 5.15	Items 6, 8 and 11
(t) Transfer	Article 11; Section 5 of Multi-Unit Development Addendum	Items 6 and 17
(u) Renewal	Section 2.02 and 2.03	Items 6 and 17
(v) Post-termination obligations	Article 14	Item 17
(w) Non-competition covenants	Article 15	Item 17
(x) Dispute resolution	Article 18	Items 6 and 17
(y) Other (describe)	None	

Item 10
FINANCING

Neither we nor any affiliate offer direct or indirect financing to you, or guarantee your note, lease or obligations. We do not receive direct or indirect payments for placing financing. We do not guarantee your obligations to third parties.

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 business, we will provide you with:

1) Our site selection criteria and on-site evaluation as we deem advisable. (Section 3.01).

2) A sample set of standard building plans and specifications and/or recommended floor plans. (Section 3.03(a)(i)).

3) Our specifications for our requirements for design, decoration, layout, equipment, furniture, fixtures and signs. (Section 3.03(a)(ii)).

4) A list of our required equipment, supplies, materials, inventory and other items necessary to open and operate the Facility and a list of any approved suppliers of these items. (Section 3.04).

5) Initial training for you and, if you choose, 1 other individual of your choice, at a location we determine. This training is held at a corporate facility we designate. This training lasts about 5 business days. (Section 3.05(a)).

6) Access to the Manuals. (Section 3.06).

7) On-site assistance as we deem appropriate and will inspect the Facility and Signage. "Signage" means the signage bearing the Proprietary Marks. We will provide you with advice as we deem appropriate to ensure that you conform to applicable standards. (Section 3.07).

8) Pre-opening, on-site training of a minimum of 5 days. You may not open for business until you have received our approval. (Section 3.08).

9) Coordinate the expenditure of the Grand Opening Marketing Fee (Section 3.09).

10) Designate a specific number of Facilities you must develop and open at accepted locations in the Non-Exclusive Search Areas (if we grant you development rights) (Multi-Unit Development Addendum, Section 1).

<u>During the operation of your business, we will</u>:

1) Provide assistance to you in the development and operation of the Facility by means of periodic visits by our field representative. (Section 3.10(a)).

2) Provide advice on local marketing. (Section 3.10(b)).

<u>Length of Time</u>

The typical length of time between the signing of a Franchise Agreement and the opening of a business is about 9 to 12 months. Factors that may affect this time include, among others, the time to sign your lease, prepare your construction documents, obtain business licenses and permits, build-out your Facility, attend the Initial Training Program and complete all pre-opening requirements.

Initially, we approve a territory within which you must locate a site for your business (the “Non-Exclusive Search Area”). The Non-Exclusive Search Area is determined on the basis of factors such as population density, traffic patterns, market statistics, average household income, and

community sites. After a Non-Exclusive Search Area has been approved, you must select the site for your business within the Non-Exclusive Search Area. We may, but are not obligated to, assist you in selecting a site. We will not own or lease your site for you. We will accept or reject a proposed site (generally within 60 days after you propose it in writing with appropriate documentation as stated in the Manuals) based on such factors as demographic analysis (population density, income levels, number of schools and students, etc.), neighborhood, traffic patterns and car counts, visibility, ingress and egress access, parking, size, layout, length of availability, and the terms of any proposed lease or purchase contract. If we do not accept the selected site, you have 30 days to submit a new site within the Non-Exclusive Search Area for our written acceptance. If a site has not been accepted within 6 months from when we sign the Franchise Agreement, we may terminate the Agreement and in this situation, we will not refund the Initial Franchise Fee to you. Our acceptance of a site is not a guaranty of success or profitability.

Marketing

Brand Fund

You must participate in the system-wide Brand Fund. The marketing funded by the Brand Fund is generally placed in local, regional and national markets and may involve both traditional and digital media including out of home, direct mail, print, paid digital, TV, etc. Marketing assets are created by approved vendors or us.

All franchisees and all company-owned businesses contribute equally to the Brand Fund. Contributions are currently 2.0% of weekly Gross Revenues. We may increase the Brand Fund Contribution up to 3.0% of weekly Gross Revenues, upon 60 days' prior notice to you. Beginning in the 26th full calendar week after the required opening date for your Facility, regardless of the amount of Gross Revenues, to help maintain a continuing base of funds available in the Brand Fund, you must pay a minimum weekly contribution of $200. The minimum Brand Fund Contribution will never exceed the amount then being charged to new franchisees in the System. This minimum Brand Fund contribution does not infer that you will experience gross revenues of any particular level.

We administer the Brand Fund. We will prepare an unaudited internal annual statement of monies collected and contributed to the Brand Fund and costs the Brand Fund incurred and, provided that you submit a written request for the report no later than 120 days following the close of each fiscal year, we will provide a copy of the annual statement to you on completion. Other than reimbursement for reasonable costs and overhead incurred in activities for the administration or direction of the Brand Fund, neither we nor any affiliate will receive any payment for providing services or products to the Brand Fund. If we spend more than the contributions accumulated in the Brand Fund during any fiscal year, we have the right to receive, on demand, reimbursement in later years to the extent of the excess expenditure. None of the Brand Fund is used principally for the solicitation of prospective franchisees.

In fiscal year 2025, the Brand Fund was not yet used for production of marketing and promotional materials (0%), media placement (0%), administrative expenses (0%), or any other items including publicity efforts (0%).

We are not required to spend any amount from the Brand Fund on marketing or promotions in your area. If any contributions to the Brand Fund, including any associated earnings, are not spent in the fiscal year in which they accrue, they remain in the Brand Fund for use in following years. We reserve the right to terminate the Brand Fund at any time, but we will not do so until all monies in the Brand Fund have been spent for the purposes described in the Franchise Agreement or returned to contributors on a prorated basis.

We do not currently have a marketing or advertising council of franchisees that consults with us on marketing policies.

Regional and Local Marketing Cooperatives

We have the right to establish, change, dissolve or merge a regional marketing cooperative in your area and we have the right to determine the geographic scope of any marketing cooperative. If we establish a cooperative in your region, you must become a member of the cooperative. You will never be a member of more than 1 cooperative at a time. Any cooperative will be governed in the manner we require. Any cooperative will have the right to require its members to make a contribution to the cooperative in any amount the cooperative determines, but not more than 2.0% of your weekly Gross Revenues. Any amount that you pay to a cooperative will be credited against your obligation for Local Marketing.

All members of any cooperative, including any Facilities that we or our affiliates own or operate will contribute to the cooperative on the same basis. We will have the right to grant to any franchisee an exemption for any length of time from the requirement of membership in a cooperative, on the franchisee's written request stating reasons supporting the exemption. Our decision concerning any request for exemption is final.

Any cooperative may adopt its own rules and procedures, but any rules and procedures must be in writing, we must approve the rules or procedures, and they must not restrict nor expand your rights or obligations under your Franchise Agreement. You will have the right to obtain a copy of any written rules and procedures for a cooperative in which you are a member.

Any cooperative must render quarterly reports to us and to its members of its marketing expenditures.

Other Marketing Funds

You will not have to join or contribute to any cooperative or fund other than the regional cooperative described above and the Brand Fund.

Local Marketing

You must pay to us each calendar week during the Term, beginning on the Opening Date, 2.0% of Gross Revenues, subject to the minimum Local Marketing Fee (See Item 6), for us to use for local marketing in your area. Beginning in the 26th full calendar week after the required opening date for your Facility, regardless of the amount of Gross Revenues, you must pay a minimum Local Marketing Fee of $200. This minimum Local Marketing Fee does not infer that you will experience gross revenues of any particular level.

You and we will consult on the plan for spending the Local Marketing Fee. You must submit to us, for our approval, all materials to be used for Local Marketing, unless they have been approved before or they consist only of materials we provided. All materials containing our Proprietary Marks must include the designation service mark^{SM}, trademark^{TM}, registered® or copyright©, or any other designation we specify. If you do not receive the written or oral disapproval of any materials submitted within 10 days from the date we received the materials, the materials are deemed disapproved. We may require you to withdraw and/or discontinue the use of any promotional materials or marketing, even if previously approved. We must make this requirement in writing, and you have 5 days after receipt of our notice to withdraw and discontinue use of the materials or marketing. Your submission of marketing materials for approval does not affect your right to determine the prices at which you sell your services or products.

Technology System and Computer Hardware and Software

You must purchase and maintain a computer and technology system that meets our specifications. Certain items are included in your Technology Fee and SkipOS Fee, while others are purchased and maintained separately. In some cases, you must use designated vendors; in others, you may choose your own vendors provided they meet our specifications. We will periodically update our specifications and may require you to upgrade, modify, or add to your system to accommodate new software, features, or security protocols.

You are responsible for service agreements, maintenance contracts, and internet costs. You are solely responsible for protecting your computer systems from viruses, malware, power disruptions, internet outages, unauthorized access, and other risks. You must take commercially reasonable steps to secure your systems, including for example, the use of firewalls, encryption, access code protection, antivirus programs, backup systems, and cybersecurity insurance.

Required Software Systems

Point-of-Sale (POS) Software:

- You must use our proprietary POS software, SkipOS, which we developed and maintain.
- SkipOS is a custom-built, integrated platform that manages financial transactions and operational workflows across our services—including Daytime Petcare, Overnight Petcare, Grooming, In-Home Services (if opted in) and other related services and retail products. Unlike off-the-shelf POS software, SkipOS is tailored specifically to the needs of our multi-revenue business model, ensuring that customer experiences, staff operations, and financial reporting are unified in one system. Our integrated platform is inclusive of a client booking app, an internal team app, and a web-based POS / CRM.
- The cost of this software is included in your initial Technology Set-Up Fee ($7,500 one-time payment or $10,000 one-time payment if you add In-Home Services) as well as your monthly SkipOS Fee ($1,000 per month).
- You must use only our approved payment processor.
- You must operate at least two approved POS devices that are compatible with our approved payment processor. The cost of these two devices is included in the initial set up fees under “POS System” for $1,500 to $2,500, with payment to a third party.
- You must provide us with all passwords, access keys and other security devices or systems as necessary to permit us to access the POS system and data stored in it. There are no contractual limitations on our right to access the information stored on the POS system.

Third-Party Non-Proprietary Technology Software:

- We will configure your technology infrastructure with designated third-party software, which will include content management software for client communications, customer experience software for 1 on 1 customer communication, performance reporting tools, and the Learning Management System for pre-opening brand and technology orientation.
- The cost of these third-party systems is included in your non-proprietary Technology Fee of $1,000 monthly.

Hardware & Mobile Device Management:

- You must provide mobile devices (we recommend 12 iPhones and 12 iPads) for team members to manage appointments and daily operations.
- We offer an optional mobile device package at $625 per device (one time fee), which includes purchase and set-up of preloaded required applications. If you opt into this package, it will also include a $300 monthly maintenance fee for regular updates to ensure software functionality.
- We recommend having 4 desktops or computers available for back-office users (these must be purchased separately through a third party).
- You must purchase and maintain a computer system that meets our specifications and is capable of operating our designated software.
- The estimated initial costs for these items range from $15,000 to $20,000.

Back Office Systems:

- We recommend that you acquire a productivity suite (e.g., Microsoft Office) and a printer/scanner for administrative tasks and back office users.
- We require that you use payroll and labor management software. We estimate the cost of this to be $25,000 annually.
- All of these systems must be purchased separately, through a third party.

Networking & Internet:

- You must set up and maintain the following networking and internet systems:
    - Business-grade router, switches, and cabling.
    - High-speed internet setup (DSL/cable, with business-class speed).
    - Firewall, antivirus, and remote access tools.
- All of these systems must be purchased separately, through a third party. The estimated cost of these systems ranges from $4,000 to $25,000.

Security & Monitoring:

- You must install a webcam system for safety and security purposes (indoor and outdoor, including customer-facing webcams). The initial cost of this is estimated to range from $8,000 to $10,000. The monthly cost is estimated to range from $150 to $250, depending on the number of cameras installed.
- Your webcam system must be supported by Broadband or DSL internet access.
- We reserve the right to access your webcams at any time.
- You must set up an access control system, alarms and monitoring services. The estimated cost of this ranges from $100 to $10,000.
- All of these systems must be purchased separately, through a third party.

System Access:

We may independently access your electronic information and operational data. We reserve the right to collect, use, and analyze such data to support system development, improve franchise operations, and monitor compliance with our standards, including for example, sales reporting, staffing, vaccination compliance, and booking management.

System Updates and Technical Support:
We may revise our specifications at any time, including requiring you to switch software suppliers, vendors, or systems. All required software must allow us to receive real-time information regarding your sales and operations.

We reserve the right to discontinue any required system or vendor and require you to transition to alternative systems, which may be provided by us or third-party suppliers, at your sole expense. You must maintain, update, upgrade, and, if necessary, purchase support for your computer systems on an ongoing basis. There are no contractual limitations on our right to require you to update, upgrade or replace the computer systems, add components, upgrade, update or replace components of the computer systems.

Confidential Brand Standards Manuals

After you have signed your Franchise Agreement and shortly before the Initial Training Program, we will grant you access to our brand standards manual(s) (the "Manuals"). Our Manuals contain proprietary information and you must keep this information confidential as described in Item 14. The Table of Contents of the Manuals is attached as Exhibit G to this Disclosure Document. The Manuals currently contain 74 pages.

Training

We provide training to you as follows:

(1) You (or your managing shareholder or partner) and an original Manager (if this will not be you) must successfully complete, to our satisfaction, initial training at a corporate facility that we designate. This training generally begins within about 180 days after your Franchise Agreement is signed and lasts about 5 business days. Training is offered on an as-needed basis.

(2) Initial training generally concludes 30 days or less before the projected opening of your Facility. You must train your employees and independent contractors (other than an original Manager) before the opening and during the initial operation of the Facility.

(3) You (or your managing shareholder or partner) and/or any previously trained Managers must attend any refresher or follow-up training that we designate, and you must pay the applicable fees for this training.

(4) You will not be charged for the initial training program for the first 2 attendees, but you must pay travel and living expenses for trainees and any compensation or benefits due trainees during any training period. You will be charged for remedial or follow-up training.

(5) Training for replacement Managers or transferees of the Facility is required and provided on the same terms as the initial training provided for you, except that if there is a replacement of Managers more frequently than once every 2 years, there will be a fee for the training. Training for replacement Managers and transferees will occur at a time we schedule and may not be available immediately after the replacement Manager is hired or the transferee assumes control.

TRAINING PROGRAM

As of the date of this Disclosure Document, we provided the following initial training:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Pre-Opening Brand & Technology Orientation	10	0	Online via Skiptown Learning Management System
Facility Operations & Service Line Management (Daytime Petcare, Overnight Petcare, Grooming, & In-Home Services (if opted in))	10	15	Skiptown designated corporate facility
Safety & Health (Canine behavior, group play management, emergency protocols)	8	12	Skiptown designated corporate facility
Client Experience & Customer Service	4	6	Skiptown designated corporate facility
Financial & Labor Basics (pricing structures, daily reporting)	3	0	Virtual or at a designated corporate facility
Marketing & Local Launch Strategies	5	0	Virtual or at a designated corporate facility
Technology Systems (POS, membership management, check-in/out)	5	6	Virtual or at a designated corporate facility
Staff Supervision & Leadership	5	6	Virtual or at a designated corporate facility
Total Hours	50	45	

The hours devoted to each subject are estimates only and may vary substantially based on how quickly trainees grasp the material, their prior experience with the subject, and scheduling. The Initial Training Program uses various forms of instructional materials including the Manuals and hands-on instruction. Synthia Wright, our Director of People Services, is in charge of the initial training program. She has been with our affiliate since September 2022 and has over 10 years of experience in the industry. The instructors, and consequently the level of experience of the instructors teaching the subjects, are subject to change at any time.

Item 12
TERRITORY

Franchise Agreement

Accepted Site and Protected Territory

The franchise is granted for a stated site. The site may not be changed without our written acceptance and compliance with our relocation procedures, nor may you operate out of any site other than the accepted site without our written approval. All sales must be made from the Facility. You may solicit business within your market area but may not solicit business within the Protected Territory of another Skiptown franchisee.

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

When you sign a Franchise Agreement, we will grant to you a Protected Territory generally defined by a radius of miles surrounding your Facility. The Protected Territory is described in Attachment 1 to the Franchise Agreement when you sign the Franchise Agreement. If you do not have an accepted site when the Franchise Agreement is signed, we will designate the Protected Territory once you have selected a site that we have accepted. A Protected Territory generally includes a radius of 3 to 7 miles but may be smaller in areas of high population density, such as urban areas.

Modification of the Protected Territory

During the term of your Franchise Agreement, as long as you are not in default of your Franchise Agreement, your Protected Territory may not be modified except by a written agreement between you and us. If you are in default of your Franchise Agreement, we may reduce the size of your Protected Territory and/or terminate your rights in all or part of your Protected Territory. On renewal or transfer of your Franchise Agreement, the Protected Territory may be reduced or otherwise modified. Depending on the then-current demographics of the Protected Territory, and on our then-current standards for territories, if the Protected Territory is larger than our then-current standard territory, we may require you or the transferee to accept a renewal territory or a transfer territory smaller than the Protected Territory.

You will not receive any compensation from us based on the above modifications to the Protected Territory.

Our Reservation of Rights

Your rights restrict us from establishing company-owned or franchised Facilities selling Skiptown services and products in the Protected Territory. We and our affiliates retain all other rights with respect to Facilities, the Proprietary Marks, the sale of identical, similar or dissimilar services and products, and any other activities we deem appropriate whenever and wherever we desire. Specifically, but without limitation, we reserve the following rights:

(a) the right to operate, and to grant others the right to operate Skiptown Facilities located anywhere outside the Protected Territory under any terms we deem appropriate and regardless of proximity to your Facility.

(b) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering similar or dissimilar services and products through similar or alternative channels of distribution, at any locations inside or outside the Protected Territory under trademarks or service marks other than the Proprietary Marks and on any terms we deem appropriate.

(c) the right to provide, offer and sell and to grant others the right to provide, offer and sell services and products that are identical or similar to and/or competitive with those services and products provided at Skiptown Facilities, whether identified by the Proprietary Marks or other trademarks or service marks, through alternative distribution channels both inside and outside the Protected Territory and on any terms we deem appropriate.

(d) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar services and products, both inside and outside the Protected Territory under the Proprietary Marks and on any terms we deem appropriate.

(e) the right to acquire the assets or ownership interests of one or more businesses providing services and products the same as or similar to those provided at Skiptown Facilities, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Territory).

(f) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing services and products the same as or similar to those provided at Skiptown Facilities, or by another business, even if the business operates, franchises and/or licenses competitive businesses in the Protected Territory.

We are not presently offering similar services or products through alternative channels of distribution or under other trademarks, but as stated above, we reserve the right to do so.

Other Rights

As a franchisee, you do not receive the right to acquire additional franchises nor do you have any options to purchase or rights of first refusal.

Multi-Unit Development Addendum

You may (if you qualify) develop and operate a number of Facilities within Non-Exclusive Search Areas that we and you identify before you sign the Multi-Unit Development Addendum. The Non-Exclusive Search Areas typically are defined as a physical geographic area, city, cities, counties or zip codes. We base the Non-Exclusive Search Areas' sizes primarily on the population, demographics, and site availability. We and you will negotiate the number of Facilities you must develop to keep your development rights and the dates by which you must develop them. We and you then will complete the schedule in the Multi-Unit Development Addendum before signing it. While the Multi-Unit Development Addendum is in effect, we (and our affiliates) will not establish or operate, or grant to others the right to establish or operate, other Facilities, the physical locations of which are located within the Non-Exclusive Search Areas. There are no other restrictions on us (or our affiliates). You must not develop or operate Facilities outside the

Non-Exclusive Search Areas. We may terminate the Multi-Unit Development Addendum and any non-operational Facilities if you do not satisfy your development obligations when required.

Except as described above, we may not alter your Non-Exclusive Search Areas during the Multi-Unit Development Addendum's term.

Item 13
TRADEMARKS

We grant you the non-exclusive right and obligation to use the trademark, service mark and trade name Skiptown, and other Proprietary Marks that we make available to you, for providing services and products under the Skiptown System in your territory. You may not use any of our Proprietary Marks as part of your firm or corporate name. You may not use our Proprietary Marks for the sale of unauthorized services or products or in any manner we have not authorized in writing. All rights in and goodwill from the use of our Proprietary Marks accrue solely to us.

Registrations and Applications

The following Proprietary Mark is registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Proprietary Mark	Registration Date	Registration Number
SKIPTOWN	March 2, 2021	6284394
SKIPTOWN	January 6, 2026	8094745

We also have filed applications for registration on the Principal Register of the United States Patent and Trademark Office for the following Proprietary Marks:

Proprietary Mark	Application Date	Application Number
SKIPTOWN	May 29, 2025	99207568
SKIPTOWN	September 26, 2025	99415465
SKIPTOWN	September 26, 2025	99415447
A Spot For Pups & Their People	September 26, 2025	99415595
A Spot For Pups & Their People	September 26, 2025	99415584

Proprietary Mark	Application Date	Application Number
	September 26, 2025	99415557
	September 26, 2025	99415543
	September 26, 2025	99415495
	September 26, 2025	99415511

By not having a Principal Register registration for the pending Proprietary Marks, we do not have certain presumptive legal rights granted by this registration.

Since no federal registration is at least 5 years old, no Section 8 or 15 affidavits have been filed and none of the Proprietary Marks are incontestable. No Proprietary Marks have yet been renewed.

Determinations

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the Proprietary Marks that are relevant to their use by our franchisees. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of a trademark to protect the Proprietary Marks.

Agreements

Skiptown Holdings, LLC, our affiliate, owns the Proprietary Marks and licenses the right to us to use the Proprietary Marks in company units and to sublicense the Proprietary Marks to franchisees throughout the United States under an exclusive license agreement. The agreement is for a perpetual term. The agreement may be terminated only if we misuse the Proprietary Marks and do not cure the misuse within 90 days. If terminated, all franchise agreements then in

effect will automatically be assigned to Skiptown Holdings, LLC or its designee as the new franchisor. There are no other agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Marks to franchisees in any manner material to you.

Protection of Rights

You must notify us promptly of any use by any person or legal entity other than us or our franchisees, of any of our Proprietary Marks or any variation of any of our Proprietary Marks. We will decide the actions to take against the use of any of our Proprietary Marks by any persons or legal entities other than us or our franchisees. Our current intent is to take strong and progressive actions (that may include bringing litigation) against that use. Any actions that we take will be at our expense.

If there is any claim of infringement, unfair competition or other challenge to your right to use any Proprietary Property, or if you become aware of any use of, or claims to, any Proprietary Property by persons other than us or our franchisees, you must promptly (within 7 days) notify us in writing. You will not communicate with anyone except us and our counsel on any infringement, challenge or claim except under judicial process. We have sole discretion as to whether we take any action on any infringement, challenge or claim, and the sole right to control any litigation or other proceeding arising out of any infringement of, challenge or claim to any Proprietary Property. We also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable to protect and maintain our interest in any litigation or proceeding involving the Proprietary Property or otherwise to protect and maintain our interests in the Proprietary Property.

We may acquire or develop additional trademarks, and may use those trademarks ourselves, make those trademarks available for use by you and other Skiptown Facilities, or make those trademarks available for use by other persons or entities.

You may not directly or indirectly contest our rights in our Proprietary Marks.

Modification of Trademarks

We may modify or provide a substitute for any Proprietary Marks. If we do, you must pay your costs of compliance. We also may require you to use and display a notice in a form we approve that you are an independent franchisee under the Skiptown System using the Proprietary Marks under a Franchise Agreement.

Superior Prior Rights

We do not know of any superior prior rights that could materially affect your use of the Proprietary Marks.

Infringing Uses

We do not know of any infringing uses of the Proprietary Marks that could materially affect your use of the Proprietary Marks.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the franchise.

Copyrights

Various marketing, sales, training, management and other materials that we created are and will be protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of promoting your Facility.

There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials that are relevant to their use by our franchisees.

There are no agreements currently in effect that significantly limit our right to use or license the use of our copyrighted materials in any manner material to the franchise.

All of the provisions in Item 13 under the heading "Protection of Rights" also apply to copyrights.

We do not know of any superior rights in or any infringing uses of our copyrighted materials that could materially affect your use of the copyrighted materials.

Although neither we nor any predecessor has filed an application for copyright registration for the Skiptown Operating System, we claim copyrights in those programs and systems, and the information in the programs and systems is Confidential Information. You may not copy or distribute any of the Skiptown software, programs, or systems, and you must notify us of any unauthorized use of such software, programs or systems.

Proprietary Information

We have a proprietary, copyrighted Manuals, and copyrighted materials that include guidelines, standards and policies for the operation of your business. Item 11 describes the Manuals and how you may use them. All documents provided to you, including the Manuals, are for your exclusive use during the term of the franchise, and may not be reproduced, lent or shown to any person outside the Skiptown System.

Item 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We strongly believe that the success of your franchised business will depend to a large extent on your personal and continued efforts, supervision and attention. You (or your managing shareholder or partner), or an equivalently trained Manager, must personally manage the Facility at all times. You (or your managing shareholder or partner) and any original Manager of the Facility must attend and successfully complete initial training we provide (see Item 11). Any replacement Manager also must successfully complete initial training. An original Manager or a replacement Manager need not have an equity interest in the Facility.

You must at all times keep us informed of the identity of your Manager. We may consult directly with your Manager on the operational performance of your Facility relative to our System standards. You must have any Manager, and any supervisory employee or independent contractor, sign an agreement (in a form that we approve) before you grant access to the Manuals or any other Confidential Information in which he or she agrees to the confidentiality of the Skiptown System, agrees not to use any information about the system for his or her own benefit without an appropriate license, and agrees not to compete in certain respects with your business and other Skiptown® businesses.

If you are a corporation or partnership, each shareholder, principal officer or partner, and their spouses, must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for breach of, the Franchise Agreement. This guaranty is included as Attachment 2 to the Franchise Agreement.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell only services and products that we have approved or authorized. You may not offer for sale or sell services or products that would detract from or be inconsistent with the Skiptown System. You may use services or products not purchased from us, but those services or products must be of comparable quality and must be approved by us in writing before use to ensure maintenance of proper quality standards. You may not use or permit the use of your Location for any other purpose or activity at any time without first obtaining our written consent.

You must offer for sale all approved services and products, must refrain from deviating from our specifications for the approved services and products without our written consent, and must discontinue offering any items that we disapprove in writing.

We have the right to change the types of services and products that we approve or authorize, if the services and products are compatible with the Skiptown System. There are no other limits on our right to make these changes.

You are not restricted in the customers to whom you may sell approved services or products or the prices the products are sold or services are rendered. However, all sales must occur at or from your Facility. You may not solicit business outside your territory through the use of direct mail, internet web site, social media, or other advertising method, without our prior written consent.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements in Exhibit A in this offering circular.

Provision	Section in Franchise Agreement/ Multi-Unit Development Addendum	Summary
(a) Length of the franchise term	Section 2.01	10 years
	Multi-Unit Addendum	Term of Multi-Unit Development Addendum depends on development obligations.
(b) Renewal or extension of the term	Section 2.02	You have the right to renew for 2 additional terms of 10 years each, if you meet the renewal requirements.
	Multi-Unit Development Addendum	No renewal or extension of Multi-Unit Development Addendum.
(c) Requirements for you to renew or extend	Section 2.02	You must: timely notify us of your intent to renew; upgrade your Facility if you have the right to remain for the 10-year renewal, or relocate your Facility; have been in compliance with the terms of your Franchise Agreement or other agreement; sign our then-current Franchise Agreement; pay the Renewal Fee; meet then-current training requirements; and sign a general release.
(d) Termination by you	None	You have no right to terminate the Franchise Agreement.
(e) Termination by us without cause	None	We may not terminate your Franchise Agreement without cause.
(f) Termination by us with cause	Article 12; Section 3 of Multi-Unit Development Addendum	We may terminate your franchise (and development rights) only if you or your owners default beyond an applicable cure period, if any. We and our affiliates have the right to terminate all other agreements between us or our affiliates and you if the Franchise Agreement is terminated. Termination of the Multi-Unit Development Addendum will not result in termination of any then effective Franchise Agreements for your Facilities already in operation.
(g) "Cause" defined-curable defaults	Section 12.03	Events of Default With 30 Day Opportunity to Cure - (a) You breach or fail to perform or observe any covenant or obligation in the Franchise Agreement; (b) You fail to obtain our prior approval or consent as required under the

Provision	Section in Franchise Agreement/ Multi-Unit Development Addendum	Summary
		Franchise Agreement; (c) You fail to offer all services or products as we require, offer any unapproved services or products, or make unauthorized changes to the Facility; (d) You tortiously interfere with our contractual or advantageous business relationships; (e) You fail to operate the Facility in compliance with the System Standards; (f) You fail to: (i) ensure that any person required by Section 7.02(c) signs a Confidentiality Agreement, or (ii) provide us with copies of these Confidentiality Agreements; (g) You fail to submit reports or other information or supporting records when due; (h) You engage in any activity exclusively reserved to us; (i) You fail to maintain insurance as required in the Franchise Agreement or provide certificates of insurance to us as required; or (j) You conduct any other business or engage in marketing any other services or products that we reasonably consider to be similar to the services or products authorized under the Franchise Agreement, or use any other name or marks that we reasonably consider to be similar to the Proprietary Marks.
(h) "Cause" defined-Non-curable defaults	Section 12.02	(a) You made any material misrepresentation or omission in your application for the franchise or otherwise to us in the course of entering into the Franchise Agreement; (b) We discover that by entering the Franchise Agreement, you violated a non-competition agreement by which you are bound; (c) You are convicted of or no contest to a felony or other crime or offense that is likely to adversely affect the reputation of us, you, the System, the Facility, or other Skiptown businesses; (d) You engage in any action, behavior, or conduct that is likely to adversely affect the reputation of us, you, the System, the Marks, the Facility, or other Skiptown businesses; (e) You misuse or make an unauthorized use of any of the Proprietary Marks; (f) You disclose, duplicate, or otherwise use in an unauthorized manner any portion of the Manuals or any other Confidential Information; (g) You fail to open for business within the time

Provision	Section in Franchise Agreement/ Multi-Unit Development Addendum	Summary
		required under the Franchise Agreement; (h) You abandon, or fail or refuse to actively operate the Facility for 5 or more consecutive days without our express written permission; (i) You relocate the Facility without receiving our express written permission; (j) Your landlord notifies you that the landlord is terminating the lease or re-taking possession of the Facility, or an eviction proceeding is filed against you, or you lose your right to possession of the Facility; (k) You surrender or transfer control of the operation of the Facility without our written approval, make or attempt to make an unauthorized direct or indirect assignment of the Facility or an ownership interest in Franchisee, or fail or refuse to assign the Facility or the interest in Franchisee of a deceased or incapacitated owner thereof; (l) You fail to maintain the Facility under the primary supervision of a properly trained Manager following the death or incapacity of you or any holder of a legal or beneficial interest in you or fail to transfer the Franchise to an approved transferee within 12 months following the death of incapacity; (m) Our right to effect electronic funds transfers is revoked or impaired as a result of any act or notice of you; (n) You maintain false books or records or submit materially false statements or reports to us; (o) You underreport Gross Revenues by 2% or more; (p) You become insolvent by reason of your inability to pay your debts as they become due; make an assignment for the benefit of creditors; make an admission of your inability to pay your obligations as they become due; file a voluntary bankruptcy petition; file any pleading seeking any reorganization, liquidation, dissolution, composition, or other settlement with creditors under any law; admit or fail to contest the material allegations of any reorganization, liquidation, dissolution, composition pleading filed against you; or are adjudicated a bankrupt or insolvent. (q) A receiver or other custodian is appointed for your assets; or a final judgment

Provision	Section in Franchise Agreement/ Multi-Unit Development Addendum	Summary
		remains unsatisfied or of record for 90 days or longer (unless a supersedeas bond is filed); or if execution is levied against any part of your assets or suit to foreclose any lien or mortgage is instituted against you and not dismissed within 90 days; or if your real or personal property is sold after levy of judgment thereupon by any sheriff, marshal or constable; or the claims of your creditors are abated or subject to a moratorium under any law; or, if you are a single member limited liability company, and the sole member (individual or entity) files for bankruptcy or is adjudicated bankrupt; (r) You commit any act or omission including, without limitation, violating any law or regulation or provision of the Franchise Agreement, that results in an immediate threat or danger to the health or safety of any person; (s) You fail to comply with any law or regulation within 24 hours after being given notice of non-compliance or within any other reasonable time applicable to the law or regulation; (t) You fail to satisfactorily complete required training; (u) You breach or fail to comply with: (i) any obligation under the Franchise Agreement, the Manuals, or System three or more times in any 12 month period, or (ii) the same obligation under the Franchise Agreement, the Manuals, or System two or more times in any 6 month period; (v) You, your affiliates or any owner of you defaults, beyond any applicable cure period, under any other agreement with us or our affiliates; (w) You, your affiliate, or any owner of you defaults, beyond any applicable cure period, under any agreement relating to or arising out of the operation of the Facility, including without limitation, a lease, sublease, loan agreement, vendor agreement, supplier agreement, or security interest, with any third party; or (x) You fail to make any payment to us or our affiliates when due, provided however that no more than once during any 12-month period, we will provide you with written notice and 5 days to cure.

Provision	Section in Franchise Agreement/ Multi-Unit Development Addendum	Summary
(i) Your obligations on termination/non-renewal	Article 14 and Section 13.02(f)	(a) Cease to operate the Facility and at no time thereafter represent yourself to the public, directly or indirectly, as our current or former franchisee; (b) Cease to use, in any manner whatsoever, the System, and all Proprietary Marks; (c) Cancel any government registrations or licenses that you hold in the name of "Skiptown" (or any other name we designate for the System) and submit to us proof of compliance with this obligation within 30 days after termination or expiration; (d) Deliver to us or our designee the Manuals and all other materials relating to operation of the Facility; (e) Deliver to us or our designee all products purchased from us or our designated suppliers and all products bearing the Proprietary Marks, or alternatively, provide to us sufficient documentation evidencing that you sold the products to another Skiptown franchisee; (f) Cease use of the customer lists, customer service contracts and related records and transfer possession of these items to us; (g) Collect and deliver to us all advertising, brochures, literature, posters and any other items bearing the Proprietary Marks that have been provided, by or on behalf of you, to third parties to distribute or display; (h) Refrain from making any change, deletion or erasure to the Technology System used in the Facility and immediately make available to us or our agents full and complete access to the Technology System for the purpose of copying any information thereon; (i) Comply with our instructions to cancel, forward or assign your telephone number used with the Facility; (j) Promptly pay all sums owing to us and our affiliates; and (k) Comply with our requirements related to social media and online business directories. You also must honor our purchase option and pay us liquidated damages.
(j) Assignment of agreement by us	Section 11.01	There are no restrictions on our right to assign our interest in your Franchise Agreement.

Provision	Section in Franchise Agreement/ Multi-Unit Development Addendum	Summary
(k) "Transfer" by you - defined	Section 11.02	A sale, assignment, transfer, convey, or gift of any direct or indirect interest in, or pledge or grant of a security interest in (a) the franchise, (b) the Franchise Agreement, (c) the Facility, and/or (d) in any legal entity that owns the franchise.
(l) Our approval of transfer by you	Section 11.02	We have the right to approve all transfers.
	Section 5 of Multi-Unit Development Addendum	Your development rights under the Multi-Unit Development Addendum are generally not assignable.
(m) Conditions for our approval of transfer	Section 11.02(e)	No exercise of our right of first refusal; you are in compliance with Franchise Agreement; sign a general release; transferee is not a competitor; transferee signs our then-current Franchise Agreement or assignment agreement and pays transfer fee; we approve of transferee after interview and review; transferee completes application procedure; Facility is renovated; we approve of transferee; transferee completes initial training; you agree to comply with your post-termination obligations; we consent to material terms of transfer; we receive a fully signed copy of your purchase and sale agreement.
(n) Our right of first refusal to acquire your business	Section 11.04	We have the option to purchase on the same terms as in the offer. We will give you written notice of election within 30 days after our receipt of the offer notice and all required information.
(o) Our option to purchase your business	Section 14.03	We have the right (but not the duty), exercisable on written notice to you after termination of the franchise, to purchase for cash any assets of your business at lesser of your cost or fair market value.
(p) Your death or disability	Section 11.03	Franchise must be transferred to an approved person within 12 months.

Provision	Section in Franchise Agreement/ Multi-Unit Development Addendum	Summary
(q) Non-competition covenants during the term of the franchise	Section 15.02	You and your Owners may not: Divert or any customer of the Facility to any other business or to perform any other act injurious or prejudicial to the Proprietary Marks or the System; solicit other franchisees, or use available lists of franchisees, for any commercial purpose other than purposes directly related to the operation of the Facility; have any ownership interest in, or be engaged or employed by, any Competitor; or authorize, assist, or induce another to develop, open or operate a Competitor.
(r) Non-competition covenants after the franchise is terminated or expires	Section 15.03	Same as (q) above for 2 years within the Protected Territory, 25 miles of the outer limits of the Territory or 25 miles of any Facility then in operation or under construction.
(s) Modification of the agreement	Sections 19.02 and 19.03	Your Franchise Agreement may not be modified without your and our consent, except: 1. We may change the contents of the Manuals; 2. We may modify the System; and 3. A court may modify any provision of the Franchise Agreement under applicable law.
(t) Integration/merger clause	Section 19.13	Only the terms of the Franchise Agreement are binding. Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 18.06	Except for certain claims, all disputes must be mediated.
(v) Choice of forum	Section 18.07	Any proceeding must take place where our principal place of business is then located (currently North Carolina).
(w) Choice of law	Section 18.01	The Franchise Agreement is interpreted under the laws of North Carolina.

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We make the following financial performance representation based on historical data from our corporate-owned Skiptown locations ("Corporate Location(s)"). All of the Corporate Locations presented in this Item 19 include a dog park and bar. This franchise offering and the Skiptown Facility that you will operate will not include a dog park and bar. The data included in this Item 19 does not include revenue or other data generated from the dog park and bar portion of our Corporate Locations. Rather, this Item 19 only includes data generated from the portions of our Corporate Locations' businesses that provide Daytime Petcare, Overnight Petcare and Grooming appointments. Nevertheless, the presence of a dog park and bar at our Corporate Locations may result in higher sales and use of Daytime Petcare, Overnight Petcare and Grooming appointments.

As of December 31, 2025, there were 3 Skiptown locations in operation, all of which are Corporate Locations. In this Item 19, Location 1 refers to a Corporate Location (Denver) that was open more than 12 months as of December 31, 2025; Location 2 refers to another Corporate Location (Atlanta) that was open more than 12 months as of December 31, 2025; and Location 3 (Charlotte) refers to another Corporate Location that was open more than 12 months as of December 31, 2025.

For Corporate Locations Nos. 1, 2 and 3, the tables below show for each month provided:

1. The capacity each Corporate Location had for Daytime Petcare, the utilization rate for Daytime Petcare, and the number of new clients generated for Daytime Petcare services.
2. The capacity each Corporate Location had for Overnight Petcare, the utilization rate for Overnight Petcare, and the number of new clients generated Overnight Petcare services.
3. The number of new clients and total appointments made for Grooming services.

Corporate Location No. 1 (Denver): Open More than 1 Year

	Daytime Petcare			Overnight Petcare			Grooming	
	Daytime Capacity	Daytime Utilization	Daytime New Clients	Overnight Capacity	Overnight Utilization	Overnight New Clients	New Clients	Total Appointments
January 2025	195	31%	126	195	9%	55	72	227
February 2025	195	45%	135	195	14%	78	84	251
March 2025	195	53%	171	195	18%	87	91	320

	Daytime Petcare			Overnight Petcare			Grooming	
	Daytime Capacity	Daytime Utilization	Daytime New Clients	Overnight Capacity	Overnight Utilization	Overnight New Clients	New Clients	Total Appointments
April 2025	195	54%	163	195	15%	75	89	271
May 2025	195	67%	190	195	22%	96	92	325
June 2025	195	76%	188	195	29%	131	81	279
July 2025	195	83%	207	195	36%	156	130	398
August 2025	195	82%	194	195	34%	145	138	461
September 2025	195	89%	152	195	33%	102	144	502
October 2025*	180	85%	139	180	33%	103	126	489
November 2025*	165	78%	99	165	34%	90	96	488
December 2025*	145	76%	73	145	37%	75	103	494

* Kennels were taken offline in October 2025, November 2025, and December 2025 for building repairs.

Corporate Location No. 2 (Atlanta): Open More than 1 Year

	Daytime Petcare			Overnight Petcare			Grooming	
	Daytime Capacity	Daytime Utilization	Daytime New Clients	Overnight Capacity	Overnight Utilization	Overnight New Clients	New Clients	Total Appointments
January 2025	199	12%	79	199	2%	16	62	114
February 2025	199	26%	98	199	7%	48	70	173
March 2025	199	36%	148	199	7%	59	87	207
April 2025	199	53%	150	199	13%	90	105	243
May 2025*	182	67%	180	182	21%	120	106	299
June 2025	179	81%	165	179	30%	127	115	322
July 2025	179	92%	147	179	35%	134	90	331
August 2025**	181	86%	134	181	30%	105	99	358
September 2025	190	77%	121	190	25%	62	98	387
October 2025	190	81%	71	190	27%	58	87	395
November 2025	190	76%	73	190	30%	66	77	358
December 2025	190	74%	121	190	27%	62	100	388

* 20 Kennels from Corporate Location 2 were moved to Corporate Location 3. 17 of those Kennels have been set up in Corporate Location 3.
** 11 Kennels were added to Corporate Location 2.

Corporate Location No. 3 (Charlotte): Open More than 1 Year

	Daytime Petcare			Overnight Petcare			Grooming	
	Daytime Capacity	Daytime Utilization	Daytime New Clients	Overnight Capacity	Overnight Utilization	Overnight New Clients	New Clients	Total Appointments
January 2025	168	71%	90	168	20%	27	64	746
February 2025	168	83%	86	168	27%	40	69	680
March 2025	168	84%	103	168	27%	42	79	787
April 2025	168	93%	116	168	33%	59	75	773
May 2025*	179	90%	107	179	40%	80	97	845
June 2025	185	85%	100	185	36%	58	77	821
July 2025	185	86%	123	185	37%	56	91	883
August 2025	185	86%	111	185	37%	65	65	785
September 2025	185	87%	109	185	34%	54	67	797
October 2025	185	85%	78	185	32%	59	63	844
November 2025	185	80%	58	185	37%	59	80	818
December 2025	185	74%	75	185	33%	52	64	854

* 20 Kennels from Corporate Location 2 were moved to Corporate Location 3. 17 of those Kennels have been set up in Corporate Location 3.

Pricing for Corporate Locations:

Corporate Location (Charlotte):

For the 12-month period shown above:

- The average daily price for a Daytime Petcare appointment was $40.79.
- The range of average daily prices for Daytime Petcare was $34.51 to $43.50.
- The median average daily price for Daytime Petcare was $40.90.
- The average daily price for an Overnight Petcare appointment was $34.36.
- The range of average daily prices for Overnight Petcare was $25.268 to $47.59.
- The median average daily price for Overnight Petcare was $33.69.

Corporate Location (Denver):

For the 12-month period shown above:

- The average daily price for a Daytime Petcare appointment was $29.92.
- The range of average daily prices for Daytime Petcare was $23.03 to $49.32.
- The median average daily price for Daytime Petcare was $28.75.
- The average daily price for an Overnight Petcare appointment was $28.35.
- The range of average daily prices for Overnight Petcare was $19.25 to $46.72.

- The median average daily price for Overnight Petcare was $27.34.

Corporate Location (Atlanta):

For the 12-month period shown above:

- The average daily price for a Daytime Petcare appointment was $23.47.
- The range of average daily prices for Daytime Petcare was $15.39 to $42.80.
- The median average daily price for Daytime Petcare was $22.42.
- The average daily price for an Overnight Petcare appointment was $26.63.
- The range of average daily prices for Overnight Petcare was $19.33 to $49.15.
- The median average daily price for Overnight Petcare was $25.14.

You will set your own prices for all services. The pricing you choose may be different from other Skiptown Facilities depending on various factors such as the market rates, expenses and demand in your geographic area.

Your individual results may differ. There is no assurance you will sell as much.

Characteristics of the included Corporate Locations may differ substantially from your Facility depending on your previous business or management experience, competition in your area, length of time that the included locations have operated compared to your Facility, and the services or goods sold at your Facility compared to the included locations. The capacity, utilization, new client development, sales, profits and earnings of an individual franchisee may vary greatly depending on these and a wide variety of other factors, including the location of the Facility, population, demographics in your market area, economic and market conditions, labor, and product costs, etc.

We have written substantiation in our possession to support the information appearing in this financial performance representation. Written substantiation will be made available to you on reasonable request.

We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable and consult with an attorney and other advisors before signing the franchise agreement.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any other representations either orally or in writing. If you are purchasing an existing Facility, however, we may provide you with the actual records of that Facility. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mike Rotondo at 222 Rampart Street, Charlotte, North Carolina 28203, (704) 741-6255, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2023 To 2025

Outlet Type	Year	Outlets At The Start Of The Year	Outlets At The End Of The Year	Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company-Owned	2023	1	1	0
	2024	1	3	+2
	2025	3	3	0
Total Outlets	2023	1	1	0
	2024	1	3	+2
	2025	3	3	0

Table No. 2
Transfers Of Outlets From Franchisees To New Owners (Other Than The Franchisor)
For Years 2023 To 2025

State	Year	Number Of Transfers
All States	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Table No. 3
Status Of Franchised Outlets
For Years 2023 To 2025

State	Year	Outlets at start of year	Outlets opened	Termination	Non-renewals	Reacquired by franchisor	Ceased operations-other reasons	Outlets at end of the year
All States	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Totals	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

State	Year	Outlets at start of year	Outlets opened	Termination	Non-renewals	Reacquired by franchisor	Ceased operations-other reasons	Outlets at end of the year
	2025	0	0	0	0	0	0	0

Table No. 4
Status Of Company-Owned Outlets
For Years 2023 To 2025

State	Year	Outlets at start of year	Outlets opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets at end of the year
Colorado	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	0	0	0	0	1
Georgia	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	0	0	0	0	1
North Carolina	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Total	2023	1	0	0	0	0	1
	2024	1	2	0	0	0	3
	2025	3	0	0	0	0	3

Table No. 5
Projected Openings As Of December 31, 2025

State	Franchise Agreements Signed But Facility Not Open	Projected New Franchised Facilities In Next Fiscal Year	Projected New Company-Owned Facilities In Next Fiscal Year
North Carolina	2	1	0
Georgia	0	0	1
Florida	0	0	1
Total	**2**	**1**	**2**

Current and Former Franchisees

Exhibit H contains the names of all current franchisees and the address and telephone number of each of their Facilities. Exhibit I contains the names, city and state, and the current business telephone number, or, if unknown, the last known home telephone number of every franchisee

who had a Facility terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of this Disclosure Document's issuance date.

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

Confidentiality Agreements

As a standard practice, when we enter into an agreement with a current or former franchisee, we will require the franchisee to agree to maintain all information that the franchisee has about us confidential.

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

Trademark–Specific Franchisee Organizations

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with our franchise system.

Item 21
FINANCIAL STATEMENTS

Attached as Exhibit F to this Disclosure Document is our audited balance sheet as of December 31, 2025. We have not been in business for three years or more and cannot include all the financial statements required by the FTC Franchise Rule for our last three fiscal years.

Item 22
CONTRACTS

The following agreements are exhibits to this Disclosure Document:

Exhibit A	Franchise Agreement
Attachment 1 -	Non-Exclusive Search Area; Description Of The Location; Protected Territory
Attachment 2 -	Payment and Performance Guarantee
Attachment 3 -	Software License Agreement
Attachment 4 -	Agreement With Landlord
Attachment 5 -	Limited Power Of Attorney To Transfer Telephone Listing And Number
Attachment 6 -	Electronic Transfer Authorization Form

Attachment 7 -	Multi-Unit Development Addendum
Exhibit B	State Required Addenda to the Franchise Agreement
Exhibit D	Sample General Release
Exhibit J	Compliance Questionnaire
Exhibit K	SBA Addendum

Item 23
RECEIPTS

Exhibit M includes two copies of detachable documents acknowledging your receipt of this Franchise Disclosure Document. Keep one copy for your records, and sign, date and return the other copy to us.

[End of Disclosure Document]
[Exhibits Follow]

EXHIBIT A

FRANCHISE AGREEMENT

SKIPTOWN FRANCHISING, LLC

FRANCHISE AGREEMENT

Location ID

Legal Name of Franchisee

Effective Date

Accepted Location

SKIPTOWN FRANCHISE AGREEMENT
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SKIPTOWN FRANCHISE AGREEMENT

THIS SKIPTOWN FRANCHISE AGREEMENT (this "**Agreement**") is signed on _____ (the "**Effective Date**") between **Skiptown Franchising, LLC**, a Delaware limited liability company ("**we**," "**us**," or "**our**") and [_____], a [_____] [_____] ("**you**" or "**your**").

BACKGROUND

A. As a result of the expenditure of time, skill, effort and money, we and certain of our affiliates have created, designed, and developed the Skiptown franchise identified by the Proprietary Marks (defined below) and related to the development, establishment and operation of a premium facility, primarily for dogs, that currently provides Daytime Petcare, Overnight Petcare, Grooming, In-Home Services (if opted in), and other related services and retail products (the "**Skiptown Concept**"). "**Daytime Petcare**" includes the supervision and care of animals during business hours, such as doggie daycare. "**Overnight Petcare**" includes the housing and supervision of animals for one or more nights, commonly referred to as boarding. "**Grooming**" includes cleaning, trimming, styling, or otherwise attending to the hygiene and appearance of companion animals, including for example bathing, brushing, cutting or clipping hair, trimming nails, cleaning ears, and related cosmetic or sanitary procedures. "**In-Home Services**" includes dog walking services, waste pick-up and in-home pet sitting.

B. We and our affiliates currently use, promote, and license certain trademarks, service marks, and other commercial symbols for the Skiptown Concept, including "**Skiptown®**," and from time to time may create, use, and license new trademarks, service marks, and commercial symbols (collectively, the "**Proprietary Marks**").

C. Our affiliates currently own the Proprietary Marks, the Confidential Information (defined in Section 7.02 below), and all aspects of our branded system, and licenses that intellectual property to us for use in our franchise program for Skiptown facilities ("**Facilities**") operating the Skiptown Concept using the System (defined below).

D. The characteristics of the System include, but are not limited to: Facility trade dress, designs, layouts, color schemes, branding and other identification methods; specifications for services, methods of operation, equipment, inventory, accessories, our proprietary SkipOS™ software ("**Skiptown Operating System**" or "**SkipOS**"), designated computer hardware and additional software programs, and website and social media specifications; member enrollment marketing methods and procedures, registration methods and procedures, booking methods and procedures; current and future developed programs and classes; training procedures, operating procedures and customer service standards, methods and marketing techniques; mandatory and suggested policies, procedures, standards, specifications, rules and requirements; all as we outline in our brand standards manual(s) (the "**Manual**") and all other written materials we issue, all of which we and our affiliates periodically may improve, further develop, and otherwise modify (collectively, the "**System**").

E. We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, franchises to operate Facilities using the Skiptown Concept and System.

F. You recognize the benefits from receiving a Skiptown franchise from us and desire to enter into this Franchise Agreement subject to the terms in this Agreement and to receive the benefits we provide under this Agreement.

G. You desire to obtain a license to use the System and the Proprietary Marks and to continuously operate a franchised Skiptown Facility subject to the terms of this Agreement and in strict compliance with the standards and specifications we establish.

The parties agree as follows:

Article I. APPOINTMENT

Section 1.01 Grant of Franchise.

We grant to you, and you accept from us, the non-exclusive right and license, for the Term (defined in Section 2.01), to establish and operate a Facility that you hold out as associated with the Proprietary Marks and that operates according to this Agreement, the System, and the Manuals, as amended, at a certain location to be identified in Attachment 1 to this Agreement (the "**Location**"). Nothing in this Agreement gives you any other right, title or interest in any of the Proprietary Marks or the System. This grant to you does not include: (i) any right to offer any service or product via e-commerce without our prior written approval; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof without our prior written approval; (iii) any right to establish any social media presence relating to your Facility or the System or using our Proprietary Marks without our prior written approval; (iv) any right to distribute, market, or implement our services and products in any channel of distribution not specifically authorized under this Agreement; or (v) any right to sell services or products at wholesale prices from the Facility.

Section 1.02 Location of the Facility.

You agree that you will operate the Facility only at the Location; or, if none is stated, the Location will be designated and Attachment 1 completed after you select a site in accordance with Section 5.01. The Location cannot be changed without our written consent and compliance with our relocation procedures.

Section 1.03 Protected Territory.

During the Term, if you are not in default, we agree not to open or franchise another Skiptown facility within the Protected Territory, which is described in Attachment 1. However, we reserve for ourselves the rights stated in Section 1.04, that are superior to your rights under this Agreement.

Section 1.04 Reserved Rights.

Except as limited by Section 1.03, we and our affiliates retain all rights with respect to Skiptown Facilities, the Proprietary Marks, the sale of identical, similar or dissimilar services and products, and any other activities we deem appropriate whenever and wherever we desire. Specifically, but without limitation, we reserve the following rights:

(g) the right to operate, and to grant others the right to operate, Skiptown Facilities located anywhere outside the Protected Territory under any terms we deem appropriate and regardless of proximity to your Facility;

(h) the right to establish and operate, and to grant to others the right to establish and operate businesses offering similar or dissimilar services and products through similar or alternative channels of distribution, at any locations inside or outside the Protected Territory under trademarks or service marks other than the Proprietary Marks and on any terms we deem appropriate;

(i) the right to provide, offer and sell and to grant others the right to provide, offer and sell services and products that are identical or similar to and/or competitive with those services and products provided at Skiptown Facilities, whether identified by the Proprietary Marks or other trademarks or service marks, through alternative distribution channels both inside and outside the Protected Territory and on any terms we deem appropriate;

(j) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar services and products, both inside and outside the Protected Territory under the Proprietary Marks and on any terms we deem appropriate;

(k) the right to acquire the assets or ownership interests of one or more businesses providing services and products the same as or similar to those provided at Skiptown Facilities, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Territory); and

(l) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing services and products the same as or similar to those provided at Skiptown Facilities, or by another business, even if the business operates, franchises and/or licenses competitive businesses in the Protected Territory.

Section 1.05 Relocation of the Facility.

You will not relocate the Facility or operate from any site other than the Location without our written consent. If, for any reason, your lease term is shorter than the Term and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the Location, you must relocate your Facility to a mutually acceptable site within your Protected Territory to complete the unexpired portion of the Term. You must notify us of your intention to relocate, procure a site acceptable to us within 90 days before closing your existing Facility, and open the new Facility for business within 60 days of closing your existing Facility. If you must relocate the Facility, you will pay a site relocation fee to us sufficient to cover our direct costs associated with accepting the relocation; for example, site location and/or lease negotiation assistance, legal and accounting fees, travel expenses and other out-of-pocket costs.

Article II. TERM

Section 2.01 Term.

The term of this Agreement begins on the Effective Date and expires on the 10-year anniversary of the Effective Date (the "**Term**"), unless terminated earlier as authorized under this Agreement. The conditions under which you have the opportunity to obtain a successor Skiptown Franchise Agreement at the expiration of this Agreement are those stated in Section 2.02.

Section 2.02 Two Options to Obtain Successor Skiptown Franchise Agreements.

(a) At the expiration of the Term and provided you meet the eligibility requirements stated herein, you will have an option to remain a franchisee at the Facility and renew the franchise for an additional 10-year term (the "**First Renewal Term**" or the "**First Renewal Option**" as applicable) by signing a successor franchise agreement (the "**First Successor Franchise Agreement**"). At the expiration of the First Renewal Term and provided you meet the eligibility requirements stated in the First Successor Franchise Agreement, you will have an option to remain a franchisee at the Facility and renew the franchise for an additional 10-year term (the "**Second Renewal Term**") by signing a successor franchise agreement (the "**Second Renewal Franchise Agreement**"). To exercise your First Renewal Option, you must submit a request to enter into a successor franchise agreement. We will not unreasonably withhold approval of your request, if you strictly comply with and satisfy the following conditions:

(i) You must give us written notice of your intent to exercise the First Renewal Option by submitting your request and application at least 6 months but not more than 12 months before the end of the Term.

(ii) Before the end of the Term, we are entitled to inspect the Facility and give notice of all maintenance, refurbishing, renovating and upgrading required in order for you to exercise the First Renewal Option. By no later than 30 days before the end of the Term, you must complete to our reasonable satisfaction, all modifications, repairs, updates, upgrades, and renovations we required for the Facility, to the services and goods you offer, to your marketing and promotional programs, and to your computer, financial, and accounting systems.

(iii) If renovation or maintenance of the Facility is not possible or feasible, you must relocate the Facility within the Protected Territory, but not within the protected territory of another Facility within the System, in accordance with our relocation procedures.

(iv) You must have the right to remain in possession of the Facility for the entirety of the First Renewal Term and must be current on all monetary obligations owed to your landlord, lenders, and suppliers.

(v) Throughout the Term, you must have been in compliance with all of the terms of this Agreement, the Manuals, and any other agreement with us or our affiliates regardless of whether you received a notice of noncompliance or default.

(vi) You must sign and deliver to us the First Successor Franchise Agreement, which will be our then-current form of franchise agreement modified for renewals. You agree that

the First Successor Franchise Agreement may differ materially from this Agreement, including without limitation, a higher Royalty Fee, a higher Brand Fund Contribution, other new or increased fees, a smaller Protected Territory, a different definition of a Competitor, and other obligations and covenants.

(vii) You pay a Renewal Fee of $10,000, for the right to enter into the First Successor Franchise Agreement, which fee you will pay in lieu of any initial franchise fee otherwise required by that agreement.

(viii) You must meet all general and training requirements then applicable to approval of new franchisees.

(ix) You and your direct and ultimate personal owners, shareholders, members, and partners (as applicable), if you are an entity ("**Owners**"), must sign a general release, in the form we specify, of all claims accruing before the end of the Term, in favor of us and our members, officers, directors, employees, affiliates, and agents, to the extent that release is permitted by applicable law.

(b) If you have not met all of the conditions stated in Subsection 2.02(a), we may elect not to enter into a successor franchise agreement.

Section 2.03 Successor Agreement Contingent on Continued Compliance.

Your ability to secure a successor franchise agreement is contingent on your continued compliance with all conditions stated above through the end of the Term, and we are permitted to withdraw our approval or cancel any pending agreement if your compliance lapses. No later than 20 days after receipt from us or the end of the Term (whichever occurs first), you and your Owners must sign a successor franchise agreement and ancillary agreements in our then-current form and must submit the signed copies to us. Those agreements will not be binding until signed by us.

Section 2.04 Reinstatements and Extensions.

(a) If any termination or non-renewal of this Agreement would violate any applicable law, we may reinstate or extend the Term for the purpose of complying with the law, for the duration we provide in a written notice to you, without waiving any of our rights under this Agreement or otherwise modifying this Agreement.

(b) If we and you do not enter into a successor franchise agreement, but you continue to operate the Facility after the end of the Term with our consent, then that will be considered a temporary extension of this Agreement, which extension we are permitted to discontinue at any time and for any reason on 30 days' written notice. If we discontinue that extension, the discontinuation will be considered a non-renewal of this Agreement and not a termination. If we do not consent to your continued operation of the Facility after the end of the Term, then this Agreement will expire at the end of the Term and under no circumstances will you continue to operate the Facility.

Article III. PRE-OPENING

Section 3.01 Site Selection Assistance.

You must obtain our written acceptance of the proposed site for the Facility before beginning any construction of improvements. We will provide you our site selection criteria. We also will provide any on-site evaluation we deem advisable in response to your requests for an on-site evaluation. However, we will not provide on-site evaluation for any proposed site before we receive the materials required in the Manuals. If we deem on-site evaluation appropriate (on our own initiative or at your request), you must reimburse us for all expenses we incur for the on-site evaluation including the cost of travel, lodging and meals. We will not unreasonably withhold acceptance of any site that meets our standards for our demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics, the size, appearance and other physical characteristics of the site, and any other factors that we consider relevant in accepting or rejecting a site. If we do not accept the selected site, you have 30 days to submit a new site within the Non-Exclusive Search Area for our written acceptance. We do not represent that we have any special expertise in selecting sites. Our acceptance of a site is not a representation or warranty that the franchise will be profitable or that your sales will attain any predetermined levels. Acceptance is intended only to indicate that the proposed site meets our minimum criteria for identifying sites. You agree that our acceptance or rejection of a proposed site does not impose any liability on us.

Section 3.02 Lease.

If you intend to lease the Location from a third party, then the parties and the landlord must sign our form of Agreement with Landlord, attached as Attachment 4.

Section 3.03 Plans and Specifications.

(a) We will loan you:

(i) A sample set of standard building plans and specifications and/or standard recommended floor plans; and

(ii) Specifications of our requirements for design, decoration, layout, equipment, furniture, fixtures and signs for the Facility (collectively, the "**Design Specifications**").

(b) On or before the Opening Date, you must return to us the plans and specifications described in Subsection 3.03(a).

Section 3.04 Lists.

We will loan you a list of required equipment, supplies, materials, inventory and other items necessary to open and operate the Facility and a list of any approved suppliers of these items.

Section 3.05 Initial Training Program.

(a) **Initial Training Program.** We will provide our Initial Training Program for up to 2 trainees. The Initial Training Program will consist of virtual training and in-person training at one of our corporate-owned facilities, or at any other location we specify in writing. Unless otherwise agreed in writing, at least 1 trainee must be the Franchise Owner. "**Franchise Owner**" means: (i) if you are an individual, you; (ii) if you are a corporation or limited liability company, the individual who owns a majority of the voting and ownership interests in the entity; and (iii) if you are a partnership, the individual who is, or owns a majority of the voting and ownership interests in the partnership or is a general partner of the partnership. If the Franchise Owner is not the designated Manager (defined in Section 5.10), you must designate 1 other person to attend the training. If you are the Manager, you may designate 1 additional person who will be active in the day-to-day activities of the Facility to be the other trainee. All trainees must be acceptable to us. The Initial Training Program includes instruction in pre-opening brand and technology orientation, Facility operations and service line management (Daytime Petcare, Overnight Petcare, Grooming, and In-Home Services if you will offer them), safety and health (canine behavior, group play management, emergency protocols), client experience and customer service, financial & labor basics (pricing structures, daily reporting), marketing and local launch strategies, and technology systems (pos, membership management, check-in/out). The Initial Training Program will be provided about 60 days before the Opening Date at a time we schedule. We will provide, at our expense, instructors, facilities, training materials and technical training tools for the Initial Training Program. You are responsible for all your trainees' expenses in attending the Initial Training Program including all travel, lodging and meal expenses. You must pay all expenses incurred to have any additional employees or agents attend the Initial Training Program, including reasonable training fees.

(b) **Failure to Complete Initial Training Program.** If any trainee fails to complete satisfactorily the Initial Training Program, as determined in our discretion, we may: (i) at your expense, retrain the trainee or allow you to hire another trainee; or (ii) elect to terminate this Agreement after notice and 10 days to cure by satisfactorily completing training, in which case we will not refund the Initial Franchise Fee or other fees collected under this Agreement.

Section 3.06 Access to the Manuals.

We will provide you with access to the Manuals (with revisions as required). Our practice is to grant you access to the Manuals at or shortly before the Initial Training Program.

Section 3.07 Pre-Opening Inspection.

Before the Opening Date, we will provide on-site assistance as we deem appropriate and inspect the Facility and Signage. "**Signage**" means the signage bearing the Proprietary Marks. We will provide you with advice as we deem appropriate to ensure that your Facility conforms to our applicable standards before the Opening Date. You may not open for business until you have received our approval.

Section 3.08 Pre-Opening On-Site Training.

We will make available to you pre-opening training of a minimum of 5 days, in the manner we deem appropriate. The pre-opening training program will cover material aspects of the operation

of the Facility including financial control, marketing techniques, maintenance of quality standards, inventory control, security standards, merchandising techniques, promotional techniques, operations, purchasing and sales.

Section 3.09 Grand Opening Assistance.

In addition to providing the pre-opening training before the grand opening in Section 3.10, we will disburse the Grand Opening Marketing Fee (paid by you to us) to those parties that provide products and services in connection with your grand opening.

Section 3.10 Continued Assistance and Support.

(a) Field Visits. After the Facility opens for business, we will provide assistance to you in the operation of the Facility by means of periodic visits by our field representative.

(b) Local Marketing. We will provide periodic advice on local marketing.

(c) Periodic Assistance. We may provide advisory assistance in the operation and promotion of the Facility as we deem advisable. Advisory assistance may include additional training and assistance, communication of new developments, improvements in equipment and supplies, and new techniques in marketing, service and management relevant to the operation of the Facility.

(d) Refresher or Additional Training. We may provide refresher training programs, seminars or advanced management training for you and your employees at our principal training facility or any other location we designate, that may be required at our option. If you receive unsatisfactory inspection reports from us and fail to promptly remedy the deficiencies, we may require you and your Manager to attend refresher training immediately. You are solely responsible for all expenses associated with these training programs including the then prevailing standard training fee we charge for these programs and all travel, meals and lodging costs of your attendees.

(e) Annual Convention. We are permitted to establish an annual convention or meeting of franchisees (the "**Annual Convention**"), which you must attend. We reserve the right to charge a registration fee per person for attendance at the Annual Convention and you must pay the travel, accommodations, wages, and all other expenses for your representatives attending the Annual Convention. You must pay this registration fee even if you fail to attend the Annual Convention.

Section 3.11 Our Temporary Operation of the Facility.

At our option, if:

(a) You or the Franchise Owner dies or becomes permanently incapacitated and the franchise or the ownership interest in you is not assigned promptly under Section 11.03; or

(b) You operate the Facility in a manner that we determine in our discretion creates a threat or danger to the public health or safety of customers or pets; or

(c) This Agreement is terminated or expires and we or our Designee (as defined in Section 3.13) elects to purchase your business assets as provided in Section 14.03;

then, we or our Designee will be entitled (without any obligation) to enter the Facility and operate and manage the Facility for your (or your estate's) account until the Franchise Agreement is terminated, transferred to a party under Subsection 11.02(e), purchased by us or our Designee, or until you resume control over the Facility and operate it in accordance with this Agreement. Our operation and management will not continue for more than 90 days without your written consent or the consent of the representatives of your estate. If we operate the Facility, we will account to you or your estate for all net income from the operation less our management fee of 10% of your Gross Revenues while we are providing on-site management, plus our reasonable expenses incurred for our operation of the Facility.

Section 3.12 Duties Solely to You.

All of our obligations under this Agreement are owed only to you. No other party is entitled to rely on, enforce, or obtain relief for breach of the obligations owed to you either directly or by subrogation.

Section 3.13 Our Right to Delegate.

We have the right to delegate our rights and obligations under this Agreement to a Designee. You must discharge your duties to the Designee to the extent we request, as you must do with us. "**Designee**" means 1 or more third parties we appoint to perform any or all of our obligations as we determine under this Agreement or receive any or all of our rights under as we determine under this Agreement.

Article IV. FEES AND PAYMENTS

Section 4.01 Initial Fees.

In consideration of our signing this Agreement, you must pay to us the following initial fees, in addition to any other fees required under this Agreement, all of which are payable in United States currency at our principal office:

(a) **Initial Franchise Fee.** You must pay to us an Initial Franchise Fee of $45,000 ("**Initial Franchise Fee**"), payable when you sign this Agreement. The Initial Franchise Fee is fully earned when paid and not refundable under any circumstances, regardless of whether or not you ultimately open a Facility.

(b) **Grand Opening Marketing Fee**. You must pay us a Grand Opening Marketing Fee of $20,000. You must pay us the Grand Opening Marketing Fee when you begin construction of your Facility. We will disburse the Grand Opening Marketing Fee to the third parties who provide products and services in connection with your Grand Opening Marketing. The Grand Opening Marketing Fee (to the extent not already spent) is refunded to you if the Franchise Agreement is terminated before you open for business.

(c) **Technology Set-Up Fee.** You must pay us a Technology Set-Up Fee of $7,500. The Technology Set-Up Fee is due at least 90 days before the earlier of your Opening Deadline

or your actual Opening Date. The Technology Set-Up Fee covers the set-up of the technology that you will use for your Daytime Petcare, Overnight Petcare and Grooming services. If you wish to add In-Home Services, we will set-up our technology to allow you to do so for an additional set-up fee of $2,500, payable before you begin offering In-Home Services. The Technology Set-Up Fee is not refunded if this Agreement is terminated before you open for business.

Section 4.02 Recurring Fees.

In consideration of our signing this Agreement, you must pay to us the following recurring fees, in addition to any other fees required under this Agreement, all of which are payable in United States currency at our principal office:

(a) **Royalty Fee**. You must pay a continuing weekly non-refundable royalty fee to us during the Term of 6.0% of Gross Revenues (the "**Royalty Fee**"). However, you must pay a minimum weekly Royalty Fee of $600 (the "**Minimum Royalty Fee**") beginning on the 26th full calendar week after the Opening Date. The Minimum Royalty Fee is subject to the Cost of Living Adjustment. This Minimum Royalty Fee is in no way intended to infer that you will experience gross revenues of any particular level.

(b) **Brand Fund Contributions**. You must pay a continuing weekly non-refundable brand fund contribution to the Brand Fund during the Term of 2.0% of Gross Revenues (the "**Brand Fund Contribution**"). However, you must pay a minimum weekly Brand Fund Contribution of $200 (the "**Minimum Brand Fund Contribution**") beginning on the 26th full calendar week after the Opening Date. The Minimum Brand Fund Contribution is subject to the Cost of Living Adjustment, but the Minimum Brand Fund Contribution will not exceed the minimum Brand Fund Contributions then being charged to new franchisees within the System. This Minimum Brand Fund Contribution is in no way intended to infer that you will experience gross revenues of any particular level. We have the sole right to enforce the obligations of you and all other franchisees that make Brand Fund Contributions. Neither you, nor any other franchisee obligated to make Brand Fund Contributions, is a third-party beneficiary of the funds or has any right to enforce any obligation to contribute the funds. We may increase the Brand Fund Contribution up to 3.0% of weekly Gross Revenues upon sixty (60) days' prior notice to you.

(c) **Local Marketing Fee.** You must pay a continuing weekly non-refundable local marketing fee to us during the Term of 2.0% of Gross Revenues (the "**Local Marketing Fee**"). However, you must pay a minimum weekly Local Marketing Fee of $200 (the "**Minimum Local Marketing Fee**") beginning on the 26th full calendar week after the Opening Date. The Minimum Local Marketing Fee is subject to the Cost of Living Adjustment, but the Minimum Local Marketing Fee will not exceed the minimum Local Marketing Fee then being charged to new franchisees within the System. This Minimum Local Marketing Fee is in no way intended to infer that you will experience gross revenues of any particular level. You and we will consult on the plan for spending the Local Marketing Fee in your area.

(d) **Technology Fee.** You must pay to us a recurring monthly technology fee (the "**Technology Fee**") in the amount we designate ($1,000 as of the Effective Date), for certain technology related services, products, licenses and/or sublicenses we designate, which may include, without limitation, hardware, software, network connections, and other equipment, hardware and software necessary to operate the Technology System, member management system, and/or scheduling system. We may increase the Technology Fee at any time, provided

however that such increase will never be more than (1) the amount equal to any increase in our actual costs to provide the services and products associated with the Technology Fee since the last time we established or increased the Technology Fee, plus (2) 20% of the total cost to provide the services and products associated with the Technology Fee. You also must pay to us or our Designee all fees assessed by suppliers for the technology used in the operation of the Facility, which may include the development and maintenance of the website, and the development, installation and maintenance of current and future developed software programs. Your obligation to pay the Technology Fee to us begins on the earlier of: (i) the date you begin In-Home Services under this Agreement; or (ii) the Opening Date. We reserve the right to require you to pay third-party suppliers directly for any technology we require you to use in the operation of the Facility at any time effective on notice to you.

(e) **SkipOS Fee.** You must pay to us a recurring monthly fee for the Skiptown Operating System ("**SkipOS Fee**") in the amount we designate ($1,000 per month as of the Effective Date), in order to use our Skiptown Operating System. We may increase the SkipOS Fee at any time, provided however that such increase will never be more than (1) the amount equal to any increase in our actual costs to provide the services and products associated with the Skiptown Operating System since the last time we established or increased the SkipOS Fee, plus (2) 20% of the total cost to provide the services and products associated with the Skiptown Operating System. Your obligation to pay the SkipOS Fee to us begins on the earlier of: (i) the date you begin In-Home Services under this Agreement; or (ii) the Opening Date.

Section 4.03 Gross Revenues Defined.

"**Gross Revenues**" means the entire amount of all of your revenues from the ownership or operation of the Facility or any business at or about the Facility including the proceeds of any partnership, business interruption insurance and any revenues received from the lease or sublease of a portion of the Facility, whether the revenues are evidenced by cash, credit, checks, gift certificates, coupons and premiums (unless exempted by us), services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded and credit given to customers and receivables uncollectible from customers will be deducted in computing Gross Revenues to the extent that the cash, credit or receivables represent amounts previously included in Gross Revenues where Royalty Fees were paid. Gross Revenues are deemed received by you at the time the goods, products, merchandise or services from which they derive are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, except for the sale of bundles (which are a pack of services paid for in advance of the service at a discounted price), which are included in Gross Revenues when initially sold. Gross Revenues will include the sale of bundles at the date the customer purchases the bundle, not on the date(s) the customer uses the credit. Gross Revenues consisting of property or services (for example, "bartering" or "trade outs") are valued at the prices applicable, at the time the Gross Revenues are received, to the services or products exchanged for the Gross Revenues.

Section 4.04 Payment Schedule.

The Royalty Fee, Brand Fund Contributions, and Local Marketing Fee must be paid to us, together with any required weekly reports, by Wednesday of each week for the immediately preceding Monday through Sunday for each week during the Term. Monthly fees must be paid to us by the first Wednesday of each calendar month. All other amounts you owe us must be paid as stated

in this Agreement or as we otherwise designate. If no time is specified, these amounts are due on receipt of our invoice. We reserve the right to change the timing and method of payment of fees due under this Agreement. Any payment or report we do not actually receive on or before the due date is overdue.

Section 4.05 Payment System.

(a) All your payments to us or our affiliates, on our request, will be effectuated by a payment system by the use of pre-authorized transfers from your operating account through the use of electronic fund transfers, that we will process at the time any payment is due or through the use of any other payment system we designate. You must cooperate with us to implement the payment system within 15 days before the first Royalty Fee payment is due. You agree to cooperate with us in maintaining the efficient operation of the payment system, including depositing all Gross Revenues you receive in your operating account accessed by the payment system within 1 business day of receipt.

(b) You must give your financial institution instructions in a form we provide or approve and must obtain the financial institution's agreement to follow these instructions. Our current form of Electronic Transfer Authorization is attached as Attachment 6. You must provide us with copies of these instructions and agreement. The financial institution's agreement may not be withdrawn or modified without our prior written approval and approval is within our sole discretion. You also will sign all other forms for funds transfer as we or the financial institution request.

(c) We may require your financial institution to send a monthly statement of all activity in the designated account to us at the same time as it sends these statements to you, and any other reports of the activity in the operating account as we reasonably determine and request.

(d) If you maintain any other bank accounts for the Facility, you must identify these accounts to us and provide to us copies of the monthly statements for all these accounts and the details of all deposits and withdrawals to them.

(e) You must pay all charges imposed by your financial institution. We will pay the charges our financial institution imposes for the payment system.

(f) We have the right, at our sole option on notice to you, to change the timing and terms for payment of Royalties, Brand Fund Contributions, Local Marketing Fees, Technology Fees, SkipOS Fees, and other amounts due to us under this Agreement. You may not subordinate to any other obligation your obligation to pay us Royalties, Brand Fund contributions, Local Marketing Fees, Technology Fees, SkipOS Fees, or any other amount due under this Agreement.

(g) You agree that your obligations to make payments under this Agreement and any other agreement entered into with us or our affiliates related to the Facility, and the rights of us and our affiliates, if any, to receive these payments, are absolute and unconditional, and are not subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims that you have or may have against us, any of our affiliates, any of our Designees, or against any other person for any reason.

Section 4.06 Interest on Late Payments; Late Charge.

Although each failure to pay monies when due is an Event of Default, to encourage prompt payment and to cover the costs involved in processing late payments, if any payment under this Agreement or any other agreement between us or our affiliates and you related to the Facility is overdue for any reason, you must pay to us, on demand, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid equal to the lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law. In addition to interest on overdue amounts, you will pay a late charge on demand of $100 for each payment that is more than 7 days overdue to cover our administrative costs from the late payment. Interest also will be charged on past due amounts and arrearages including past interest, attorneys' fees and late charges. Nothing in this Agreement is construed to mean that you are to pay, or have contracted to pay, any sum in excess of what may lawfully be charged or contracted for under any applicable law. The parties' intention is to conform strictly to applicable usury laws. We and you agree that if an excess is inadvertently collected it will be applied to reduce the amounts owed for future Royalty Fees and Brand Fund Contributions.

Section 4.07 Application of Payments.

We have sole discretion to apply any payments you make through the payment system to your past due indebtedness including the Royalty Fee, Brand Fund Contributions, purchases from us or our affiliates, interest, late charges, or any other indebtedness of you to us or our affiliates in any manner we choose regardless of your designation.

Article V. DEVELOPMENT AND OPERATING OBLIGATIONS

Section 5.01 Acquisition of the Site.

(a) **Site Approval.** You are solely responsible for selecting the site for your Facility including all expenses associated with site selection. If a site for the Facility has not been selected on the Effective Date, you must obtain our written acceptance of your selected site in accordance with Section 3.01 and complete the acquisition or lease arrangements for premises of the Facility located in the Non-Exclusive Search Area within 6 months of the Effective Date (the "**Site Acquisition Deadline**"). If a site has not been accepted before the Site Acquisition Deadline, we may terminate this Agreement under Section 12 and we will not refund the Initial Franchise Fee.

(b) **Purchase of the Site.** If you intend to purchase the site for the Facility, the purchase agreement must be submitted to us for our written acceptance, however we do not review your purchase agreement to make sure it is acceptable to you. You should have your own lawyer review your purchase agreement and related documents. You will be solely responsible for securing any necessary acquisition, construction, permitting or other financing of the site and the Facility.

(c) **Lease of the Site.** Any lease or sublease of the Location must be accepted by us, however we do not review your lease to make sure it is acceptable to you. You should have your own lawyer review your lease. You must obtain an agreement with your landlord, substantially in the form attached as Attachment 4. You must deliver a copy of the signed lease or sublease to us within 7 days of its signing. You must agree not to sign or agree to any modification of the lease or sublease that would adversely affect our rights without our written approval.

(d) **Zoning.** Before signing any purchase or lease agreement, you must ensure that your operation of the Facility at the proposed site will not violate any applicable law or regulation, including without limitation any zoning, parking, and use restrictions relating to the site.

(e) **No Warranty.** You agree that our acceptance of any site for the Facility will not, under any circumstances, constitute a warranty or representation, whether express or implied, as to the potential success or profitability of the Facility at the site. You agree that the Facility site selection, while subject to our acceptance, is your responsibility and you are encouraged to work with professional advisors in determining suitability for a proposed site before entering into any binding lease or purchase agreement for the site. You agree that we have no responsibility to you if the site you secure for the Facility fails and agree not to allege anything to the contrary.

Section 5.02 Construction Plans and Permits.

(a) You agree that it is your sole responsibility to prepare all required construction and build-out plans and specifications for the Facility and to ensure that all plans and specifications comply with all applicable laws, rules and regulations, including those rules governing public accommodations for persons with disabilities (including, for example, the Americans with Disabilities Act), and all other applicable ordinances, building codes, zoning regulations, permit requirements and lease restrictions. We will provide you a building layout and specifications for construction, remodeling and/or decorating the Location and general floor plans and general interior layout and design, as provided in Section 3.03.

(b) You must employ a qualified licensed architect or engineer that we have approved and that has adequate errors and omissions insurance to prepare a site plan and plans and specifications adapting our standard plans and specifications to your approved Location and to applicable laws, lease requirements and restrictions, and market conditions. The architect or engineer must be especially mindful of all zoning, signage, occupancy capacity, parking requirements and storage requirements. Any material modification to the standard plans and specifications must be sealed and stamped by the architect or engineer and accepted by us. Once we have accepted the modified plans and approvals, they may not be materially changed or modified without our written approval. At our request, you will provide us with any requested information concerning any additional personnel you employ for design, construction, or remodeling. We may require you to only use our approved or designated architects and/or contractors in connection with any design, construction, build-out or remodeling and pay these contractors all required fees and expenses.

(c) You will employ professional supervision satisfactory to us over preparation of the site layout and plan and over construction of the Facility.

(d) You must obtain all permits, licenses and certifications required for the lawful construction and operation of the Facility, together with certifications from all governmental authorities having jurisdiction over the Location and the Facility. These include without limitation permits, licenses and certifications related to construction, zoning, access, sign, fire, health, environmental and safety requirements, kennels, animal protection laws, matters affecting health, safety, and welfare, such as pet food handling requirements, maintenance of water quality and availability, requirements for temperature control and ventilation, pet waste removal, noise control, drainage, humane care, interior surface requirements, space requirements, lighting requirements, pest control, and record keeping (including vaccination records. You must provide us with

evidence that all necessary permits, licenses and certifications have been obtained and maintained and that all requirements for construction and operation have been met and maintained.

(e) You agree that our review of your site plan and specification is limited to ensuring compliance with our required design and other requirements and will not include any assessment of whether or not the plans and specifications meet the requirements of all applicable laws, rules, ordinances and regulations, which will at all times remain your sole responsibility.

Section 5.03 Construction Requirements.

You must begin construction within 30 days after a site is acquired or leased and provide written notice to us of the date construction of the Facility began within 5 days after the first day of construction. You will construct the Facility and surrounding premises in accordance with the approved plans described in Section 5.02 and the Design Specifications. You must maintain continuous construction of the Facility and must complete construction, including all exterior and interior carpentry, electrical, painting and finishing work and installation of all with the approved fixtures, equipment and signs, in accordance with the site plans and Design Specifications, at your expense, within 12 months after the Effective Date. You will provide us with any progress reports we request during the course of any design, construction, and remodeling work. You agree that we and our representatives have the right to inspect the construction at all reasonable times. Within 10 days after completion of construction, you must obtain a Certificate of Occupancy. Within 7 days after the date of the Certificate of Occupancy, you must open the Facility. Notwithstanding anything to the contrary herein, you may not open the Facility for business without our approval.

Section 5.04 Opening.

"**Opening Date**" means the date the Facility is first opened for business to the general public. You agree not to open the Facility for business until: (a) all of your obligations under Sections 5.01 through 5.03 have been fulfilled; (b) we determine that the Facility has been constructed, furnished, equipped, and decorated in accordance with approved plans and specifications; (c) the training of the trainees has been completed to our satisfaction; (d) the Initial Franchise Fee and all amounts due to us and our affiliates under this Agreement have been paid in full; (e) we have been furnished with certificates of insurance and copies of all insurance policies or all other evidence of insurance coverage as we reasonably request; (f) you have obtained a Certificate of Occupancy for the Facility; (g) you have obtained all necessary licenses and permits to operate the Facility; (h) you have provided us with a copy of your lease or proof of ownership of the Location; and (i) you have obtained our written approval to open. Our final approval of the opening of the Facility will be given in writing and will be in our sole discretion. You agree to comply with these conditions and to be prepared to open the Facility for business within 12 months after the Effective Date (the "**Opening Deadline**"). If the Facility has not opened for business by the Opening Deadline, we may terminate this Agreement under Section 12 and we will not refund the Initial Franchise Fee.

Section 5.05 Use of the Location.

You must use the Location only for the operation of the Facility. You must keep the Facility open for business and in normal operation for the minimum hours and days as we require in the

Manuals or otherwise in writing except as may be limited by local law or the landlord's rules and regulations. You must refrain from using or permitting the use of the Location for any other purpose at any time without obtaining our written consent.

Section 5.06 Maintenance and Repairs.

You must maintain the Facility in the highest and most uniform degree of sanitation, repair, appearance, condition and security as stated in the Manuals and as a modern, clean, adequately lighted and efficiently operated Facility providing high quality services and products with efficient, courteous and friendly customer service as we require. You must make all additions, alterations, repairs and replacements to the Facility (but no others without our written consent) as we direct, including all periodic repainting, changes in appearance, repairs to impaired equipment and replacement of obsolete signs, equipment and technology as we direct. You must meet and maintain the highest safety standards and ratings applicable to the operation of the Facility as we require, including the maintenance of the highest sanitation rating.

Section 5.07 Operational Requirements.

You agree to operate the Facility in conformity with all uniform methods, standards and specifications required in the Manuals or otherwise, to ensure that the highest degree of quality and service is uniformly maintained. You agree to:

(a) Record all Gross Revenues on the approved Technology System, as defined in Section 5.08(a).

(b) Comply with the procedures and systems we require both now and in the future, including those on sales, good business practices, marketing and other obligations and restrictions.

(c) Maintain in sufficient supply (as we require in the Manuals or otherwise in writing) and use at all times, only inventory, equipment, materials, marketing methods and formats, and supplies that conform with our standards and specifications, if any, at all times sufficient to meet the anticipated volume of business, and to refrain from deviating from these requirements without our written consent.

(d) Adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with customers, suppliers, employees, independent contractors, us and the public.

(e) Sell or offer for sale only the services and products that meet our uniform standards of quality and that we have expressly approved for sale in the Manuals or otherwise in writing at retail to consumers only from the Facility.

(f) Not sell any unapproved services or products and to refrain from any deviation from our standards and specifications for providing or selling the services and products without our written consent.

(g) Discontinue selling and offering for sale any services and products that we disapprove in writing at any time.

(h) Purchase and install, at your expense, all fixtures, furnishings, signs and equipment (collectively, "**FF&E**") we specify. All FF&E must be maintained in a condition that meets the operational standards stated in the Manuals. As FF&E becomes obsolete or inoperable, you must replace FF&E with FF&E that is then approved for use in the Facility. If we determine that additional or replacement FF&E is needed because of a change in service, a change in technology, customer concerns or health or safety considerations, you must install the additional or replacement FF&E within the time we specify. You agree to refrain from installing or permitting to be installed on or about the Facility (unless submitted in writing to us before purchase and installation and approved in writing by us) any products, fixtures, furnishings, signs, promotional literature, equipment or other items and service concepts not previously specifically approved.

Section 5.08 Technology Systems; Skiptown Operating System License.

(a) **Technology System.** You must purchase, install, use and maintain our Skiptown Operating System, hardware, other software, and other electronics and technology systems we designate (the "**Technology System**"). You must purchase, install, use and maintain all hardware and software necessary to ensure continuous access to any proprietary intranet system or other electronic platform we designate for communications between us and you and to any web-based software we designate that we have developed or may develop and/or designate for use for the System. You must purchase all computer hardware as necessary for the efficient operation of the Skiptown Operating System, including without limitation, any accompanying computers, modems, credit/debit card readers, cash drawers, receipt printers, and other associated equipment, and credit card machine and a scanner. We have the right to require you to update or upgrade computer hardware components and/or software as we deem necessary from time to time. In addition, we have the right to require you to enter into a separate maintenance agreement for the computer hardware and/or software. Notwithstanding the fact that you must buy, use and maintain the computer hardware and software meeting our standards and specifications, you have the sole and complete responsibility for: (i) the acquisition, operation, maintenance and upgrading of the computer hardware and software; and (ii) all consequences that may arise if the computer hardware and software is not properly operated, maintained and upgraded. We reserve the right to require you to install a "systems backup solution" that backs up critical data in your Technology System using an off-Location storage scheme. You will not allow any unauthorized person to access any proprietary intranet or other computerized systems.

(b) **Software License.** You will enter into a Software License Agreement for the Skiptown Operating System in the form attached as Attachment 3 when you sign this Agreement. The parties acknowledge that you will not be granted access to the Skiptown Operating System until successful completion of the Initial Training Program.

(c) **Data Access.** You grant us unlimited independent access to the data generated by your Technology System, without restriction, and will permit us to poll via electronic connection your Technology System for any purpose, including to compile sales data, consumer trends, labor costs, and any other financial and marketing information we deem appropriate.

(d) **Intranet.** You must participate in any System-wide area computer network, intranet system or extranet system, including any confidential intranet website that we implement and require to use the area computer network, intranet system or extranet system to, among other

things: (i) submit your reports due under this Agreement to us online; (ii) view and print portions of the Manuals; (iii) download approved local marketing materials; (iv) communicate with us and other System franchisees; and (v) participate in online training. You agree to use any area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Manuals, including those related to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

(e) **Telephone.** You must obtain a new telephone number and telephone listing at your expense, to be listed under the "Skiptown" name and not under your corporate, partnership, or individual name, and to be used exclusively in your operation of the Facility. You also must purchase, use and maintain (unless we otherwise designate, a "soft phone" (software-based equivalent to your business desk phone or personal smartphone) from an approved or designated supplier for the operation of the Facility. You agree to sign the Limited Power Of Attorney To Transfer Telephone Listing And Number attached as Attachment 5, which provides that, on the expiration, transfer or termination of this Agreement for any reason, you must terminate your use of the telephone number and listing, as well as any other listings and domain names and Internet listings and assign same to us or our Designee. You must answer the telephone in the manner we specify in the Manuals.

(f) **Camera System.** You must, at your sole expense, purchase, install, maintain and use the camera system we specify, which may include, without limitation, cameras covering all of the service lines in the Facility including but not limited to, kennels, play yards, grooming center and front lobby. This system must be turned on and operational at all times during the Term. You agree that you are solely responsible for complying with all applicable laws, rules and regulations in connection with the use of the camera system, including all applicable privacy and customer notification requirements. You will maintain all camera footage for the amount of time required by your insurance carrier, but in no event less than 90 days. You will provide us with footage as requested by us.

Section 5.09 Hiring, Training and Appearance of Employees.

You are solely and independently responsible for staffing of your Facility, including the terms of employment, compensation and employment practices related to your business and employees. You are solely responsible for all employment decisions and agree to comply with all state, federal, and local hiring laws, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. To the extent any System standards, resources in the Manuals or other written materials address any employment related matters, those are not mandatory but are merely suggestions.

Section 5.10 Management of the Facility.

(a) "**Manager**" means the Franchise Owner, unless we otherwise agree in writing. The Manager must devote his or her best full-time efforts to the management and operation of the Facility. You agree that the Facility requires the day-to-day supervision of the Manager at all times the Facility is open for business. The Manager, and all successive Managers, if any, must complete the Initial Training Program before managing the Facility, unless we otherwise agree in writing.

(b) You must at all times keep us informed of the identity of your Manager. We may consult directly with your Manager on the of your Facility relative to our System standards. If we have permitted the Manager to be an individual other than the Franchise Owner, and the Manager fails to satisfy his or her obligations provided in Subsection 5.10(a) due to death, disability, termination of employment or for any other reason, the Franchise Owner will satisfy these obligations until you designate a new Manager of the Facility who has successfully completed the Initial Training Program. You are solely responsible for the expenses associated with the Initial Training Program, including the then-prevailing standard training fee we charge.

Section 5.11 Approved Specifications and Sources of Supply.

(a) **Purchases from Us or Affiliates.** You must license from us or our affiliate the Skiptown Operating System and all other items that we require if implemented on a System-wide basis.

(b) **Authorized Specifications and Suppliers.** You will use all vendors and suppliers, which may include us and/or our affiliates, as we designate, as a required source for any goods, services, supplies, materials, and equipment. We and our affiliates are permitted to receive any payment or benefit from any vendors or suppliers resulting from any franchisee purchase or lease, and we and our affiliates are permitted to impose markups on services and products we and/or our affiliates supply, and to derive revenue and other material consideration on account of your purchase or lease of any goods, services, supplies, materials, or equipment. We and our affiliates have the right to use these payments, benefits and consideration in any manner, without restriction, for any purposes we and/or our affiliate(s) deem appropriate. We will, to the extent we deem necessary, provide you with specifications for products, services, inventory and equipment you must purchase, and regarding any designated suppliers from which you must purchase any products, services, inventory, goods, and supplies necessary for the start-up and ongoing operation of the Facility.

(c) **Approval of New Specifications and Suppliers.** Except for items where we have designated a single source of supply or authorized supplier, if you want to use an alternative supplier for any required purchases, you must provide us (i) the name, address and telephone number of the proposed supplier, (ii) a description of the item you wish to purchase, (iii) purchase price of the item, if known, (iv) the then-current product or supplier review fee, which is currently $500 for each new product or supplier, (v) a complete vendor approval form which can be furnished to you on request, and (vi) a sample of the product for testing purposes. If we incur any costs for testing a particular service or product or evaluating an alternative supplier at your request, you must reimburse our reasonable inspection and testing costs, regardless of whether we later approve the item or supplier. We will use reasonable efforts to approve, deny, or initiate further testing within 60 days of receiving all requested information. If we do not respond within 60 days of our receipt of all required information, the product or supplier is deemed disapproved. We are not required to approve or test any particular supplier, product, or service. We may base our decision on considerations relating not only directly to the item or supplier, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in our System as a whole. We may revoke our approval of previously approved services or products or suppliers when we determine, in our sole discretion, that those products, services, or suppliers no longer meet our standards, as updated from time to time. On receipt of written notice of revocation, you must immediately stop purchasing services or products from the specified

suppliers.

Section 5.12 Compliance with Laws, Rules and Regulations.

You must comply with all federal, state, and local laws, rules and regulations, and must timely obtain, maintain and renew when required all permits, certificates and licenses necessary to properly operate the Facility under this Agreement, including qualification to do business, fictitious, trade or assumed name registration, building and construction permits, kennel licenses, occupational licenses, sales tax permits, health and sanitation permits and ratings, fire clearances and environmental permits. You must provide us copies of all inspection reports, warnings, certificates and ratings, issued by any governmental entity during the Term on the conduct of the Facility that indicates your material non-compliance with any applicable law, rule or regulation, within 2 days of your receipt of these items. You agree that we have not researched the specific laws and regulations applicable to your Facility, and that you are solely responsible for compliance with these laws and regulations.

Section 5.13 Tax Payments; Contested Assessments.

You must promptly pay when due all taxes required by any federal, state or local tax authority including unemployment taxes, withholding taxes, sales taxes, use taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and all other indebtedness you incur in the conduct of the Facility. You must pay to us any sales tax, goods and services taxes, gross receipts tax, or similar tax imposed on us for any payments to us required under this Agreement, unless the tax is measured by or involves our net income or our corporate status in a state. If we pay any such tax for you, you will promptly reimburse us the amount paid. If there is any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, you will not permit a tax sale or seizure by levy or signing or similar writ or warrant, or attachment by a creditor, to occur against the Location or any assets used in the Facility.

Section 5.14 Customer Surveys; Customer List.

You will present to customers any evaluation forms we require and will participate and/or request your customers to participate in any marketing surveys performed by or for us. You will maintain a current customer list within the Technology System containing each customer's name, address, telephone number and zip code. You must participate in any process we develop to record all customer information. We own all customer information of our franchisees.

Section 5.15 Inspections.

You will permit us and/or our representatives to enter your Facility at any time during normal business hours, for purposes of conducting inspections. You will cooperate fully with us and/or our representatives in inspections by rendering assistance as they reasonably request and by permitting them, at their option, to observe how you are rendering the services and selling the products and to monitor sales volume, to conduct a physical inventory, to confer with your employees and customers and to remove samples of any products, supplies and materials in amounts reasonably necessary to return to our office for inspection and record-keeping. The inspections may be conducted without notice at any time. The inspections will be performed in a

manner that minimizes interference with the operation of the Facility. We may video record the inspections. On notice from us, and without limiting our other rights under this Agreement, you will take all steps necessary to correct immediately any deficiencies detected during inspections, including immediately stopping use of any equipment, marketing, materials, products, supplies or other items that do not conform to our then-current requirements. If you fail or refuse to correct any deficiency, we have the right, without any claim to the contrary by you, to enter your Facility without being guilty of trespass or any other tort, for the purposes of making or causing to be made all corrections as required, at your expense, which you must pay on demand.

Section 5.16 Notices to Us.

(a) You must notify us in writing within 5 days of any of the following events:

(i) The start of any action, suit, countersuit or other proceeding against you.

(ii) Your, or any of your employees', receipt of any notice of noncompliance with any law, rule or regulation.

(iii) The issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality against you or any of your employees.

(b) You will provide us with any information we request, within 5 days of request, about the progress and outcome of events.

Section 5.17 New Concepts.

If you, your employees, or your principals develop any new concept, process or improvement related to the operation or promotion of the Facility, including website content, mobile apps, and/or social media pages that you created with our approval, you must promptly notify us and provide us with all necessary related information, without compensation. Any concept, process, intellectual property and/or improvement becomes our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. You and your principals assign to us any rights you have or acquire therein, including the right to modify the concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any concept, process or improvement in all countries, and further agree to sign and provide us with all necessary documentations for obtaining and enforcing these rights. You and your principals irrevocably designate and appoint us as your agent and attorney-in-fact to sign and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process or improvement. If the foregoing provisions of this Section are found to be invalid or otherwise unenforceable, you and your principals grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent the use or sublicense would, absent this Agreement, directly or indirectly infringe your rights therein.

Section 5.18 Renovation and Upgrading.

(a) You will make any additions, alterations, upgrades, repairs and replacements we

require in connection with your operation of the Facility at your sole expense, including without limitation periodic redecorating, refurbishment, remodeling, replacement of signs, fixtures or materials, and upgrading and/or replacement of equipment. Without limiting the foregoing, you must ensure that, at all times during the Term, you take the following actions at your expense (i) regular and thorough cleaning; (ii) repainting and redecorating of the interior and exterior of the Facility as we direct; and (iii) repair and/or replace, as we designate, damaged, worn-out and/or obsolete equipment, fixtures and/or furnishings. You agree that we have the right to change the trade dress and you agree to comply with and implement all modifications necessary to comply with these changes at your sole expense.

(b) Once every 5 years, but no later than the 5th anniversary of the Effective Date, on notice from us, you must complete a Major Remodel at your expense. A "**Major Remodel**" will include remodeling, expanding, redecorating, reequipping and/or refurnishing the Facility at your expense to reflect changes in the operations of Skiptown facilities that we prescribe and require of new franchisees. You will diligently complete this Major Remodel within a reasonable time after starting the work.

Section 5.19 Liquidated Damages for Sale of Prohibited Services or Products.

You agree that the offer to sell or the sale of unauthorized or prohibited services and products will result in damages to us. You agree these damages will be measured as $250 (subject to the Cost of Living Adjustment) for each day of the prohibited offer or sale, payable to us on demand. These damages are in addition to our other rights or remedies, including our right strictly to enforce or terminate this Agreement as provided in this Agreement and obtain injunctive relief. The parties agree that a precise calculation of the full extent of the damages that we will incur from the offer or sale of unauthorized services and products is difficult to determine and we and you desire certainty in this matter and agree that the liquidated damages are reasonable and are not a penalty.

Article VI. PROPRIETARY PROPERTY

Section 6.01 Our Representations As to the Proprietary Marks.

We represent to you that:

(a) Skiptown Holdings, LLC, our parent, is the owner of the Proprietary Marks subject to the rights of senior users, if any.

(b) Our parent has licensed to us the right to use the Proprietary Marks for our Facilities and to sublicense the Proprietary Marks to franchisees.

(c) We will take all reasonable steps to preserve and protect the ownership and validity of the Proprietary Marks as we determine in our sole discretion.

Section 6.02 Your Use of the Proprietary Property.

"**Proprietary Property**" means our or our affiliates' Proprietary Marks, Confidential Information and copyrighted information that you are entitled to use under this Agreement. You may use the Proprietary Property only in accordance with standards and specifications we determine. You

agree that:

(a) You will use the Proprietary Property only for the operation of the Facility at the Location;

(b) You must use only the Proprietary Marks that we designate, and only in the manner we authorize and permit;

(c) You will use the Proprietary Marks as the sole trademark identifications for the Facility and will display prominently the Proprietary Marks on and/or with all materials we designate and authorize, and in the manner we require;

(d) You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM", SM", "S" or "®", as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products that we have not authorized for use in connection with the System. You may not use the Proprietary Marks, or any component thereof, as part of your entity or other legal name. Your entity name and all fictitious names under which you propose to do business must be approved by us in writing before use. You must use your entity name either alone or followed by the initials "D/B/A" and the business name "Skiptown." You must promptly register at the office of the county in which your Facility is located, or any other public office as provided for by the laws of the state in which your Facility is located, as doing business under that assumed business name;

(e) You must identify yourself as the owner of the Facility (in the manner we require) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at conspicuous locations at the Facility as we designate in writing;

(f) You will not use the Proprietary Marks or any derivation thereof or confusingly similar Proprietary Mark in any domain name you own or control, or in any email address you or your agents use, except with our written consent;

(g) You must sign all documents we deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability; and

(h) You will not pledge or use the Proprietary Property as security for any obligation or indebtedness.

Section 6.03 Your Infringement.

Your right to use the Proprietary Marks is limited to the uses as are authorized under this Agreement, and any unauthorized use thereof is an infringement of our rights. If you use the Proprietary Marks in any way contrary to the terms of this Section, then on our request and at our option, and without limitation to our other remedies, you must cease that use and cancel all registrations, domain names, and email addresses, or must transfer to us the rights to those registrations, domain names, and email addresses and must sign all further agreements necessary to carry out that transfer.

Section 6.04 Claims Against the Proprietary Property.

If there is any claim of infringement, unfair competition or other challenge to your right to use any Proprietary Property, or if you become aware of any use of, or claims to, any Proprietary Property by persons other than us or our franchisees, you must promptly (within 7 days) notify us in writing. You will not communicate with anyone except us on any infringement, challenge or claim except under judicial process. We have sole discretion as to whether we take any action on any infringement, challenge or claim, and the sole right to control any litigation or other proceeding arising out of any infringement of, challenge or claim to any Proprietary Property. We also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable to protect and maintain our interest in any litigation or proceeding involving the Proprietary Property or otherwise to protect and maintain our interests in the Proprietary Property.

Section 6.05 Our Right to Modify the Proprietary Marks.

We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating under the System. If we notify you in writing that the Proprietary Marks have been modified or discontinued, you must discontinue use of the relevant Proprietary Marks and begin using the new or modified Proprietary Marks within the time frame stated in our notice, at your expense.

Section 6.06 Ownership; Inurement Solely to Us.

(a) You agree that:

(i) The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System.

(ii) During the Term and after its expiration or termination, you must not directly or indirectly contest the validity of, or our parent's ownership of, or our right to use and to license others to use, the Proprietary Marks.

(iii) Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks.

(iv) Your use of the System and Proprietary Marks and any goodwill established by that use inures solely to the benefit of us or our parent, and, on the expiration or the earlier termination of this Agreement for any reason, you will not receive or be assigned any monetary amount in compensation for your loss of use of the Proprietary Marks.

(v) The license of the Proprietary Marks granted to you under this Agreement is nonexclusive and we retain the right, among others, (i) to use the Proprietary Marks ourself in connection with selling services and products; (ii) to grant other licenses for the Proprietary Marks; and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing you any rights therein.

(b) If you secure in any jurisdiction any rights to any of the Proprietary Marks (or any other Proprietary Property) not expressly granted under this Agreement, you will immediately notify us and immediately assign to us all of your right, title and interest to the Proprietary Marks (or any other Proprietary Property) not expressly granted under this Agreement.

Article VII. THE MANUALS AND OTHER CONFIDENTIAL INFORMATION

Section 7.01 In General.

To protect our reputation and goodwill and to maintain uniform standards of operation under the Proprietary Marks, you will conduct your Facility in accordance with the Manuals. The Manuals are deemed an integral part of this Agreement with the same effect as if fully stated in this Agreement. "**Manuals**" means all materials produced by, or for the benefit of, us and loaned to you or to which you have been granted access, and any revisions prepared for the internal use of the System.

Section 7.02 Confidential Information.

(a) For purposes of this Agreement, the term "**Confidential Information**" means: information that we consider our trade secrets and other information, processes, methods, procedures, know-how, and techniques related directly or indirectly to the development, opening and/or operation of a Facility, including but not limited to methods of instruction; information regarding the build-out of a Facility; information about proprietary equipment; information about proprietary merchandise; the Skiptown Operating System and any proprietary software we in the future create; the Manuals; price marketing mixes related to the sale of services or products offered or authorized for sale by System franchisees; standards and specifications for equipment, location design, equipment layout, lighting, supplemental equipment configuration, systems and training manuals, instructor training systems, online social marketing systems, merchandise sales systems, location identification and acquisition systems, the operating results and financial performance of Facilities, and general operations; our copyrighted materials; our and/or our affiliates' patents; and methods and other techniques and know-how concerning the operation of the Facility that may be communicated to you or of which you may be apprised by virtue of your operation of a Facility. "**Confidential Information**" includes all information, knowledge, know-how, techniques, and other data that we designate as confidential. You agree that certain information, including (i) current customer and prospective customer names and addresses, (ii) customer purchasing histories, (iii) rates charged to customers, and (iv) sources of suppliers and purchasing arrangements with suppliers, also constitute our trade secrets and Confidential Information.

(b) You agree that, during and after the Term, you, your owners and employees will:

(i) not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the Skiptown Concept.

(ii) not sell, transfer or use any member or customer information for any purpose other than marketing the Facility in accordance with the terms of this Agreement.

(iii) maintain the absolute secrecy and confidentiality of the Confidential

Information during and after the Term.

(iv) not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form.

(v) adopt and implement all procedures that we prescribe to prevent unauthorized use or disclosure of, or access to, the Confidential Information.

(c) You must first require all persons whom you permit to have access to the Manuals or any other Confidential Information to sign a form of confidentiality agreement that we have approved.

Section 7.03 Periodic Revisions.

We may change the contents of the Manuals. You will comply with each new or changed provision in the Manuals after written notice from us. Revisions to the Manuals will be based on what we, in our sole discretion, deem is in the best interests of the System, us and our franchisees, including to promote quality, enhance goodwill, increase efficiency, decrease administrative burdens, or improve profitability. You agree that because complete and detailed uniformity under many varying conditions may not be possible or practical, we reserve the right, in our sole discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices or any condition that we deem important to the successful operation of a franchise. You are not entitled to require us to grant to you a similar variation under this Agreement. In any dispute as to the contents of the Manuals, the terms in our master copy of each of the Manuals we maintain in our home office is controlling.

Article VIII. MARKETING

Recognizing the value of marketing, and the importance of the standardization of marketing programs to the goodwill and public image of the System, the parties agree to the following terms.

Section 8.01 Local Marketing.

(a) As noted in Section 4.02(c), you must pay us each calendar week during the Term, beginning on the Opening Date, 2.0% of Gross Revenues for us to use for local marketing in your area, subject to the Minimum Local Marketing Fee. You and we will consult on the plan for spending the Local Marketing Fee. "**Local Marketing**" means marketing and promotion undertaken in media directed primarily in your local market area. Local Marketing does not include payments to the Brand Fund nor payments for permanent on-premises signs, purchasing or maintaining vehicles even though the vehicles display in some manner our Proprietary Marks (except the cost of the materials displayed are included), contributions, sponsorships (unless our Proprietary Marks are prominently displayed by the group or activity receiving the contribution or sponsorship), premium or similar offers including discounts, price reductions, special offers, employee incentive programs and other similar payments that we determine in our sole discretion should not be included in determining whether you have met your obligation for Local Marketing.

(b) You must submit to us for approval, all materials to be used for Local Marketing, unless they have been approved before or they consist only of materials we provided and have not later disapproved. All materials on which the Proprietary Marks are used must include the applicable designation service mark℠, trademark™, registered® or copyright©, or any other designation we specify. If you have not received the written approval of materials submitted within 10 days from the date we received the materials, the materials are deemed disapproved. We may require you to withdraw and/or discontinue the use of any promotional materials or marketing, even if previously approved, if in our judgment, the materials or marketing may injure or be harmful to the System. We will make this requirement in writing, and you have 5 days after receipt of notice to withdraw and discontinue use of the materials or marketing, unless otherwise agreed in writing. The submission of marketing materials to us for approval does not affect your right to determine the prices at which you sell your services or products.

(c) Subject to any legal restrictions, you must include in all advertisements and promotions, and on a sign in a conspicuous place within the Location, substantially the following statement: "Skiptown Franchise Opportunities Available." All responses will be immediately referred to us as we designate. You have no authority to act for us in franchise sales.

Section 8.02 Grand Opening Marketing Program.

You must implement a grand opening marketing and promotional program for the Facility sometime during the first 60 days after Opening Date using the Grand Opening Marketing Fee which will contain our standard opening activities and publicity, and our advice and guidance with regard to decoration and operation of the Facility during the grand opening period.

Section 8.03 Regional Cooperative Marketing.

You agree that we have the right, in our discretion, to establish a regional marketing cooperative ("**Cooperative**") in any geographic area. You will immediately on our request become a member of the Cooperative for the area in which some or all of the Protected Territory is located. The Facility is not required to be a member of more than 1 Cooperative. The Cooperative will be governed in the manner we require. The Cooperative has the right to require each of its members to make contributions to the Cooperative, not to exceed 2.0% of that member's Gross Revenues. The following provisions apply to each Cooperative:

(a) The Cooperative will be organized and governed in a form and manner, and will begin operation on a date, we approve in advance in writing.

(i) The Cooperative will be organized for the exclusive purpose of administering marketing programs and developing, subject to our approval, standardized promotional materials for use by the members for Local Marketing in the Cooperative's geographic area.

(ii) The Cooperative may adopt its own rules and procedures, but we must approve the rules or procedures and they must not restrict nor expand your rights or obligations under this Agreement. Except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative at a meeting attended by 75% of the members, including assessments for Local Marketing, is binding on you if approved by 51% of the members present, with each Facility having 1 vote.

(iii) No marketing or promotional plans or materials may be used by the Cooperative or furnished to its members without our written approval. All plans and materials must be submitted to us in accordance with the procedure stated in Section 8.01.

(iv) The Cooperative has the right to require its members to make a contribution to the Cooperative in any amount the Cooperative determines. This amount will be credited against your obligation for Local Marketing as provided by Section 8.01; but you are not required to contribute to the Cooperative in excess of 2.0% of your weekly Gross Revenues.

(v) You must submit to the Cooperative, no later than by Wednesday of each week for the immediately preceding Monday through Sunday for each week during the Term, your contribution as provided in Subsection 8.03(a)(iv), together with all other statements or reports we or the Cooperative requires with our written approval.

(vi) If an impasse occurs owing to the inability or failure of the Cooperative members to resolve within 45 days any issue affecting the establishment or effective functioning of the Cooperative, the issue will, on request of a member of the Cooperative, be submitted to the Advisory Council (or us, if the Advisory Council does not exist) for consideration and its resolution of the issue will be final and binding on all members of the Cooperative.

(vii) The Cooperative will render quarterly reports to us of its marketing expenditures.

(b) We, in our sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in the Cooperative, on the franchisee's written request stating reasons supporting the exemption. Our decision concerning the request for exemption is final. If an exemption is granted to a franchisee, that franchisee must spend on Local Marketing the full amount provided in Section 8.01.

Section 8.04 Brand Fund.

(a) **Brand Fund**. We have the right to establish, maintain and administer, directly or through our Designee, a national advertising, marketing, and promotional fund for advertising, marketing, public relations programs, brand development, and/or promotions we select in our sole discretion (generally, the "**Brand Fund**"). You must pay the Brand Fund Contribution to us. We will contribute the Brand Fund Contribution we collect from you to the Brand Fund. We have the right to use and/or to designate the use of the Brand Fund to pay all expenses related to media placement, commissions, market research, creative and production costs, website development and optimization, development and implementation of mobile applications, social media activities including for example, social media influencers, preparing and producing advertising and/or marketing videos, ad-word purchasing programs, public relations, artwork, printing, administration of regional and/or multi-regional marketing programs, purchasing direct-mail and other media marketing, developing and administering marketing and advertising training programs and materials, conducting market research, creating, developing and/or optimizing System websites and/or mobile applications, and all other expenses, or compensation reasonably related to advertising, marketing, public relations and/or promotions, including, without limitation, salaries and compensation of marketing personnel. We are permitted to perform any Brand Fund functions ourself through our employees, representatives, agents, or affiliates, in which case we may

compensate ourself or our affiliate from Brand Fund Contribution payments for the reasonable cost of performing those functions, including reasonable allocations of overhead and administrative expenses.

(b) **No Specific Brand Fund Allocation Required**. You agree that the purpose of the Brand Fund is to maximize general public recognition and patronage of the services and goods offered by franchisees and to build the value of the Proprietary Marks, us and the System. We have no obligation to ensure that you benefit directly or on a pro rata basis from the expenditure of any Brand Fund Contributions or from the placement or conduct of advertising, marketing, or promotional activities, and your own benefits will vary depending on your proximity to other franchisees, the competition from other industry operators in your area or region, the types of media reasonably available and the costs of those media, and other factors. We have no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Brand Fund. You are not a third-party beneficiary of any other franchise agreement and have no right to require or enforce any contributions from other franchisees to, or with respect to the administration of, the Brand Fund. You have no proprietary right in the Brand Fund or the media created for it, and Brand Fund Contribution funds are not held in trust and do not create any trust or fiduciary duties on behalf of us. We reserve the right to defer or reduce contributions of any System franchisees. We have the right to suspend, reinstate and/or terminate the Brand Fund temporarily or permanently, in our sole discretion.

(c) **Brand Fund Accounting**. In connection with the Brand Fund: (i) we will account for the Brand Fund separately from our other accounts or assets (but we are not required to maintain a separate bank account); and (ii) we may at any time establish a separate entity to receive payments and administer the Brand Fund with comparable rights and restrictions established in this Agreement, in which case we may require you to submit Brand Fund Contribution payments directly to that separate entity. The Brand Fund may borrow from us or others to cover deficits or invest any surplus for future use. We and others may charge interest at an annual rate 1% greater than the rates we pay to our lenders. We may spend on behalf of the Brand Fund, in any fiscal year, an amount greater or less than the aggregate contribution of all Facilities in the Brand Fund for that year. We will prepare an unaudited internal annual statement of monies collected and contributed to the Brand Fund and costs the Brand Fund incurred and will, provided that you submit a written request for the report no later than 120 days following the close of each fiscal year, provide a copy of the annual statement to you on completion.

(d) **Brand Fund Contributions Not Our Asset**. The Brand Fund Contributions are not our asset. Except as stated in this Article, we assume no other direct or indirect liability to you for the maintenance, direction or administration of the Brand Fund.

(e) **Termination of Expenditures**. We maintain the right to terminate the collection and disbursement of the Brand Fund Contributions and the Brand Fund. On termination, we will disperse the remaining funds for the purposes authorized under this Agreement.

Section 8.05 Website and Digital Marketing.

We have the right to maintain an interactive website for the benefit of us and our franchisees (the "**Skiptown Website**").

(a) We will determine, in our sole discretion, all features of the Skiptown Website,

including the domain name, content, format, and links to other websites. We also have the right to modify, suspend or temporarily or permanently discontinue the Skiptown Website at any time, in our sole discretion. We and our affiliates have the right to sell merchandise directly to retail and/or wholesale customers via the Internet under the "Skiptown" name and the Proprietary Marks, to create a website or Website containing the "Skiptown" name and the Proprietary Marks, and the exclusive right to reserve or to use "Skiptown" or any derivative or related or similar domain name or e-mail address (without regard to domain name suffix). We may implement "location pages" for each Facility and you may submit proposed content for your location page for our approval and implementation.

(b) You are not permitted to access the **SKIPTOWN®** website in any manner, such as linking, framing, or using the Proprietary Marks as "keywords" or "adword" purchasing in conducting SEO marketing. In addition, you are not permitted to establish your own web page without securing our prior written consent, which may be granted or withheld in our sole discretion. Except as we approve in advance in writing, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other social media platform or other public computer network in connection with the Facility, including any profile on Facebook, Instagram, TikTok, X (Twitter), LinkedIn, YouTube or any other currently existing or future developed social media and/or networking site or mobile application ("**Social Media Site**"). We have the right to, directly or through our affiliates or Designee, establish, develop, administer and maintain one or more websites, mobile applications and/or future developed technology (each a "**Skiptown App**") for franchisees, Facility members and/or prospective members. You must, if we require, use and promote the use of the Skiptown Apps.

1. You may not advertise any services or products on any website or on any Social Media Site without securing our prior written consent, which we may withhold in our sole discretion.

2. You may not use any of the Proprietary Marks in any Internet website, Website or Social Media Site, without our prior written consent.

3. You will not create, affiliate yourself with, or advertise on any website without our written consent. If we grant our consent for your website, then you will adhere to any guidelines or restrictions on the content or design of that website and will remove or alter any content as we direct at any time.

(c) **NO WARRANTY**. TO THE MAXIMUM EXTENT PERMITTED BY LAW, WE DISCLAIM ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND/OR PERFORMANCE OF THE WEBSITE, ANY SKIPTOWN APP, THE SKIPTOWN OPERATING SYSTEM, OTHER SOFTWARE, AND/OR ANY SOCIAL MEDIA SITE OR PAGE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, WE WILL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFITS OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF ANY WEBSITE, SOCIAL MEDIA SITE, MOBILE APPLICATION OR SOCIAL MEDIA PAGE.

Article IX. ACCOUNTING AND RECORDS

Section 9.01 Records.

You will maintain complete and accurate records for the operation of the Facility within our Technology System. These records must be segregated from all others not concerning the Facility. You must preserve the records for at least 6 years from the dates of their preparation (including after the termination or expiration of this Agreement).

Section 9.02 Reports and Statements; Confidentiality.

(a) **Reports**. You must use the Technology System to collect and provide us with all data we specify or require. You must provide and permit us unrestricted access to your Technology System. In addition to the reports automatically available to and accessible by us electronically, you must, no later than Wednesday of each week (or any other date we designate), provide to us in a form and format we prescribe: (a) a report of all Gross Revenues during the preceding week (the "**Weekly Report**"), (b) a report relating to member information containing the detail we prescribe, and (c) all other Weekly Reports we require. Your submission of the Weekly Report to us will constitute your representation that the contents of the Weekly Report are accurate to the best of your knowledge.

(b) **Monthly Financial Statements**. You must submit a monthly income statement within 10 days of the end of each calendar month, prepared in accordance with generally accepted accounting principles.

(c) **Quarterly Financial Statements**. You must submit a quarterly balance sheet, income statement, and statement of cash flows within 30 days of the end of each calendar quarter, prepared in accordance with generally accepted accounting principles. On our request, each quarterly statement must be accompanied by a compilation report from an independent certified public accountant acceptable to us and must be signed by you or by your treasurer or chief financial officer attesting that the financial statements are true and correct and fairly present your financial position at and for the times indicated. The financial statements and/or other periodic reports described above must be prepared to segregate the income and related expenses of the Facility from those of any other business that you conduct.

(d) **Annual Financial Statements**. You also must submit an annual balance sheet, income statement, and statement of cash flows within 60 days of the end of your fiscal year, prepared in accordance with generally accepted accounting principles. On our request, each annual statement must be accompanied by a compilation report from an independent certified public accountant acceptable to us and must be signed by you or by your treasurer or chief financial officer attesting that the financial statements are true and correct and fairly present your financial position at and for the times indicated. On our request, you also must provide us copies of your federal and state income tax returns at the time these returns are filed with the appropriate tax authorities. The financial statements and/or other periodic reports described above must be prepared to segregate the income and related expenses of the Facility from those of any other business that you conduct.

(e) **Use of your Data**. We are permitted to access all information in the Technology System and use and disclose any information or data received from, and any other information

concerning, you for any valid business purpose, including without limitation disclosure to current or prospective franchisees, disclosure to current or prospective investors, and disclosure to or as required by any governmental or regulatory authority.

Section 9.03 Our Review and Audit.

We and any Designee are permitted, with or without prior notice, during the regular business hours of the Facility, to inspect and audit the Facility, including without limitation to enter into the Facility or any other location at which you maintain records, and to inspect and take copies of any paper or electronic records relating in any way to the Facility, including without limitation books, records, receipts, transaction detail, ledgers, and tax returns (collectively, "**Records**"). To the extent any third party, such as an accountant, has any Records, you will direct such third party to release all Records to us on our request. We are permitted to direct an independent auditor to audit the Facility and Records of the Facility for any time period for which you must maintain Records, and you must comply with all reasonable requests for Records and other financial data relating to that audit. If any audit reveals an understatement of Gross Revenues of 2% or more, then you must immediately reimburse us for the reasonable expenses of the audit and must tender to us any resulting underpayments of fees, together with late fees and interest. Our collection of those payments is not an exclusive remedy and does not preclude our enforcement of any rights under this Agreement related to your non-performance or insufficient performance of obligations. In addition, if any audit reveals an understatement of Gross Revenues of 5% or more, then at our option, you must promptly prepare at your sole expense and submit to us audited financial statements for the prior and current fiscal years, as we direct.

Section 9.04 Your Name, Home Address and Telephone Number.

You agree that, under federal and state franchise registration and disclosure laws and other applicable laws, we may be required to disclose your name, home address and telephone number and you agree to the disclosure of your name, home address and telephone number. You must notify us of any change in your name, home address and telephone number within 10 days of the change.

Article X. INSURANCE

Section 10.01 Insurance.

(a) You must obtain and maintain, for the duration of the Term, all insurance policies as we designate in the Manuals or through other written communications. You also are responsible for complying with insurance requirements imposed under your lease and applicable law. If coverage under the lease or applicable law differs from our requirements, the higher limits will apply. The insurance policies must be written by a responsible carrier or carriers acceptable to us and must include coverage that meets our minimum specifications. We reserve the right to require you to secure insurance coverage from a designated vendor. If we have preferred vendors for insurance and if you decide to use a different vendor for insurance, we may charge you our costs of obtaining verification that your insurance complies with our requirements. You will ensure that all insurance policies name us and our parents and affiliates (including Skiptown Holdings, LLC, Skipper Pets, Inc., Skiptown Corporate Operations, LLC, Skipper Bar Ops, LLC, Skipper Care CLT, LLC, Skipper Social CLT, LLC, Skipper Bar Ops DEN, LLC, Skipper Care DEN, LLC, Skipper Social DEN, LLC, Skipper Bar Ops ATL, LLC, Skipper Care ATL, LLC, Skipper Social

ATL, LLC, Meaningful Partners LLC, Meaningful Capital Partners Dedicated Capital Vehicle I LP, Meaningful Capital Partners Dedicated Capital Vehicle I-QP LP, Focus Impact Skiptown Partners, LLC, and Focus Impact Partners, LLC) as additional insureds (on a primary and non-contributory basis).

(b) You must provide us with copies of any insurance claims or insurance cancellations within 24 hours of your receipt of or knowledge of a claim or cancellation.

(c) You must notify us in writing of any act, omission, or event that could materially affect you or the Facility and must provide that notice simultaneously with your notice to your insurance carrier.

Section 10.02 Types and Amounts of Coverage.

You must maintain in full force and effect during the Term, the minimum insurance coverages stated below. All coverage must be written on an occurrence basis, unless occurrence basis is unavailable, and must be primary to any insurance or self-insurance we maintain. All coverage must be underwritten by companies licensed in your state and insurance must be placed through insurers with a current A.M. Best's rating of no less than A-, VII, unless we otherwise agree. You must assess your own risks and if you deem appropriate and/or prudent, maintain higher limits and/or broader coverage. You are not relieved of any liability or other obligations assumed under this Agreement by reason of your failure to obtain or maintain insurance in sufficient amounts, duration, or types.

(a) General liability coverage, including: (i) personal and advertising injury of $1,000,000 per occurrence; (ii) $2,000,000 general aggregate, per location; (iii) damage to premises rented to you and/or fire damage legal liability of not less than $300,000; (iv) medical payments must be included; (v) additional insured, grantor of franchise, endorsement in our name; and (vi) a waiver of subrogation in favor of us;

(b) Professional liability coverage, including: (i) at least $1,000,000 each professional claim / $1,000,000 aggregate; (ii) Additional insured or co-defendant endorsement in our name; and (iii) a waiver of subrogation in favor of us;

(c) Animal bailee coverage, including: (i) at least $2,500 per animal / $25,000 per occurrence / $100,000 aggregate; (ii) In-transit coverage cannot be excluded; (iii) Additional insured or co-defendant endorsement in our name; and (iv) a waiver of subrogation in favor of us;

(d) Auto liability coverage, including: (i) Hired and non-owned auto liability coverage of $1,000,000 CSL; (ii) Owned auto coverage included (as applicable) with a limit of no less than $1,000,000 CSL; (iii) Additional insured endorsement in our name; and (iv) a waiver of subrogation in favor of us;

(e) Property insurance, including: (i) Business income and extra expense coverage of at least 12 months' income replacement; (ii) Business personal property and tenant improvements and betterments at full replacement cost; and (iii) Special causes of loss form required;

(f) Crime insurance, including: (i) Employee dishonesty limit of not less than $25,000; (ii) Theft of client's property limit of not less than $25,000; (iii) Additional insured, grantor of franchise in our name; and (iv) a waiver of subrogation in favor of us;

(g) Workers compensation and employers liability insurance, including: (i) Workers compensation per state statutes; (ii) Employers liability of at least $1,000,000 each accident, $1,000,000 each employee, $1,000,000 policy limit; and (iii) a waiver of subrogation in favor of us;

(h) Employment practices liability coverage, including: (i) Minimum limit of $500,000 per claim; (ii) Must include 1st & 3rd party coverage; (iii) Must include wage and hour defense sublimit of at least $25,000; and (iv) Must include joint employer co-defense language for us;

(i) Cyber liability and data privacy coverage, including: (i) Minimum limit of $1,000,000 policy aggregate; (ii) Must include first and third party coverage; and (iii) Must include cyber business interruption; and

(j) All other insurance, and in the amounts, as we reasonably require for our own and your protection.

We may periodically adjust the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes are required throughout the System. We make no representation or warranty that compliance with these insurance requirements will insure or protect you against all insurable risks or losses.

Section 10.03 Evidence of Insurance.

At least: (i) 10 days before the date any construction begins; (ii) 10 days from the Effective Date if the Facility is constructed and you presently own or lease it; or (iii) 10 days after a lease of the Location is signed, whichever is applicable, you must furnish to us a certificate of insurance issued by an approved insurance company showing compliance with these requirements and a paid receipt showing the policy number. The certificate of insurance must include a statement by the insurer that the policies will not be canceled, subject to nonrenewal or materially altered without at least 30 days' (10 days for non-payment of premiums) written notice to us. Copies of all insurance policies and proof of payment must be submitted promptly on our request to you. You must send to us current certificates of insurance on an annual basis and copies of all insurance policies on our request.

Section 10.04 Requirements for Construction and Renovation.

For any construction, renovation, refurbishment, or remodeling of the Facility, you must require the general contractor to maintain with a reputable insurer commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability, and independent contractor's coverage) for at least $1,000,000, together with workers' compensation and employer's liability insurance required by law.

Section 10.05 Waiver of Subrogation.

Insofar as and to the extent that this Section may be effective without invalidating it or making it impossible to secure insurance coverage obtainable from responsible insurance companies doing business in the state in which the Facility is located (even though an extra premium may result), the parties agree that, for any loss that is covered by insurance then being carried by them, their respective insurance companies have no right of subrogation against the other.

Section 10.06 Effect of Our Insurance.

Your obligation to maintain the policies in the amounts required is not limited in any way by reason of any insurance we maintain, nor will our performance of your obligations relieve you of liability under the indemnity provisions in this Agreement.

Section 10.07 Your Failure to Maintain Insurance.

If you fail to maintain the insurance required by this Agreement, we have the right and authority (without any obligation to do so) immediately to procure the insurance and to charge the cost of the insurance to you, plus interest in accordance with Section 4.06, which charges, together with a reasonable fee for our expenses in so acting, you agree to pay immediately on notice.

Section 10.08 Insurance and Indemnification Are Separate Obligations.

Your compliance with the insurance requirements in this Agreement, and the availability of insurance coverage to defend and indemnify us, will not relieve you of your obligations under the indemnification provisions of this Agreement, which are separate and independent. If your insurer denies or limits coverage to us for any claim falling within the scope of the applicable policy or your obligations in this Agreement, then you will provide that defense and indemnity directly.

Article XI. TRANSFER OF INTEREST

Section 11.01 Transfer by Us.

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests. We are permitted to sell or assign this Agreement and/or our rights in this Agreement in whole or in part, and to sell or issue stock, other ownership interests, or our assets, wholly or in part, whether privately or publicly. Without limiting the foregoing, we have the right to purchase, merge, acquire and/or affiliate with existing franchise systems, networks and/or chains, whether or not competitive, and to operate, franchise and/or license these businesses under the Proprietary Marks. We also are permitted to assign performance of our rights and obligations under this Agreement to any affiliate or third party, or to retain any affiliate or third party to perform those obligations and to receive the benefit of those rights. You agree that sale, assignment, purchase, merger or other transfer transaction may require you to discontinue use of the existing Proprietary Marks and begin using alternate trademarks, service marks, and trade dress, to adopt new elements and discontinue existing elements of the System, and to adhere to new policies and procedures under the Manuals, and you will comply with these requirements.

Section 11.02 Transfer by You.

(a) **Personal Rights.** Your rights under this Agreement are personal to you and/or your current Owners. We have granted this franchise in reliance on your and your Owners' business skill, financial capacity and personal character. Accordingly, neither you, nor any immediate or remote successor to any part of your interest in this franchise, nor any individual, partnership, corporation, limited liability company or other legal entity that directly or indirectly owns any interest in this franchise or in your shares, membership interests or partnership interests (if you are a corporation, limited liability company or partnership) will sell, assign, transfer, convey or give away, any direct or indirect interest in, or pledge or grant a security interest in (a) this franchise, (b) the Franchise Agreement, (c) the Facility, and/or (d) in any legal entity that owns this franchise (each a "**Transfer**") without first obtaining our prior written consent, which may be granted or withheld in our sole discretion. Any purported Transfer by operation of law or otherwise, not having our prior written consent, will be null and void and will be a material breach of this Agreement for which we may then terminate without the opportunity to cure. Without limiting the foregoing, you agree that a transfer requiring our prior written consent will be deemed to occur on any sale, resale, pledge, encumbrance, transfer or assignment of: (a) any fractional partnership ownership interest if you are a partnership; (b) any membership interest, if you are a limited liability company; (c) any fractional portion of your voting stock or any increase in the number of outstanding shares of your voting stock that results in a change of ownership, if you are a corporation. Any new partner, shareholder, member or manager (as applicable) must personally guarantee your obligations under this Agreement. You are not permitted to and will not offer, sell, or grant any subfranchise in the Facility. We may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.

(b) **Transfer to Your Entity.** This Agreement may be assigned to an entity where you own all of the issued and outstanding equity interests if:

(i) You or a Manager we approve actively manages the entity and continues to devote your or his or her best efforts and full and exclusive time to the day-to-day operation and development of the Facility. You must advise us of the name of the Manager and the Manager must meet our standards including training.

(ii) The entity is newly organized and its activities are confined exclusively to acting as the Franchisee under this Agreement.

(iii) The entity does not use the name "Skiptown," "Skipper," "Waggle," or "Petsby" in any derivative or form in the entity name.

(iv) An authorized officer of the entity signs a document in a form we provide, agreeing to become a party bound by all the provisions of this Agreement.

(v) All stockholders of the corporation, or members and managers of the limited liability company, as applicable, sign our form of personal guaranty, which will include, without limitation, (i) a guaranty of the corporation's or limited liability company's prompt payment and performance of all its obligations to us and our affiliates under this Agreement and (ii) a guaranty of any other agreement between you and us and/or our affiliates and sign a non-compete agreement in a form we have approved.

(c) **No Subfranchising Rights.** You have no right to grant a subfranchise under this Agreement.

(d) **No Encumbrance.** You agree that your rights under this Agreement and any voting or ownership interest in you (or in any Owner) may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. Any attempted encumbrance is void and is an Event of Default.

(e) **Permitted Transfer.** We may consent to a transfer of any interest in this Agreement if the following requirements are satisfied:

(i) We have not exercised our right of first refusal as provided in Section 11.04.

(ii) You are not in default of any provision of this Agreement or any other agreement between you and us or our affiliates.

(iii) You and your Owners sign a general release of all claims against us, our affiliates, and our and their respective officers, directors, shareholders, members, partners, representatives, agents and employees, in their corporate and individual capacities.

(iv) The transferee is not in the same business as us either as a franchisor, licensor or as a licensee or franchisee of any chain or system that is similar in nature or in competition with us, except that the transferee may be our existing franchisee.

(v) At our option, either (i) the transferee agrees in writing to assume this Agreement; or (ii) the transferee (and each of its owners) signs our standard form of franchise agreement then being offered to new System franchisees for a term ending on the expiration date of this Agreement, as well as personal guaranty agreements, and all other ancillary agreements as we require or specify for the Facility, in which event, these agreements will supersede this Agreement in all respects. These agreements may materially differ from this Agreement, including a smaller Protected Territory, higher Royalty Fee and/or Brand Fund Contributions except that the transferee pays a transfer fee of $15,000 in lieu of the Initial Franchise Fee (the "**Transfer Fee**"). If the transferee is a wholly-owned entity, spouse or child of the transferor, no Transfer Fee will be charged.

(vi) The transferee interviews at our principal office without expense to us and demonstrates to our satisfaction that the transferee has the business and personal skills, reputation and financial capacity we require.

(vii) The transferee satisfactorily completes our application procedures for new franchisees.

(viii) The transferee renovates, at the transferee's expense, the Facility to conform to the trade dress, operating and/or design concepts then being used in the System, and completes the renovation and other requirements within the time we specify.

(ix) The transferee demonstrates to our sole satisfaction that he or she has properly assumed and will be able to comply with all of his or her obligations to the Facility, including an assumption of the lease, if the Location is leased. You will remain liable for all

obligations to us under this Agreement before the effective date of the transfer and will sign all instruments we reasonably request to evidence these liabilities.

(x) At the transferee's expense, the transferee or transferee's Manager completes the Initial Training Program then in effect for new franchisees on all terms we require.

(xi) You, your Owners, and the members of their respective families must agree to comply with the post-termination provisions of this Agreement.

(xii) We are satisfied that the proposed terms of sale or other factors involved in the transfer do not materially reduce the potential ability of the transferee effectively to assume and carry out his or her obligations.

(xiii) You or transferee must provide us a copy of the signed purchase agreement relating to the proposed transfer with all supporting documents and schedules.

We have no duty to consider these factors and approval of a proposed transfer is not an expression of opinion of the appropriateness or fairness of the terms of the transfer or the transferee's likelihood of success. No disapproval of the transferee for failure to satisfy the transfer conditions described in this Subsection, or of any other condition to transfer stated in this Agreement causes us any liability to you or the transferee.

Our consent to a transfer is not a waiver of any claims we have against you, nor is it a waiver of our right to demand the transferee's exact compliance with this Agreement. No transfer (even if we approve it) relieves you of liability for your conduct before the transfer, including conduct in breach of this Agreement.

Section 11.03 Transfer On Death or Disability.

(a) If any Owner becomes disabled from any cause and is unable to perform his or her obligations under this Agreement for 3 consecutive months, or on the death of any Owner, you (or your legal representative) will within 30 days after the 3 months of disability or death, provide and maintain a replacement satisfactory to us to perform the Owner's obligations. If a replacement is not provided or maintained as required, we may hire and maintain a replacement for you. You will compensate the replacement for his or her services at the rate we establish in our reasonable discretion. We also have the right (but not the obligation) to take over operation of the Facility and operate the Facility in accordance with Section 3.11. In this circumstance, we will periodically review the status of the franchise with you or your heirs. For all purposes of this Agreement, any period of disability that is interrupted by a return to active work and proper performance of duties under this Agreement for 14 days or less is deemed continuous.

(b) If: (i) any individual who holds a 25% or greater voting or ownership interest in you; or (ii) any individual who is you, dies during the Term, the interests of that individual in this Agreement must be transferred within 12 months of the death to an approved transferee in accordance with the terms of this Article.

Section 11.04 Our Right of First Refusal.

(a) If during the Term: (i) any person who owns at least a 10% ownership or voting

interest in you (or in any entity with an ownership interest in you) receives a written offer from an independent third party to purchase any portion of that person's interest (the portion of that person's interest referred to as the "**Interest**", and the type of offer referred to as the "**Interest Offer**"); or (ii) you receive a written offer from an independent third party to purchase any portion of your interests under this Agreement or, outside the ordinary course of business, a material part of the assets (the assets subject to the offer referred to as the "**Assets**", and the type of offer referred to as the "**Asset Offer**"), then you must ensure that the person receiving the Interest Offer, or you receiving the Asset Offer (in either case the person receiving the third party's offer is referred to as the "**Offeror**") must, if you desire to accept the offer, first offer to sell to us the Interest or the Assets for the consideration and on the terms stated in the third party's offer. The Offeror's offer (the "**Offer**") must be made by written notice to us including a copy of the Offer that includes the name and address of the prospective purchaser, the price and terms of the Offer together with a franchise application completed by the prospective purchaser, and any other information that we reasonably request to evaluate the Offer including any purchase agreement and related agreements proposed to be signed or signed by you or the third party. We have the first option to purchase the Interest or the Assets by accepting the Offer, within 30 days after our receipt of the Offer and all required information.

(b) If we give notice of acceptance of the Offer, then the Offeror will sell the Interest or the Assets to us and we will purchase the Interest or the Assets from the Offeror, for the consideration and on the terms stated in the Offer, less any broker's commission not payable if we exercise our right of first refusal but payable by the Offeror on the sale to the prospective purchaser. Our creditworthiness is deemed at least equal to the creditworthiness of any proposed purchaser.

(c) If an independent third party's written Offer (and the Offeror's corresponding offer to us) provides for the purchaser's payment of a unique consideration that is of a nature that we cannot reasonably duplicate, we may, in our notice of exercise, in lieu of the unique consideration, substitute cash consideration determined by the Offeror’s and our mutual agreement within 45 days after the Offer is made or, failing agreement, by an independent appraiser we select.

(d) If the proposed sale includes assets of the Offeror that are not part of the operation of the Facility, we may, at our option, elect to purchase only the assets that are part of the operation of the Facility and an equitable purchase price will be determined in our reasonable discretion and allocated to each asset included in the sale.

(e) We will purchase the Interest or Assets subject to all customary warranties given by a seller of the assets of a business or voting stock of a corporation, as applicable, including warranties as to ownership, condition and title to the Interest and/or Assets, liens and encumbrances on the Interest and/or Assets, validity of contracts and liabilities of the entity whose equity is purchased and affecting the assets, contingent or otherwise.

(f) Unless the Offeror and we otherwise agree, the closing of the purchase of the Interest or the Assets will be held at our then principal office or other location we designate, no later than the 60th day after we receive the Offer. The closing of any purchase where a cash consideration is determined in accordance with Subsection 11.04(c) will be held on the 15th day after the cash consideration is finally determined. At any closing, the Offeror must deliver to us an assignment and other documents we reasonably request representing a transfer of ownership of the Interest or the Assets free and clear of all liens, claims, pledges, options, restrictions,

charges and encumbrances, in proper form for transfer and with evidence of payment by the Offeror of all applicable transfer taxes. We will simultaneously make payment of any cash consideration for the Interest or Assets after set off against the amount due to the Offeror for all amounts you owe us, if any. The remaining terms of the purchase and sale will be stated in the Offer.

(g) If we do not accept the Offer, the Offeror is free, for 60 days after we have elected not to exercise our option, to sell the Interest or the Assets to the prospective purchaser for the consideration and on the terms stated in the prospective purchaser's written Offer, subject to full compliance with all terms of transfer required under this Agreement, including those in Section 11.02. Before any sale of the Interest to a prospective purchaser, the prospective purchaser must deliver to us an acknowledgment that the Interest the prospective purchaser is purchasing is subject to the terms of this Agreement and that the prospective purchaser agrees to be bound to the terms of this Section on transferring the Interest, in the same manner as the Offeror. If the Offeror does not sell the Interest or the Assets within the 60-day period, then any transfer by him or her of the Interest or the Assets is again subject to the restrictions stated in this Agreement.

(h) If a proposed transferee is your wholly-owned entity or the spouse or child of the Offeror, we will not have any right of first refusal. All transferees are subject to all of the restrictions on transfer of ownership imposed on the Offeror under this Agreement.

Section 11.05 Your Securities Offerings.

(a) You may offer corporate securities, or partnership or membership interests in you to the public, by private offering or otherwise, only with our written consent. You must comply with all applicable laws, orders, rules and regulations of the United States and all other applicable jurisdictions and governmental agencies governing the offer and sale of securities. Following an offering of securities, the Owners must still own more than 50% of the general partnership or membership interest or equity and voting power of all issued and outstanding capital stock.

(b) All materials to be used for a public or private offering or to be submitted to a governmental agency under federal or state law must first be submitted to us for review for their content, veracity and impact on our public image and name. No offering or press release by or for your benefit will imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities. We will then promptly advise you in writing as to our approval or disapproval of the information in the offering materials and instruct you as to any information that we believe may have a detrimental effect, and is not to be included in the offering materials. On completion of the final draft, you will submit 2 copies of the final draft to us for approval. We will review the final draft for any detrimental or misstated data, material or information and either approve or disapprove the final draft. Only after we have given written approval may you proceed to file, publish, issue, release and make public the offering materials. Any information found to be detrimental or misstated must be stricken from the final draft before release or publication. Our review is solely for our own information. Our approval does not constitute any kind of authorization, endorsement, approval or ratification as to the legal or factual sufficiency on which you or any other person may rely, either expressly or impliedly. You will make no oral or written representations of any kind indicating or implying that we have any interest or relationship with the proposed offering other than acting as us under this Agreement. Your offering materials and sales literature will include the following statement:

SKIPTOWN FRANCHISING, LLC HAS NOT BEEN ASKED TO AND HAS NOT PASSED ON THE ACCURACY OR ADEQUACY OF THE STATEMENTS MADE IN THIS OFFERING NOR IS IT NOR WILL IT BE RESPONSIBLE FOR THE INACCURACY OR INADEQUACY OF THE STATEMENTS. SKIPTOWN FRANCHISING, LLC WILL NOT MAKE AND HAS NOT MADE ANY RECOMMENDATION ON THE QUALITY, SUITABILITY, ADVISABILITY, OR NATURE OF THE INVESTMENT CONTEMPLATED BY THIS OFFERING.

(c) You and the other participants in the offering must fully indemnify us from the offering (other than for any liability from material errors or omissions in information we provided to you that is incorporated into the offering materials and relied on by the investors).

(d) For each proposed offering of securities in which any offering materials are used, you will pay to us a non-refundable Offering Fee of $5,000 (subject to the Cost of Living Adjustment) or any greater amount as is necessary to reimburse us for our reasonable expenses associated with reviewing the proposed offering materials, including legal and accounting fees. You will give us at least 60 days' written notice before the effective date of any offering or other transaction covered by this Section. The Offering Fee is nonrefundable and is payable at the time the notice is given.

Article XII. EVENTS OF DEFAULT

Section 12.01 Definition.

The actions, occurrences, and breaches described in Sections 12.02 and 12.03 are "**Events of Default**" under this Agreement.

Section 12.02 Events of Default With No Right to Cure.

Immediately on the occurrence of any of the following events, all of which are an Event of Default, we may, but are not obligated to, exercise any of the remedies (or combination thereof) provided for in Article 13 including, but not limited to termination of this Agreement without providing you any notice or opportunity to cure:

(a) We discover that you made any material misrepresentation or omission in your application for the franchise or otherwise to us in the course of entering into this Agreement;

(b) We discover that by entering this Agreement, you violated a non-competition agreement by which you are bound;

(c) You are convicted of or no contest to a felony or other crime or offense that, in our sole discretion and judgment, is likely to adversely affect the reputation of us, you, the System, the Facility, or other Skiptown businesses;

(d) You engage in any action, behavior, or conduct that, in our sole discretion and judgment, is likely to adversely affect the reputation of us, you, the System, the Marks, the Facility, or other Skiptown businesses;

(e) You misuse or make an unauthorized use of any of the Proprietary Marks;

(f) You disclose, duplicate, or otherwise use in an unauthorized manner any portion of the Manuals or any other Confidential Information;

(g) You fail to open for business within the time required under this Agreement;

(h) You abandon, or fail or refuse to actively operate the Facility for 5 or more consecutive days without our express written permission;

(i) You relocate the Facility without receiving our express written permission;

(j) Your landlord notifies you that the landlord is terminating the lease or re-taking possession of the Facility, or an eviction proceeding is filed against you, or you lose your right to possession of the Facility;

(k) You surrender or transfer control of the operation of the Facility without our written approval, make or attempt to make an unauthorized direct or indirect assignment of the Facility or an ownership interest in Franchisee, or fail or refuse to assign the Facility or the interest in Franchisee of a deceased or incapacitated owner thereof, as required in this Agreement;

(l) You fail to maintain the Facility under the primary supervision of a properly trained Manager following the death or incapacity of you or any holder of a legal or beneficial interest in you or fail to transfer the Franchise to an approved transferee within 12 months following the death of incapacity, under Article 11;

(m) Our right to effect electronic funds transfers under Section 4.05 is revoked or impaired as a result of any act or notice of you;

(n) You maintain false books or records or submit materially false statements or reports to us;

(o) You underreport Gross Revenues by 2% or more;

(p) You become insolvent by reason of your inability to pay your debts as they become due; make an assignment for the benefit of creditors; make an admission of your inability to pay your obligations as they become due; file a voluntary bankruptcy petition; file any pleading seeking any reorganization, liquidation, dissolution, composition, or other settlement with creditors under any law; admit or fail to contest the material allegations of any reorganization, liquidation, dissolution, composition pleading filed against you; or are adjudicated a bankrupt or insolvent.

(q) A receiver or other custodian is appointed for your assets; or a final judgment remains unsatisfied or of record for 90 days or longer (unless a supersedeas bond is filed); or if execution is levied against any part of your assets or suit to foreclose any lien or mortgage is instituted against you and not dismissed within 90 days; or if your real or personal property is sold after levy of judgment thereupon by any sheriff, marshal or constable; or the claims of your creditors are abated or subject to a moratorium under any law; or, if you are a single member limited liability company, and the sole member (individual or entity) files for bankruptcy or is adjudicated bankrupt;

(r) You commit any act or omission including, without limitation, violating any law or regulation or provision of this Agreement, that results in an immediate threat or danger to the health or safety of any person or pet;

(s) You fail to comply with any law or regulation within 24 hours after being given notice of non-compliance or within any other reasonable time applicable to the law or regulation;

(t) You fail to satisfactorily complete required training, provided however that we will give you notice and 10 days to cure by satisfactorily completing training;

(u) You breach or fail to comply with: (i) any obligation under this Agreement, the Manuals, or System three or more times in any 12 month period, or (ii) the same obligation under this Agreement, the Manuals, or System two or more times in any 6 month period, in either instance, (i) or (ii), regardless of whether we have provided notice of the previous breaches or failures and regardless of whether the previous breaches or failures were cured;

(v) You, your affiliates or any owner of you defaults, beyond any applicable cure period, under any other agreement with us or our affiliates;

(w) You, your affiliate, or any owner of you defaults, beyond any applicable cure period, under any agreement relating to or arising out of the operation of the Facility, including without limitation, a lease, sublease, loan agreement, vendor agreement, supplier agreement, or security interest, with any third party;

(x) You fail to make any payment to us or our affiliates when due, provided however that no more than once during any 12-month period, we will provide you with written notice and 5 days to cure; or

(y) You fail to pay any amounts due to us our affiliates after receiving written notice of the same and 5 days to cure.

Section 12.03 Events of Default With 30 Day Opportunity to Cure.

Immediately on the occurrence of any of the following events (to the extent these events are not already stated in Section 12.02), all of which are an Event of Default, we may, but are not obligated to, exercise any of the remedies (or combination thereof) provided for in Section 13 including, but not limited to termination of this Agreement, provided that you fail to cure the Event of Default to our satisfaction within 30 days of written notice to you:

(a) You breach or fail to perform or observe any covenant or obligation in this Agreement;

(b) You fail to obtain our prior approval or consent as required under this Agreement;

(c) You fail to offer all services or products as we require, offer any unapproved services or products, or make unauthorized changes to the Facility;

(d) You tortiously interfere with our contractual or advantageous business relationships;

(e) You fail to operate the Facility in compliance with the System standards;

(f) You fail to: (i) ensure that any person required by Section 7.02(c) signs a Confidentiality Agreement, or (ii) provide us with copies of these agreements required to be signed;

(g) You fail to submit reports or other information or supporting records when due;

(h) You engage in any activity exclusively reserved to us;

(i) You fail to maintain insurance as required in Article 10 of this Agreement or provide certificates of insurance to us as required; or

(j) You conduct any other business or engage in marketing any other services or products that we reasonably consider to be similar to the services or products authorized under this Agreement, or use any other name or marks that we reasonably consider to be similar to the Proprietary Marks.

Section 12.04 Default by Manager.

Any action or omission by any Manager of you is deemed an action or omission by you for purposes of determining whether an Event of Default has occurred under this Article 12.

Article XIII. REMEDIES AND TERMINATION

Section 13.01 Remedies on Event of Default.

On the occurrence of any Event of Default, and subject to any applicable cure period, we may in our sole discretion, immediately exercise any or all of the following remedies, in addition to all other rights and remedies available to us under this Agreement or the law:

(a) Terminate this Agreement and any other agreement, including other franchise agreements that we and you or your affiliates have signed, effectively immediately or effective on a future date as we determine;

(b) Reduce the size of the Protected Territory;

(c) Reduce the Term;

(d) Terminate your protected rights in all or part of the Protected Territory for the remainder of the Term or any other time period we determine in our sole discretion;

(e) Suspend your access to the intranet;

(f) Suspend your access to any advertising or marketing materials or assistance provided for franchisees;

(g) Remove you from the Skiptown website;

(h) Remove you from any advertising materials;

(i) Suspend or terminate any fee reductions or other accommodations that we might have agreed to under this Agreement;

(j) Require you to conduct an annual audit of your financials during the Term at your sole cost;

(k) Require you, your Managers, or your other employees to participate in additional training;

(l) Suspend the provision of any operational support that this Agreement otherwise requires us to provide;

(m) Suspend the provision or supply of any services or products for which we or our affiliates are approved suppliers;

(n) Take any action to cure a breach or default on your behalf and require you to reimburse us for all costs and expenses (including the allocation of any internal costs) for this action, plus a 10% administrative fee;

(o) Assume or appoint a third-party to assume the management of the Facility as provided in Section 3.11;

(p) Charge you a non-compliance fee up to $500 for each time you default and $500 per week for each week the Event of Default remains uncured;

(q) Eliminate any remaining renewal rights that you have; and

(r) Reduce, modify, suspend, or otherwise terminate any other of your rights under this Agreement while the Event of Default continues or for any other period of time that we, in our sole discretion deem appropriate, provided that you remain responsible for all fees and obligations under this Agreement.

Section 13.02 General Provisions Concerning Default and Termination.

(a) **Reliance on Defaults**. In any legal proceeding in which the validity of any termination of this Agreement or our refusal to renew this Agreement is contested, each party may cite to and rely on all defaults or violations of this Agreement, not only the defaults or violations referenced in any written notice.

(b) **Notification to Third Parties**. You agree that we have the right and authority (but not the obligation) to notify any or all of your Owners, lenders, landlords, creditors, vendors, or suppliers, if you commit an Event of Default or if we terminate this Agreement.

(c) **No Constructive Termination and Election of Remedies**. Unless we expressly terminate this Agreement, our exercise of any of the foregoing remedies will not constitute an

actual or constructive termination of this Agreement nor will it be our sole and exclusive remedy for your default or failure to comply with this Agreement.

(d) **Ongoing Payment of Fees**. During any suspension period, you must continue to pay all fees and other amounts due under, and otherwise comply with, this Agreement and all related agreements. If we restore any of your rights, you will not be entitled to any compensation for any fees, expenses, or losses you might have incurred due to our exercise of any of our rights provided in Section 13.01. You will not be entitled to any refunds for any payments whatsoever including initial franchise fees, development fees, or any other fees.

(e) **No Waiver**. If we exercise a default remedy other than termination, we may at any time thereafter, exercise additional default remedies including without limitation termination. Our exercise of our rights under Section 13.01 will not be our waiver of any breach of this Agreement.

(f) **Liquidated Damages**. If we terminate this Agreement before the expiration of the Term, you must pay us liquidated damages in an amount equal to the average Royalty Fees you owed (even if not paid) per week over the 52 weeks that you actually operated before the date of termination (or, if the Facility was not operating for at least a 52 week period, then the average Royalty Fees owed per week for the period in which the Facility was operating), multiplied by the lesser of: (i) 104; or (ii) the number of weeks remaining in the Term. You agree that the liquidated damages are not a penalty, but rather a reasonable pre-estimate of the damages we suffer due to your failure to continue operating the Facility for the remainder of the Term. This liquidated damages provision will not limit our rights to injunctive relief relating to any violations of this Agreement, nor limit any other damages available to us arising out of such violations, including without limitation brand damage.

Article XIV. OBLIGATIONS ON TERMINATION OR EXPIRATION

Section 14.01 Your Obligations.

On the expiration or earlier termination of this Agreement, all of your rights under this Agreement will terminate. You must comply with all requirements under this Agreement that expressly or by reasonable implication apply to your conduct after termination or expiration, including but not limited to the following:

(a) Immediately cease to operate the Facility and at no time thereafter represent yourself to the public, directly or indirectly, as our current or former franchisee;

(b) Immediately and permanently cease to use, in any manner whatsoever, the System, and all Proprietary Marks, including all distinctive logos, symbols, slogans and graphics associated with the Proprietary Marks or System;

(c) Cancel any government registrations or licenses that you hold in the name of "Skiptown" (or any other name we designate for the System) and submit to us proof of compliance with this obligation within 30 days after termination or expiration of this Agreement;

(d) Immediately deliver to us or our Designee the Manuals and all other materials relating to operation of the Facility (including but not limited to correspondence, drawings, files, manuals, handbooks, invoices, plans, programs, records, samples, standards and specifications,

and all copies thereof, all of which are acknowledged to be our property);

(e) Immediately deliver to us or our Designee all products purchased from us or our designated suppliers and all products bearing the Proprietary Marks (including all distinctive logos, symbols, slogans and graphics associated with the Proprietary Marks or System), or alternatively, provide to us sufficient documentation (as we determine) evidencing that you sold the products to another Skiptown franchisee;

(f) Cease use of the customer lists, customer service contracts and related records and transfer possession of these items to us. You agree that the customer base is a part of the overall System and is owned by us;

(g) Immediately collect and deliver to us all advertising, brochures, literature, posters and any other items bearing the Proprietary Marks that have been provided, by or on behalf of you, to third parties to distribute or display;

(h) Refrain from making any change, deletion or erasure to the Technology System (including all storage media or devices) used in the Facility and immediately make available to us or our agents full and complete access to the Technology System (free of encryption or password protection) for the purpose of copying any information thereon;

(i) Comply with our instructions to cancel, forward or assign your telephone number used with the Facility;

(j) Promptly pay all sums owing to us and our affiliates; and

(k) Comply with the following obligations related to social media and online business directories:

1. You must immediately cease operating all social media pages within your control associated with, or previously associated at any time with, the Facility and Skiptown®, including but not limited to Facebook, Instagram, YouTube, TikTok, and X (f/k/a Twitter). You must also immediately cease operating all online business directory listings within your control associated with, or previously associated with, the Facility and/or Skiptown®, including but not limited to Yelp, NextDoor, LinkedIn, Google, YP (Yellow Pages), or Angi. You must promptly provide us with all login credentials or other information necessary for us to assume exclusive control over each social media and business directory account, page or listing. To the extent that you are aware of or become aware of any social media or business directory account, page or listing associated with the Facility that is not within your control, you must promptly notify us thereof in writing.

2. Notwithstanding the foregoing, we may, in our exclusive discretion, demand that you delete, deactivate or otherwise modify such social media or business directory account or listing at any time. You must comply with any such demand immediately on receipt.

3. You further agree that all consumer or other published reviews of the Facility and/or any goods or services provided by the Facility, are the exclusive property of us and/or our affiliates. Your right to use the reviews in any manner terminates concurrently with the expiration or termination of this Agreement. You are prohibited from advertising, promoting,

quoting, or otherwise referring to the reviews in connection with any business or offer to conduct business on expiration or termination of this Agreement.

4. You agree that your violation of this Section constitutes trademark infringement, service mark infringement, unfair competition, false advertising, and/or deceptive trade practices under federal, state, and common law, that your violation encroaches on the goodwill associated with our brand, and that your violation is likely to cause confusion among reasonably prudent consumers.

Section 14.02 Assignment.

At our option, on termination or expiration of this Agreement, you must assign to us or our Designee any interest that you have in any lease or sublease for the Facility premises, and any or all customer service agreements then in effect.

Section 14.03 Purchase Option.

At our option, on expiration or termination of this Agreement, we or our Designee have the right (but not the obligation) to purchase any or all of the furnishings, equipment, signs, fixtures, supplies, materials, and other assets related to the operation of the Facility, at your cost or fair market value, whichever is less. If the parties cannot agree on fair market value of the assets within 10 days of the expiration or termination of this Agreement, the fair market value will be determined as follows: we will provide you a list of three appraisers we select. Within 5 business days of the date we provide the list, you have the right to select one of the three appraisers we selected. The selected appraiser will appraise the furnishings, equipment, signs, fixtures, supplies, materials, and other assets. Under no circumstances will the appraisal include any value for goodwill, reputation, customers, trademarks or other going concern value. We and you will share the cost of the appraiser equally. The appraiser must complete the appraisal within 30 days after being retained. Within 30 days of our receipt of the appraisal, we will determine whether we will exercise our option to purchase any or all of the appraised assets. If we elect to purchase any of the assets, we may purchase assets only and will assume no liabilities. If we elect to exercise any such option, we have the right to set off from the purchase price: (a) all amounts due from you to us or any of our affiliates; (b) your portion of the cost of any appraisal conducted hereunder; (c) any sums necessary to acquire clear title to the lease or sublease. We may assign this option to any other party, without your consent.

Section 14.04 Your Cooperation.

You will assist and cooperate with us and our agents to accomplish the de-identification and/or the orderly transition of the former Facility as required under this Article 14. You must promptly provide us with access to all your books and records and all information relating to employees, customers and prospects of the Facility. If you fail or refuse to comply with the requirements of this Article 14, we and our agents have the right to enter your Facility and make all required changes at your expense, which you agree to pay on demand. You must indemnify us and our agents against any claims by any person arising out of actions by us or our agents to de-identify the Facility.

Article XV. YOUR INDEPENDENT COVENANTS

Section 15.01 Acknowledgements.

You specifically acknowledge that you have no previous experience in the business embodied by the System and that, under this Agreement, you will receive valuable specialized training and information concerning our operational, sales, promotional, and marketing methods and techniques as embodied in the System. Accordingly, you agree to the covenants in this Article.

Section 15.02 In-Term Restrictive Covenants.

During the Term, neither you nor any of your owners will, directly or indirectly, for yourself or themselves or through, on behalf of, or in conjunction with, any other person or entity:

(a) Divert or attempt to divert any customer of the Facility to any other business or to perform any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System;

(b) Solicit other franchisees, or use available lists of franchisees, for any commercial purpose other than purposes directly related to the operation of the Facility;

(c) Have any ownership interest in, or be engaged or employed by, any Competitor; or

(d) Authorize, assist, or induce another to develop, open or operate a Competitor.

For purposes of this Agreement, a "**Competitor**" is any business that is engaged, wholly or partially, directly or indirectly, in (i) providing Daytime Petcare, Overnight Petcare, or Grooming services, or (ii) business granting franchises or licenses to others to operate the type of business described in clause (i).

Section 15.03 Post-Term Restrictive Covenants.

You and your owners covenant that with respect to you, beginning on the expiration, termination, or transfer of this Agreement for any reason or, with respect to each of the Owners, beginning on the earlier of: (i) the expiration or termination of this Agreement for any reason; or (ii) the time that person ceases to be an owner of the Facility (collectively, the "**Triggering Event**"), and continuing for two years thereafter (the "**Restrictive Period**"), neither you nor any of your Owners may, directly or indirectly, for yourself or themselves or through, on behalf of, or in conjunction with any other person or entity:

(a) Divert or attempt to divert any customer of the Facility to any other business or to perform any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System;

(b) Solicit other franchisees, or use available lists of franchisees, for any commercial purpose;

(c) Have any ownership interest in, manage, lend to, supervise the activities of, train the employees of, control the activities of, advise, or franchise, either directly or indirectly, any Competitor that is located within the Protected Territory, a 25-mile radius of the outer limits of the

Protected Territory, or a 25-mile radius of any other Skiptown Facility then in existence or under development at the time of the Triggering Events; or

(d) Authorize, assist, or induce another to develop, open or operate a Competitor that is located within a 25-mile radius of the Facility, a 25-mile radius of the outer limits of the Protected Territory or the location of any Skiptown Facility in existence or under development at the time of the Triggering Event.

Section 15.04 Directives.

On any dispute related to this Article 15, you and your owners direct any third party construing this Article, including without limitation any court or other party acting as trier or fact or law:

(a) To conclusively presume that the restrictions in this Article are reasonable and necessary to protect (i) our legitimate business interests, including without limitation the interests of other franchisees; (ii) the confidentiality of our Confidential Information; (iii) the integrity of the System; (iv) our investment in the System; (v) the investment of our other franchisees in their franchised businesses; and (vi) the goodwill associated with the System;

(b) To conclusively presume that the restrictions in this Article will not unduly burden you or your Owners' ability to earn a livelihood;

(c) To construe this Article under the laws governing distribution contracts between commercial entities in an arms-length transaction, and not under laws governing employment contracts; and

(d) To conclusively presume that any violation of the terms of this Article (i) was accompanied by the misappropriation and inevitable disclosure of Confidential Information; and (ii) constitutes a deceptive and unfair trade practice and unfair competition.

Section 15.05 Exception.

Sections 15.02 and 15.03 do not apply to ownership of less than 3% of the shares issued and outstanding of a publicly traded corporation.

Section 15.06 Additional Terms.

(a) You and your owners agree that each of the foregoing covenants are independent of any other covenant or provision of this Agreement. You and your owners agree that the existence of any claim you or they may have against us will not constitute a defense to the enforcement of the covenants of this Article.

(b) You agree to pay all damages, costs, and expenses (including reasonable attorney's fees) we incur in enforcement of these covenants.

(c) You agree that, if a court should determine any part of this Article to be overly broad, unenforceable, or invalid, the remaining parts will continue to be valid and enforceable as though the invalid portions were not a part hereof. If any of the provisions of this Agreement relating to the geographic area of restriction or the periods of time of the covenants are deemed

to exceed the maximum area or periods of time that a court with jurisdiction would deem enforceable, the geographic area or periods of time will, without further action on the part of any person, be deemed to be modified, amended and limited, to the maximum geographic area or time periods that a court of competent jurisdiction would deem valid and enforceable. We have the right to reduce the scope of any restrictive covenant in this Article at any time, by giving notice to you. You agree that you will comply with any covenant as so modified, which will be fully enforceable notwithstanding any other provision of this Agreement regarding the modification of the Agreement's terms.

(d) You agree that the periods of time in these covenants and the geographical areas of restriction in these covenants are fair and reasonable and are reasonably required for the protection of us and our franchisees. You would desire at least this same protection against competitive activities by another former franchisee.

(e) On our written request, you will obtain signed covenants similar to those in this Article from any or all of the following persons: (1) all your Owners (if you are an entity), your Managers, and any other personnel you employ who have received or will receive access to Confidential Information including the Manuals; (2) all officers, directors, and holders of a beneficial interest of 5% or more of the securities or ownership of you, and of any entity directly or indirectly controlling you, if you are an entity; (3) the general partners and any limited partners if you are a partnership and (4) all your sales personnel and technical personnel who have or will have material contact with your customers, patrons, or vendors. Every covenant required by this subparagraph must be in a form satisfactory to us and must expressly name us as an intended third party beneficiary.

(f) If, at any time during the Restrictive Period, you or your owners fail to comply with these covenants, then the Restrictive Period will be tolled during the period of non-compliance, provided that we bring legal action to enforce the covenants during the Restrictive Period.

Article XVI. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

Section 16.01 Independent Status.

The parties agree that this Agreement does not create a fiduciary relationship between them. You are an independent contractor and unless expressly provided to the contrary, nothing in this Agreement is intended to designate either party an agent, legal representative, subsidiary, joint venturer, partner, employee, affiliate or servant of the other party for any purpose. The parties agree that nothing in this Agreement authorizes you to make any agreement, warranty or representation for us, nor to incur any debt or other obligation in our name. You will take all affirmative action as we request to indicate that you are an independent contractor, including placing and maintaining a plaque in a conspicuous place within the Facility and a notice on all stationery, business cards, sales literature, contracts and similar documents that states that the Facility is independently owned and operated by you. The content of any plaque and notice is subject to our written approval.

Section 16.02 Indemnification.

(a) **Your Indemnification Obligation**. You will protect, defend, indemnify and hold harmless us, our members, officers, directors, employees, affiliates, and agents against all claims,

demands, actions, causes of action, losses, damages, costs, suits, judgments, debts, losses, fines, assessments, taxes, liens, attorneys' fees, disbursements, penalties, expenses, and liabilities of any kind or nature arising directly or indirectly from: (i) the operation of your Facility, including the use, condition, or construction, equipping, decorating, maintenance or day-to-day operation of the Facility, the sale of any service or merchandise sold from the Facility, and your advertising; (ii) your use of the Proprietary Marks; (iii) the transfer of any interest in this Agreement or your Facility in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your principals of any patent, Proprietary Mark or copyright or other proprietary right owned or controlled by third parties; (v) libel, slander or any other form of defamation of us, the System or any franchisee or developer operating under the System, by you or by any of your Owners; (vi) any violation or alleged violation of any applicable law, rule or regulation; and (vii) any allegation that we or any of our affiliates are a joint employer or otherwise responsible for your acts or omissions related to your employees. Your duties to defend, indemnify, and hold harmless will not be affected by the fact that a claim is asserted directly against us for our alleged acts or omissions, so long as this Section otherwise would apply. Notwithstanding the foregoing, you have no obligation to indemnify or hold an indemnified party under this Section harmless for any losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the indemnified party's gross negligence or willful misconduct. Nothing in this Section limits your obligation to defend us and any other indemnified party under this Section.

(b) **Notice and Defense of Claims Against Us**. You will promptly notify us in writing of any notices received or claims made (whether orally or in writing) indicating any person's intent to assert any claim or initiate any action against you or us, and you will use your best efforts to prevent the claim or action. If any suit or other legal action within the scope of your above duty to defend, indemnify, and hold harmless is initiated against us and known to you, then you will immediately notify us in writing, and, at our request, will appoint counsel on our behalf and at your expense, to defend the suit or action. We and you will cooperate in good faith in the defense of the suit or action and in resolving where possible any conflicts of interest to allow a single attorney or law firm to represent all defendants or respondents, but you will bear all associated costs and fees, and will reimburse us if we incur any material administrative expenses or incur any fees for our own legal counsel's involvement or oversight. You have no obligation to indemnify us or hold us harmless for any losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by our gross negligence or willful misconduct.

Article XVII. REPRESENTATIONS

Section 17.01 Representations.

You understand, represent, acknowledge and warrant to us that:

(a) This Agreement involves significant legal and business rights and risks. We do not guarantee your success. You have read this Agreement in its entirety, conducted an independent investigation of the business contemplated by this Agreement, has been thoroughly advised with regard to the terms of this Agreement by legal counsel or other advisors of your choosing, recognize that the nature of the business conducted by the Facility may change over time, have

had ample opportunity to investigate all representations made by or on behalf of us, and have had ample opportunity to consult with our current and former franchisees. The prospect for success of the business undertaken by you is speculative and depends to a material extent on market and economic factors, your personal commitment, capability and direct involvement in the day-to-day management of the Facility.

(b) All information you provided to us in connection with your franchise application is truthful, complete and accurate.

(c) The persons signing this Agreement on your behalf have full authority to enter into this Agreement and the other agreements contemplated by the parties. Your signing of this Agreement or any other agreements does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which you or any person with an ownership interest in you is a party.

(d) You have not received from us or our affiliates, or anyone acting on our or their behalf, any representation of your potential sales, expenses, income, profit or loss, other than as provided in our current franchise disclosure document that we provided to you.

(e) You have not received from us or our affiliates, or anyone acting on our or their behalf, any representations other than those contained in our franchise disclosure document as inducements to enter this Agreement.

(f) Even though this Agreement contains provisions requiring you to operate the Facility in compliance with the System: (1) we and our affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of your business or employment decisions; and (2) you and we do not intend for us or our affiliates to incur any liability in connection with or arising from any aspect of the System or your use of the System, whether or not in accordance with the requirements of the Manuals.

(g) We may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever we have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including, without limitation, our judgment of what is in the best interests of the franchise system at the time our decision is made or our right or discretion is exercised, without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; (2) our decision or the action taken promotes our financial or other individual interest; (3) our decision or the action taken applies differently to you and one or more other franchisees or our company-owned or affiliate-owned operations; or (4) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations

hereunder.

Article XVIII. GOVERNING LAW AND DISPUTE RESOLUTION

Section 18.01 Applicable Law.

This Agreement, the making of it and any claim or controversy arising out of or related to this Agreement or the relationship between the parties, will be governed by and interpreted under the laws of the State of North Carolina, without regard to North Carolina's choice of law rules.

Section 18.02 Attorneys' Fee.

You will pay all costs and expenses (including, without limitation, reasonable attorneys' fees, accounting fees and fees of other experts) we incur in connection with the enforcement of this Agreement against you and in connection with defending claims brought by you that you do not prevail on.

Section 18.03 Remedies.

You agree that your violation of the terms of this Agreement related to use of our Proprietary Marks and Confidential Information, obligations on termination or expiration, and restrictive covenants would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you consent to the issuance of temporary, preliminary and permanent injunctions, without bond in excess of $1,000, prohibiting any conduct by you in violation of these terms. Injunctive relief will not be in lieu of damages but rather injunctive relief will be awarded where damages are inadequate. We will remain entitled to all other remedies available at law and in equity.

Section 18.04 Claims No Bar to Enforcement.

You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in Article 7 (The Manuals and Other Confidential Information), Article 14 (Obligations on Termination or Expiration), or Article 15 (Your Independent Covenants).

Section 18.05 Limitation on Actions.

Notwithstanding any provision of law, you agree that any demand or claim by you related to or arising under this Agreement will be brought within one year after the date when the facts giving rise to the demand or claim became known, or should have become known in the exercise of reasonable diligence, to you. Failure to bring the claim within the foregoing one-year period will result in permanent waiver of the claim.

Section 18.06 Mediation.

You agree to submit any claim, controversy or dispute against us arising out of or relating to this Agreement or the relationship created by this Agreement to non-binding mediation before bringing any claim, controversy or dispute to litigation. If the parties do not agree on a mediator within 15 days after you have notified us of your desire to seek mediation, the dispute will be mediated by

the American Arbitration Association under its rules governing mediation. Unless the parties mutually agree to a virtual mediation, the mediation will take place in-person at a place within 20 miles of our then principal place of business. Unless circumstances make it impossible, the mediation will occur no later than 30 days after selecting the mediator. The mediator's fees and expenses must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert, or counsel for any party concerning the dispute or any related or similar matter in which either of the parties is involved.

Section 18.07 Jurisdiction and Venue

Subject to Section 18.06, the parties agree that you will file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business or where the Facility is or was located or where the claim arose. You and your Owners consent to the personal jurisdiction of these courts over you and your owners and to venue in these courts and waive all objections to the same.

Section 18.08 WAIVER OF JURY TRIAL.

THE PARTIES WAIVE ANY RIGHT TO A JURY TRIAL OF DISPUTES TO WHICH WE AND YOU ARE PARTIES. THIS PROVISION IS BINDING ON ANY GUARANTOR OF THE OBLIGATIONS OF A PARTY HEREUNDER.

Section 18.09 LIMITATION ON DAMAGES AND WAIVER OF CLASS ACTION.

YOU AND WE WAIVE ANY RIGHT TO CLAIM OR RECEIVE PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR ECONOMIC DAMAGES (E.G., LOST PROFITS, OPPORTUNITY COSTS OR DAMAGES FOR LOST OR DIMINISHED VALUE OF A BUSINESS) AS A RESULT OF ANY CLAIM BETWEEN US AND YOU, AND EACH PARTY IS LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY SUCH PARTY AND AS TO US ONLY, ANY COSTS AND FEES TO WHICH WE MAY BE ENTITLED. YOU AGREE THAT MONETARY DAMAGES PAYABLE BY US TO YOU WITH RESPECT TO ANY LEGAL ACTION BETWEEN US AND YOU (WHETHER THERE BE A SINGLE CLAIM OR MULTIPLE CLAIMS BY YOU) WILL NOT EXCEED THE AMOUNT OF ROYALTIES PAID BY YOU TO US IN THE TWO YEARS BEFORE THE DATE THE PARTIES BEGAN LEGAL ACTION. YOU AND WE WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS.

Article XIX. GENERAL PROVISIONS

Section 19.01 Release of Claims.

By signing this Agreement, you, and each of your successors under this Agreement, forever release us and our affiliates, our Designees, franchise sales brokers, if any, or other agents, and their respective officers, directors, representatives, employees and agents, from all claims of any kind, in law or in equity, that may exist as of the Effective Date under this Agreement or any other agreement between the parties, or relating in any other way to our conduct and the conduct of our affiliates, our Designees, franchise sales brokers, if any, or other agents, and their respective

officers, directors, representatives, employees and agents on or before the Effective Date, including but not limited to all claims, whether presently known or unknown, suspected or unsuspected, under the franchise, business opportunity, securities, antitrust or other laws of the United States, any state or locality.

Section 19.02 Amendments.

Except for those acts that this Agreement permits us to take unilaterally, no amendment, change or variance from this Agreement will be binding on the parties unless mutually agreed to by both parties and signed by themselves or their authorized officers or agents in writing.

Section 19.03 MODIFICATION OF THE SYSTEM.

YOU AGREE THAT AFTER THE EFFECTIVE DATE, WE MAY MODIFY THE SYSTEM. YOU AGREE TO ACCEPT AND BE BOUND BY ANY MODIFICATIONS IN THE SYSTEM AS IF THEY WERE PART OF THIS AGREEMENT AT THE TIME OF SIGNING OF THIS AGREEMENT. YOU WILL MAKE ALL EXPENDITURES AND MODIFICATIONS OF THE SYSTEM AS WE REQUIRE.

Section 19.04 Binding Effect.

The terms of this Agreement are binding on, benefit and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

Section 19.05 Notices.

All notices, requests, consents and other communications required or permitted under this Agreement must be in writing and must be hand delivered by messenger or overnight courier service addressed to:

If to us:	If to you:
Skiptown Franchising, LLC	_____
222 Rampart Street,	_____
Charlotte, North Carolina 28203	_____
Attn: Mike Rotondo	Attn: _____

or to any other address any party designates by notice complying with the terms of this Section. Each notice is deemed delivered: (a) on the date delivered if by personal delivery; or (b) on the date of delivery if by overnight courier.

Section 19.06 Headings.

The headings and subheadings in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and will not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

Section 19.07 Severability.

If any part of this Agreement, for any reason, is declared invalid by a court of competent jurisdiction, then that declaration will not affect the validity or enforceability of any remaining portion. The remaining portion will remain in force and effect as if this Agreement were signed with the invalid portion eliminated or curtailed.

Section 19.08 Waivers.

Either party's failure or delay at any time to require performance by the other party of any provision of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right or remedy under this Agreement. Any waiver by any party of any breach of any provision of this Agreement is not a waiver of any continuing or later breach of that provision, a waiver of the provision itself, or a waiver of any right or remedy under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

Section 19.09 Remedies Cumulative.

The rights and remedies in this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

Section 19.10 Effectiveness.

This Agreement is not effective or binding and enforceable against us until we sign it. You are advised not to incur any expenses for opening the Facility until you have received a final signed copy of this Agreement from our home office.

Section 19.11 Business Judgment.

We and you agree that this Agreement grants us the discretion to make certain decisions, to vary the terms of other franchisees' agreements or our enforcement of rights under those agreements, and to take or forgo business-related actions in a manner that may favorably or adversely affect your interests. We will use our business judgment in exercising our discretion based in part on our assessment of our own interests and the interests of all franchisees, which may outweigh your interests. You agree that we have no liability to you for the exercise of our discretion in this manner, and that even if we have multiple motives for a particular action or decision, so long as at least one motive is a reasonable business justification, that single motive will eliminate any liability by us to you related to that action or decision.

Section 19.12 Other Franchisees.

You agree that, to the extent we enter into other franchise agreements with other franchisees, we are not obligated to enforce our rights under those agreements for your benefit. In particular, but without limitation, you agree that we are not obligated to enforce any right to restrict the area or territory in which any other franchisee operates its Facility, so long as we do not explicitly grant any rights to other franchisees that would violate any territorial limitations in this Agreement.

Section 19.13 Entire Agreement.

This Agreement and all ancillary agreements signed contemporaneously with this Agreement

constitute the entire agreement between the parties concerning the subject matter of this Franchise Agreement and supersede any and all prior negotiations, understandings, representations, and agreements. Notwithstanding the foregoing, nothing in this Agreement will disclaim, or require you to waive reliance on, any representation that we made in the most recent franchise disclosure document that we delivered to you.

Section 19.14 Survival.

The terms of this Agreement that expressly or by their nature survive expiration or termination survive expiration or termination, including without limitation those provisions related to confidentiality, indemnification, restrictive covenants, governing law and dispute resolution.

Section 19.15 Force Majeure.

If, as a result of hurricane, tornado, typhoon, flooding, lightning, blizzard and other unusually severe weather, earthquake, avalanche, volcanic eruption, fire, riot, insurrection, war, terrorist attack, explosion, a pandemic resulting in government mandated closure of the Facility, or act of God (a "**Force Majeure**"), compliance by either party with the terms of this Agreement is rendered impossible or would otherwise create an undue and commercially unreasonable hardship on that party, then both parties will be excused from their respective obligations under this Agreement for the duration of the Force Majeure and for a reasonable recovery period thereafter, but otherwise this Agreement will continue in full force and effect. Notwithstanding the foregoing, a Force Majeure will not relive a party of any (i) payment obligations for monies owed; (ii) obligations that existed before the start of the period of the Force Majeure; (iii) obligations that start after the period of the Force Majeure, or (iv) other obligations that are not necessarily prevented or materially hindered or delayed during the period of Force Majeure.

Section 19.16 Liability of Multiple Franchisees.

If the Facility is owned by more than one person, all persons are jointly and individually liable for your obligations under this Agreement.

Section 19.17 Third Parties.

Except as provided in this Agreement to the contrary for any of our affiliates or franchisees, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under this Agreement on any persons (including other Skiptown franchisees) other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Except as provided in this Agreement to the contrary for our Designee, nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor will any provision give any third persons any right of subrogation or action over or against any party to this Agreement.

Section 19.18 Cost of Living Adjustment.

The Renewal Fee, the Minimum Royalty Fee, the Minimum Brand Fund Contributions, the Minimum Local Marketing Contribution, the Transfer Fee, the Offering Fee, the Technology Fee, and the SkipOS Fee are subject to annual adjustment based on changes in the Consumer Price Index. "**Consumer Price Index**" means the Consumer Price Index - All Items - Urban Consumers

(CPI-U) (1982-1984 = 100), or its successor, as published by the U.S. Government. All dollar amounts may be adjusted annually on January 1 of each year beginning on the first full calendar year after the Effective Date during the Term (the "**Adjustment Date**") to reflect changes in the Consumer Price Index. If the latest Consumer Price Index published before the Adjustment Date (the "**Adjustment Date Level**") is at a level higher than the level that the Consumer Price Index was published immediately before the Effective Date (the "**Effective Date Level**"), those dollar amounts that are subject to adjustment will be amended and adjusted as of the Adjustment Date by multiplying the amounts by a factor that is determined by dividing the Adjustment Date Level by the Effective Date Level. We may in our sole discretion, waive or defer the adjustments required in this Section; however, any waiver or deferral is subject to the terms of Section 19.08. Unless we otherwise agree in writing, our failure to make adjustments timely or require the adjustments required under this Agreement is deemed a deferral of the adjustments until we specify in writing that the adjustments are necessary or have been waived for any particular year or years. If the Consumer Price Index is discontinued, we will substitute a comparable index reflecting changes in the cost of living or the purchasing power of money, published or recognized as being reliable by the U.S. Government.

Section 19.19 Relationship of the Parties.

You are an independent contractor responsible for full control over the internal management and daily operation of your Facility, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. You may not act or represent yourself, directly or by implication, as our agent, partner, employee or joint venture partner, and you may not incur any obligation on our behalf or in our name. All stationery, business cards and contractual agreements you enter into must contain your legal name and a conspicuously displayed notice, in the place we designate, that you operate your Facility as an independently owned and operated Skiptown franchise and that you independently own and operate the Facility as a System franchisee. Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and we will not assume liability for, or be deemed liable as a result of, any such action; nor will we be liable by reason of your acts or omissions in the Facility's operation or for any claim or judgment arising therefrom against you or us.

Section 19.20 Anti-Terrorist Activities.

You and your Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of your or your Owners' assets under the Anti-Terrorism Laws, constitute good cause for immediate termination of this Agreement, as provided in Section 12.02(s).

Section 19.21 Time of the Essence.

Time is of the essence with respect to any time period in this Agreement.

IN WITNESS WHEREOF, the parties have signed this Agreement.

FRANCHISOR:	FRANCHISEE:
Skiptown Franchising, LLC a Delaware limited liability company	**[_____]** a [_____]
By: _____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____
Date: _____	Date: _____

Attachment 1 to Skiptown Franchise Agreement

NON-EXCLUSIVE SEARCH AREA; DESCRIPTION OF THE PREMISES; PROTECTED TERRITORY

Non-Exclusive Search Area means:

"**Non-Exclusive Search Area**" is the area where you will undertake your site selection process to submit proposed sites for our acceptance in accordance with our site acceptance process. The Non-Exclusive Search Area will be the area disclosed above, if any, but excluding any protected territory of a Facility within the System who already has a Facility in operation or to be operated in the Non-Exclusive Search Area.

Location means:

Protected Territory means:

Attachment 2 to Skiptown Franchise Agreement

PAYMENT AND PERFORMANCE GUARANTEE

To induce Skiptown Franchising, LLC (**"Franchisor"**) to enter into a Skiptown Franchise Agreement (the **"Franchise Agreement"**) between Franchisor and the Franchisee named in the Franchise Agreement to which this Payment and Performance Guarantee (the **"Guarantee"**) is attached (**"Franchisee"**), the undersigned (collectively referred to as the **"Guarantors"** and individually referred to as a **"Guarantor"**) covenant and agree as follows:

1. Guarantee of Payment and Performance. Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all Franchisee's obligations, indebtedness, and liabilities to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or later incurred from time to time, whether incurred under the Franchise Agreement, or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the **"Guaranteed Liabilities"**). Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, Guarantors will immediately do so. Guarantors further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities. Guarantors represent and agree that they have each reviewed a copy of the Franchise Agreement, have had the opportunity to consult with counsel and fully understand the meaning and import of this Guarantee.

2. Waivers by Guarantors. Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms of any Guaranteed Liabilities, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof. This Guarantee is primary and not secondary, and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of Guarantors or against any other security for the Guaranteed Liabilities. This Guarantee will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee. Guarantors represent and agree that they have each reviewed a copy of the Franchise Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Franchise Agreement and this Guarantee.

3. Term: No Waiver. This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each Guarantor until the later of **(i)** all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full, or **(ii)** the Franchise Agreement and Franchisee's obligations under the Franchise Agreement expire. No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of that right or any other right or remedy.

4. Other Covenants. Each of Guarantors agrees to comply with the provisions of the Franchise Agreement relating to Proprietary Property, the Manuals and other Confidential Information, the independent covenants, non-competition provisions, and indemnification as

though each Guarantor were the "Franchisee" named in the Franchise Agreement and agrees that the undersigned will take all actions as necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and will not take any action that would cause Franchisee to be in breach of the Franchise Agreement.

5. Dispute Resolution. Article 18 (Dispute Resolution) of the Franchise Agreement is incorporated in this Guarantee by reference and is applicable to all disputes between Franchisor and any of Guarantors, as though Guarantor were the "Franchisee" referred to in the Franchise Agreement, except that any suit that we file against any Guarantor also may be filed in any court of competent jurisdiction in which our principal place of business is then located or in any court of competent jurisdiction in which a Guarantor then resides.

6. Miscellaneous. This Agreement is binding on Guarantors and their respective heirs, executors, successors, and assigns, and inures to the benefit of Franchisor and its successors and assigns.

IN WITNESS WHEREOF, the undersigned Guarantors have signed this Guarantee as of the day and year first above written.

Guarantor Number 1	
Guarantor 1	Spouse of Guarantor 1
_____	_____
Signature	Signature
Print Name: _____	Print Name: _____
Address: _____	Address: _____
_____	_____

Guarantor Number 2	
Guarantor 2	Spouse of Guarantor 2
_____	_____
Signature	Signature
Print Name: _____	Print Name: _____
Address: _____	Address: _____
_____	_____

Guarantor Number 3	
Guarantor 3	Spouse of Guarantor 3
_____	_____
Signature	Signature
Print Name: _____	Print Name: _____

Address: _____ Address: _____

_____ _____

Attachment 3 to Skiptown Franchise Agreement

SKIPTOWN SOFTWARE LICENSE AGREEMENT

THIS SKIPTOWN SOFTWARE LICENSE AGREEMENT ("**Agreement**") is signed on _____ between Skiptown Franchising, LLC, a Delaware limited liability company ("**Franchisor**") and _____ ("**Franchisee**").

1. **General**. This Agreement is entered into under the Skiptown Franchise Agreement between Franchisor and Franchisee, dated the same date as this Agreement (the "**Franchise Agreement**"). All capitalized terms used in this Agreement have the same definitions as provided in the Franchise Agreement, unless otherwise expressly defined in this Agreement.

2. **Grant of License.** Subject to this Agreement, Franchisor agrees to: (a) furnish the Skiptown Operating System (as defined in this Agreement) to Franchisee; (b) furnish Related Materials (as defined in this Agreement) to Franchisee; (c) grant Franchisee a nontransferable and nonexclusive license to use the Skiptown Operating System and Related Materials which are described under any Schedule to this Agreement signed by both parties ("**Schedule**"); and (d) provide Skiptown Operating System maintenance, all as described in this Agreement. The term "**Skiptown Operating System**" means a licensed data processing program consisting of a series of instructions or statements in machine readable form, any licensed data base consisting of a series of instructions or statements in machine readable form, any licensed data base consisting of a systematized collection of data in machine readable form, and any Related Materials. The Skiptown Operating System does not include the source code. The term "**Related Materials**" means printed materials not consisting of the Skiptown Operating System programs, including Skiptown Operating System user instructions, and which are designated by Franchisor as available under license to Franchisee for the licensed Skiptown Operating System to which the Related Materials relate.

3. **Term of License.** The license granted in this Agreement for the Skiptown Operating System will be in effect for the Term, unless sooner terminated in accordance with this Agreement.

4. **Terms of Use.** The Skiptown Operating System (including any changes to the Skiptown Operating System made by or for Franchisee) can be used by Franchisee only at the Facility. Title and full ownership rights to the Skiptown Operating System remains with Franchisor. Franchisee will not enhance or modify the Skiptown Operating System in any manner without Franchisor's written consent. All enhancements and modifications are the property of Franchisor. The rights granted under this Agreement authorize Franchisee to use the Related Materials in printed form, in support of its use of the Skiptown Operating System in machine readable form. Franchisee will maintain no more than 1 copy of the Skiptown Operating System at any time, except with Franchisor's written consent.

5. **Fees and Charges.** The fee for the Skiptown Operating System (the "**SkipOS Fee**") is indicated in the Franchise Agreement and, together with any other sums due under this

Agreement (collectively "**Charges**"), will be paid by Franchisee to Franchisor as indicated in the Franchise Agreement.

6. **Taxes.** Franchisee will declare and pay when due all assessments, charges and taxes, including sales, use, excise and property taxes, and penalties and interest under this Agreement, imposed under this Agreement, if any; excluding any taxes based on or measured solely by Franchisor's net income.

7. **Technical Services, Updates and Enhancements.** During the Term, Franchisor will, as it deems necessary, supply technical bulletins and updated user guides, and supply Franchisee with updates and enhancements.

8. **No Warranty.** Franchisor does not warrant that the functions contained in the Skiptown Operating System will meet all Franchisee's requirements or will operate with hardware not approved by Franchisor, or that the operations will be uninterrupted or error free or that all program defects, if any, will be corrected. **FRANCHISOR MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ON THE SKIPTOWN OPERATING SYSTEM AND SERVICES FURNISHED UNDER THIS AGREEMENT, AND EXPRESSLY DISCLAIMS THE SAME.**

9. **Termination.** The license granted under this Agreement for any Skiptown Operating System terminates at the expiration or termination of the Term, or as otherwise provided in this Agreement. On the expiration or termination of the Term, Franchisee must immediately deliver to Franchisor the Skiptown Operating System. This requirement applies to all copies in any form including translations, compilations or partial copies within modifications, derivative works, and updated works, whether partial or complete, and whether modified or merged into other programs or materials (collectively, the "**Modifications**").

10. **Hardware.** It is the obligation of Franchisee to obtain the proper computer hardware required for the operation of the Skiptown Operating System as approved by Franchisor.

11. **Confidentiality.** Without limiting any other confidentiality requirements of Franchisee under the Franchise Agreement, Franchisee will not provide or otherwise make available (and to prevent any other person from doing the same) any portion of the Skiptown Operating System, including documentation and machine readable code, in any form to any person other than Franchisee or Franchisee's employees without our written consent. Franchisee will not reverse assemble or reverse compile any part of the Skiptown Operating System. Franchisee will not copy the Skiptown Operating System in any manner without our written consent. The Skiptown Operating System is the proprietary information and trade secrets of Franchisor and its affiliates, regardless of whether any portion of the Skiptown Operating System is or may be validly copyrighted or patented. The Skiptown Operating System will be treated by Franchisee as proprietary information and trade secrets. Franchisor is entitled to enforce independently all its, and its affiliates, respective rights to the Skiptown Operating System against Franchisee. In order to protect Franchisor's trade secrets and copyright notices for the Skiptown Operating System, Franchisee agrees to reproduce or incorporate Franchisor's trade secret and copyright notices, if any, in any copies, modifications or partial copies of the Skiptown Operating System.

12. **Assignment.** Without Franchisor's written consent, Franchisee will not: (a) assign, transfer, or grant a security interest in this Agreement, the Skiptown Operating System or any part of the Skiptown Operating System or any interest in the Skiptown Operating System; (b) sublicense or lend the Skiptown Operating System or any part of the Skiptown Operating System, or any interest in the Skiptown Operating System; (c) permit the Skiptown Operating System or any part of the Skiptown Operating System to be used by anyone other than Franchisee or Franchisee's employees; or (d) change the location of the Skiptown Operating System. Franchisor may assign or otherwise transfer all or a portion of its respective interests in the Skiptown Operating System or this Agreement. On Franchisor's assignment or other transfer, Franchisor will notify Franchisee of assignment or transfer and all later references to Franchisor include the transferee.

13. **Limitation of Liability.** Franchisor's sole liability and Franchisee's exclusive remedy under or arising out of this Agreement is as follows:

(a) In all situations involving the performance or nonperformance of the Skiptown Operating System, provided Franchisee has paid all amounts due under the applicable Schedule, Franchisee's remedy is:

(i) the correction by Franchisor of Reported Defects (as defined in this Agreement); or

(ii) if, after repeated efforts, Franchisor is unable to correct the Reported Defects, Franchisee is entitled to recover actual damages from Franchisor to the limits stated in this Section.

(b) For any other claim concerning performance or nonperformance by Franchisor under, or in any other way involving the subject matter of this Agreement, Franchisee is entitled to recover actual damages to the limits stated in this Section.

(c) Franchisor's liability for damages to Franchisee for any cause, and regardless of the form of action, whether in contract or in tort including negligence, is limited to the amount Franchisee paid for the Skiptown Operating System during the first 6 months of the Term. **FRANCHISOR IS NOT LIABLE FOR ANY DAMAGES CAUSED BY FRANCHISEE'S FAILURE TO PERFORM ITS RESPONSIBILITIES, OR FOR ANY LOST PROFITS, LOST SAVINGS OR OTHER CONSEQUENTIAL DAMAGES, EVEN IF FRANCHISOR HAS BEEN ADVISED OF THE POSSIBILITY OF DAMAGES, OR FOR ANY CLAIM AGAINST FRANCHISEE BY ANY OTHER PARTY.**

(d) Franchisor's liability for any payments under this Section is contingent on Franchisee's delivery to Franchisor of a notice specifically identifying the alleged defect in the Skiptown Operating System from which Franchisor is able to reproduce the reported defect. If the reported defect is verified by Franchisor (the "**Reported Defects**"), at the request of Franchisor, Franchisee will immediately return the defective Skiptown Operating System and all Modifications, if any, to Franchisor. If any Reported Defect is found to be caused by Franchisee's negligence, error, mistake or modification, by Franchisee-supplied data, equipment or operator failure, or by any other cause not inherent to the Skiptown Operating System furnished by Franchisor, Franchisor reserves the right to charge Franchisee for time and materials, if any,

incurred by or for Franchisor in responding to the Reported Defect.

14. **Cross-Default.** Any default by Franchisee under the Franchise Agreement, or other agreement between Franchisor and Franchisee is a default under this Agreement.

15. **Schedules.** The Schedules are considered incorporated by reference and deemed a part of this Agreement. No Schedule is effective until properly signed by the parties.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the day and year first above written.

FRANCHISOR:	FRANCHISEE:
Skiptown Franchising, LLC a Delaware limited liability company	**[_____]** a [_____]
By: _____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____
Date: _____	Date: _____

SCHEDULE TO SKIPTOWN SOFTWARE LICENSE AGREEMENT

SOFTWARE SCHEDULE #1

Point-of-Sale (POS) Software

Franchisor's proprietary POS software system ("SkipOS") is a custom-built, integrated platform that manages financial transactions and operational workflows across Skiptown services—including Daytime Petcare, Overnight Petcare, Grooming, In-Home Services (if opted in) and other related services and retail products. Unlike off-the-shelf POS software, SkipOS is tailored specifically to the needs of Skiptown's multi-revenue business model, ensuring that customer experiences, staff operations, and financial reporting are unified in one system. Franchisor's integrated platform is inclusive of a client booking app, an internal team app, and a web based POS / CRM.

Franchisee must provide Franchisor with all passwords, access keys and other security devices or systems as necessary to permit Franchisor to access to the POS system and data stored in it. There are no contractual limitations on Franchisor's right to access the information stored on the POS system.

This Schedule is issued under the Skiptown Software License Agreement between the parties.

FRANCHISOR:	FRANCHISEE:
Skiptown Franchising, LLC a Delaware limited liability company	**[_____]** a [_____]
By: _____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____
Date: _____	Date: _____

Attachment 4 to Skiptown Franchise Agreement

AGREEMENT WITH LANDLORD

THIS AGREEMENT is signed on _____ among Skiptown Franchising, LLC ("**Franchisor**"); _____ ("**Landlord**") and _____ ("**Tenant/Franchisee**").

BACKGROUND:

A. Landlord and Tenant/Franchisee are parties to a Lease dated _____ (the "**Lease**") for the premises described in Exhibit A (the "**Premises**").

B. Tenant/Franchisee is a franchisee of Franchisor under a Skiptown Franchise Agreement between Franchisor and Tenant/Franchisee dated _____ for the operation of a Skiptown Facility at the Premises (the "**Franchise Agreement**").

C. To assure that a Skiptown Facility continues to operate at the Premises, Landlord grants certain rights to Franchisor under the Lease to protect Franchisor's interest under the Franchise Agreement.

The parties agree as follows:

1. **Collateral Assignment of Lease.** As security for Tenant/Franchisee's obligations to Franchisor under the Franchise Agreement, Tenant/Franchisee collaterally assigns to Franchisor his, her or its interest under the Lease, including any extensions and renewals, all prepaid rent, security deposits, Landlord credits and leasehold improvements. Landlord consents to, and will recognize, this collateral assignment.

2. **Notices of Default.** Contemporaneously with sending any notice of default or other material correspondence to Tenant/Franchisee, Landlord will send a copy of the same to Franchisor via overnight courier to 222 Rampart Street, Charlotte, North Carolina 28203.

3. **Right to Cure.** If Tenant/Franchisee defaults under the Lease, Franchisor may (but is under no obligation to) within 30 days after receipt of written notice from Landlord, cure the default (or a longer period of time if the default is not capable of being cured within 30 days and Franchisor is diligently proceeding to cure the default) and take immediate occupancy of the Premises without Landlord's consent. Franchisor may at any time after taking occupancy, relet the Premises to another Skiptown franchisee with Landlord's written approval of the new tenant/franchisee. The approval of the new tenant/franchisee will not be unreasonably withheld or delayed.

4. **Right to Assign.** Tenant/Franchisee is permitted to assign his, her or its interest under the Lease and all rights and obligations under the Lease at any time to Franchisor without Landlord's consent. Franchisor is permitted to assign the Lease and all rights and obligations under the Lease to another Skiptown tenant/franchisee on Landlord's written approval of the new tenant/franchisee. The approval of the new tenant/franchisee will not be unreasonably withheld

or delayed. Landlord will acknowledge this assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

5. **Right of First Refusal.** Landlord agrees that on the expiration or termination of the Lease, Franchisor has the first right of refusal to lease the Premises as the new tenant.

6. **Acknowledgement of Rights.** Landlord acknowledges Franchisor's rights under the Franchise Agreement, on reasonable notice to Landlord, to enter the Premises to take all steps necessary to protect its interest under the Franchise Agreement including the removal of all signs and other Proprietary Marks of Franchisor (without damage to the Premises).

7. **Modification of Lease.** Landlord and Tenant/Franchisee will not make any material modifications to the Lease without Franchisor's written consent, which consent will not be unreasonably withheld or delayed.

8. **Use of Premises.** If Franchisor does not take over the Lease on the termination or expiration of the Franchise Agreement and Tenant/Franchisee remains in possession of the Premises, Landlord and Tenant/Franchisee agree that, for a period of 2 years after the expiration or termination of the Franchise Agreement, the Premises will not be used for a business in competition with Franchisor or any of Franchisor's franchisees.

9. **Conflict.** On any inconsistency between this Agreement and the terms of the Lease, this Agreement supersedes and controls.

10. **Binding Effect.** This Agreement is binding on the personal representatives, heirs, successors and assigns of the parties.

IN WITNESS WHEREOF, this Agreement has been signed the date and year first above written.

LANDLORD:	FRANCHISEE:
[_____] a [_____]	**[_____]** a [_____]
By: _____ Name: _____ Title: _____ Date: _____	By: _____ Name: _____ Title: _____ Date: _____

Attachment 5 to Skiptown Franchise Agreement

LIMITED POWER OF ATTORNEY
TO TRANSFER TELEPHONE LISTING AND NUMBER

THE UNDERSIGNED, having a telephone listing and telephone number with the local telephone company and directory, authorizes the President of Skiptown Franchising, LLC, a Delaware limited liability company, as attorney-in-fact to transfer this listing and number to Skiptown Franchising, LLC, including the signing of all documents necessary to accomplish the transfer.

[_____]
a [_____]

By:
_____
Name:
_____
Title:
_____

Date:
_____

STATE OF _____

COUNTY OF _____

This instrument was acknowledged before me this _____ day of _____, by _____, as _____ of _____, a _____ _____, for the entity. He or she personally appeared before me at the time of notarization.

NOTARY PUBLIC - STATE OF _____:

sign
_____

print
_____

Personally Known _____ OR Produced Identification _____

Type of Identification Produced:

_____

My Commission Expires:

ACCEPTANCE OF TRANSFER OF
TELEPHONE LISTING AND TELEPHONE NUMBER

THE UNDERSIGNED, in consideration of the transfer of telephone service for the telephone number ( ) - (the "**Telephone Number**"), assumes, as of this date, all existing and future obligations of the present subscriber to the Telephone Number, including the payment of all unpaid charges for local and long distance service and telecommunications equipment.

Skiptown Franchising, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

Date: _____

Attachment 6 to Skiptown Franchise Agreement

ELECTRONIC TRANSFER AUTHORIZATION FORM

(ACH CREDITS AND DEBITS)

I authorize SKIPTOWN FRANCHISING, LLC ("Franchisor"), to initiate debit and credit entries and to initiate, if necessary, adjustments for any debit or credit entries in error to _____ ("Franchisee") from the account indicated below at the depository named below, ("Depository").

☐ Checking or ☐ Savings account (select one)

Depository Name: _____

Depository Branch: _____

Depository Address: _____

City_____State_____Zip_____

Routing Number: _____

Account Name: _____

Account Number: _____

For good and valuable consideration, the receipt and sufficiency of which is acknowledged, the undersigned agrees that this authorization remains in full force and effect until terminated by Franchisee in a written notice to Franchisor in such time and in such manner as to afford Franchisor and Depository a reasonable opportunity to act on it, but in no event less than 30 days in advance thereof. Franchisee consents for the Depository to provide Franchisor with a bank account statement and deposit detail, at any time and from time to time, for all accounts described above.

IN WITNESS WHEREOF, this authorization has been signed by the below authorized person.

Franchisee:

_____

By: _____

Title: _____

Phone No.: _____

Date: _____

Attachment 7 to Skiptown Franchise Agreement

MULTI-UNIT DEVELOPMENT ADDENDUM

[See attached.]

MULTI-UNIT DEVELOPMENT ADDENDUM
TO SKIPTOWN FRANCHISE AGREEMENT

THIS MULTI-UNIT DEVELOPMENT ADDENDUM TO SKIPTOWN FRANCHISE AGREEMENT (this "**Addendum**") is entered into as of _____ (the "**Effective Date")** between **Skiptown Franchising, LLC**, a Delaware limited liability company ("**we**," "**us**," or "**our**") and [**_____**], a [_____] [_____] ("**you**" or "**your**").

BACKGROUND

A. You and we are entering into franchise agreements for the Facilities listed in Section 1 of this Addendum (each, a "**Franchise Agreement**", or collectively, the "**Franchise Agreements**"); and

B. You and we desire to amend the Franchise Agreements as stated in this Addendum.

The parties agree as follows:

1. Multi-Unit Development. You and we have signed Franchise Agreements for the Facilities listed in the chart below to be developed, opened and operated at accepted locations within the Non-Exclusive Search Area(s). The parties agree that the chart below amends Sections 4.01(a) (Initial Franchise Fee), 5.01(a) (Site Approval) and 5.04 (Opening) of each the Franchise Agreements to provide that the Initial Franchise Fee, Site Acquisition Deadline and Opening Deadline for the Facility that is subject to the particular Franchise Agreement are as stated below. The Site Acquisition Deadline and the Opening Deadline are collectively referred to as the "**Development Schedule**". The total of the Initial Franchise Fees for all Facilities listed below is due and payable in full on the Effective Date. All Initial Franchise Fees you pay to us are non-refundable and fully earned when due. In addition, for each Facility, you must acquire the Site and open the Facility by the dates stated below.

*Facility No.	**Franchisee Entity	Facility ID No.	Initial Franchise Fee	Site Acquisition Deadline	Opening Deadline
1			$45,000	6 months after the Effective Date	12 months after the Effective Date
2			$35,000	TBD	TBD
3			$25,000	TBD	TBD
4			$25,000	TBD	TBD
5			$25,000	TBD	TBD
			$155,000		

*Number of Facilities to be developed and development schedules under any given Multi-Unit Development Addendum are dependent on relevant factors (as we determine in our sole discretion).

**We may, in our sole discretion, include the following language in the Multi-Unit Development Addendum if we determine that you may open the Facilities out of order:

> You must be in compliance with the Development Schedule even if you develop and open the above-referenced Facilities out of order, provided that you otherwise adhere to the Development Schedule, by acquiring a site and opening a Facility on or before the stated deadlines. For clarity, if you acquire a site for Facility No. 2 on or before the Site Acquisition Deadline for Facility No. 1 and open Facility No. 2 on or before the Opening Deadline for Facility No. 1, and if you acquire a site for Facility No. 1 on or before the Site Acquisition Deadline for Facility No. 2 and open Facility No. 1 on or before the Opening Deadline for Facility No. 2, then you are in compliance with the Development Schedule.

2. Term. The first sentence of Section 2.01. of each Franchise Agreement is deleted and replaced with the following:

> The term of this Agreement begins on the Effective Date and expires on the 10-year anniversary of the Opening Deadline (the "**Term**"), unless terminated earlier as authorized under this Agreement.

3. Development Terms. In addition to the other terms stated in the Franchise Agreements, your rights to develop and/or open Facilities are subject to your meeting the following conditions to our satisfaction:

(a) you possess sufficient financial and organizational capacity to develop, open, operate, and manage the additional Facilities, as we determine in our reasonable judgment; and

(b) you are in full compliance with all requirements at all of your Facility(s), whether open or in development, and you are not in default under any of the Franchise Agreements or any other agreement between you (or your affiliate) and us (or our affiliate).

If you do not meet the applicable Site Acquisition Deadline or Opening Deadline for any Facility, you are in default of the Franchise Agreement for that Facility, and, in addition to all our other remedies, we may, on written notice to you, terminate the applicable Franchise Agreement in accordance with Article 12, as well as any Franchise Agreements for future Facilities to be developed under this Addendum. If we do so, you must comply with all post-termination obligations as stated in Article 13 of the applicable Franchise Agreement.

4. Training. Unless you have already developed and opened a Facility, you must complete the Initial Training Program as stated in Section 3.05 of the Franchise Agreement for Facility No. 1. For Facility No. 2 and all additional Facilities, you will not be required to complete, and we will not be required to provide, the Initial Training Program. We may still require your Manager(s) to attend and complete the Initial Training Program for Facility No. 2 and all additional Facilities.

5. Transfers. If we approve any Transfer by you or your owners (as described in Article 11 of the Franchise Agreements) related to a Facility to which this Addendum applies, we may require, as a condition of our approval for the Transfer, that any rights granted to you under this Addendum be of no further force or effect, including any rights to develop, open and operate any other Facilities that have not yet opened for business. Any Facility that has not yet opened for business will not be eligible to request our consent for a Transfer, unless the request relates to a Transfer to your entity under Section 11.02(b) of the Franchise Agreement.

6. Confidentiality. You agree that the terms of this Addendum are Confidential Information under the Franchise Agreements.

7. Effect of Addendum. This Addendum is an integral part of and is incorporated into each Franchise Agreement. The terms in this Addendum, to the extent they are inconsistent with the terms in the Franchise Agreements, will prevail over the terms of the Franchise Agreements. Capitalized terms used but not defined in this Addendum have the meanings stated in the Franchise Agreements. Except as modified by this Addendum, the Franchise Agreements remain in full force and effect.

IN WITNESS WHEREOF, the parties have signed and delivered this Multi-Unit Development Addendum on the dates noted below, to be effective as of the Effective Date.

FRANCHISOR:	FRANCHISEE:
Skiptown Franchising, LLC a Delaware limited liability company	**[_____]** a [_____]
By: _____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____
Date: _____	Date: _____

EXHIBIT B

STATE REQUIRED ADDENDA TO THE FRANCHISE AGREEMENT

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)).
>
> The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.
>
> California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.
>
> The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
>
> 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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: SKIPTOWN FRANCHISING, LLC:	FRANCHISEE: _____
By: _____ Its: Date: _____	By: _____ Its: Date: _____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: SKIPTOWN FRANCHISING, LLC:	FRANCHISEE: _____
By: _____ Its: Date: _____	By: _____ Its: Date: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: SKIPTOWN FRANCHISING, LLC:	FRANCHISEE: _____
By: _____ Its: Date: _____	By: _____ Its: Date: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C,

or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **SKIPTOWN FRANCHISING, LLC**	**FRANCHISEE**: _____
By: _____ Its: _____ Date: _____	By: _____ Its: _____ Date: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **SKIPTOWN FRANCHISING, LLC**	**FRANCHISEE**: _____
By: _____ Its: _____ Date: _____	By: _____ Its: _____ Date: _____

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> "According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."
>
> 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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **SKIPTOWN FRANCHISING, LLC**	**FRANCHISEE**: _____
By: _____ Its: _____ Date: _____	By: _____ Its: _____ Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. Questionnaires and Acknowledgments. 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.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this_____ day of_____ 20_____.

FRANCHISOR:	FRANCHISEE:
SKIPTOWN FRANCHISING, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

EXHIBIT C

ADDITIONAL STATE REQUIRED DISCLOSURES TO THE FRANCHISE DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)).

The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the

franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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.

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Franchisee Acknowledgment / Compliance Certification:
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.

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

Franchisee Acknowledgment / Compliance Certification:

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.

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of 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 Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of $30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

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.

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

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 E OR YOUR PUBLIC LIBRARY FOR SERVICES 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 CAN NOT 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:

With the exception of what is stated 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, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person

from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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; it being the intent of this proviso 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 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 earlier 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.

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

> Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).
>
> "According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

Franchise Questionnaires and Acknowledgments:

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.

EXHIBIT D

GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (**"Release"**) is signed on _____ by _____ ("Franchisee") and _____ ("Guarantors") as a condition of (1) the transfer of the Skiptown Franchise Agreement dated _____ between Skiptown Franchising, LLC ("we", "us" or "our") and Franchisee ("Franchise Agreement"); or (2) the signing of a successor Franchise Agreement between Franchisee and us.

1. Release by Franchisee and Guarantors. Franchisee, for itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, and Guarantors, for themselves and their respective heirs, representatives, successors and assigns (collectively, the "Releasor(s)") freely and without any influence forever release (i) us, (ii) our past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, and (iii) our parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees, in their corporate and individual capacities, (collectively, the "Released Parties") from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims"), which any Releasor ever owned or held, now own or hold, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or under, the Franchise Agreement and all other agreements between any Releasor and us or our parent, subsidiaries, or affiliates, arising out of, or under any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 will nevertheless be effective in all respects and not subject to termination or rescission by virtue of any difference in facts.

3. Covenant Not to Sue. Franchisee and Guarantors, for all Releasors, covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. No Prior Assignment and Competency. Franchisee and Guarantors represent and warrant that: (i) Releasors are the sole owners of all Claims and rights released in Section 1 and that Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releasor has full and complete power and authority to sign this Release, and that the signing of this Release will not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly signed after each of them has had the opportunity to consult with counsel of their own choice.

5. California Release. California Civil Code §1542 provides as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which, if known by him must have materially affected his settlement with the debtor.

CIVIL CODE §1542 IS WAIVED BY THE PARTIES, EXCEPT AS OTHERWISE PROVIDED IN THIS GENERAL RELEASE.

6. Complete Defense. Franchisee and Guarantors: (i) acknowledge that the release in Section 1 is a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any Claim.

7. Successors and Assigns. This Release inures to the benefit of and binds the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

8. Counterparts. This Release may be signed in 2 or more counterparts (including by facsimile), each of which will be deemed an original, and all of which constitute one and the same instrument.

9. Capitalized Terms. Any capitalized terms that are not defined in this Release have the meaning given them in the Franchise Agreement.

IN WITNESS WHEREOF, Franchisee and Guarantors have signed this Release as of the date shown above.

FRANCHISEE:

_____

a _____

By: _____
Name:
Title:

Date: _____

GUARANTORS:

_____

a _____ resident

_____

Date: _____

GUARANTORS:

_____

a _____ resident

_____

Date: _____

EXHIBIT E

AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

State Agency	Agent for Service of Process
CALIFORNIA Department of Financial Protection & Innovation Toll Free: 1 (866) 275-2677 ***Los Angeles*** Suite 750 320 West 4th Street Los Angeles, California 90013-2344 (213) 576-7500 ***Sacramento*** 2101 Arena Boulevard Sacramento, California 95834 (866) 275-2677 ***San Diego*** 1455 Frazee Road, Suite 315 San Diego, California 92108 (619) 525-4233 ***San Francisco*** One Sansome Street, Suite 600 San Francisco, California 94104-4428 (415) 972-8559	CALIFORNIA Commissioner, Department of Financial Protection & Innovation
HAWAII Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	HAWAII Hawaii Commissioner of Securities
ILLINOIS Office of Attorney General State of Illinois 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	ILLINOIS Illinois Attorney General

State Agency	Agent for Service of Process
INDIANA Indiana Securities Division 302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	INDIANA Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	MARYLAND Maryland Securities Commissioner
MICHIGAN Michigan Department of Attorney General Corporate Oversight Division Franchise Section 525 W. Ottawa Street P.O. Box 30736 Lansing, MI 48909 (517) 373-7117	MICHIGAN Michigan Attorney General
MINNESOTA Minnesota Department of Commerce Securities Section 85 7th Place, Suite 280 St. Paul, Minnesota 55101 (651)-539-1638	MINNESOTA Minnesota Commissioner of Commerce (651) 539-1600
NEW YORK New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236	NEW YORK New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
NORTH DAKOTA North Dakota Insurance and Securities Department 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 (701) 328-2910	NORTH DAKOTA North Dakota Insurance Commissioner 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-2910

State Agency	Agent for Service of Process
OREGON Department of Consumer and Business Services Division of Financial Regulation 350 Winter Street NE, Suite 410 Salem, Oregon 97301 (503) 378-4140	OREGON Director, Department of Consumer and Business Services
RHODE ISLAND Department of Business Regulation Securities Division State of Rhode Island John O. Pastore Complex 1511 Pontiac Avenue, Building 69-2 Cranston, RI 02920 (401) 462-9500	RHODE ISLAND Director of Department of Business Regulation
SOUTH DAKOTA Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	SOUTH DAKOTA Director of the Division of Insurance
VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9051	VIRGINIA Clerk, State Corporation Commission 1300 East Main Street First Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON Securities Division Department of Financial Institutions P. O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	WASHINGTON Director, Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501
WISCONSIN Wisconsin Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-9555	WISCONSIN Administrator, Wisconsin Division of Securities Department of Financial Institutions

EXHIBIT F

FINANCIAL STATEMENTS

Skiptown Franchising, LLC

Balance Sheet

December 31, 2025

BENNETT THRASHER LLP
Better Together

Skiptown Franchising, LLC

December 31, 2025

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BENNETT THRASHER LLP

Independent Auditor's Report

To the Member of
Skiptown Franchising, LLC

Opinion

We have audited the accompanying balance sheet of Skiptown Franchising, LLC (the Company), which comprise the balance sheet as of December 31, 2025 and the related notes to the balance sheet.

In our opinion, the balance sheet referred to above present fairly, in all material respects, the financial position of Skiptown Franchising, LLC as of December 31, 2025 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 Statement section of our report. We are required to be independent of the Company 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 Consolidated Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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 Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 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 statement.

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 statement, 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 statement.
- 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 the Company'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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Bennett Thrasher LLP

Atlanta, GA
February 13, 2026

Skiptown Franchising, LLC

Balance Sheet
December 31, 2025

Assets	
Current assets:	
Cash and cash equivalents	$ 14,825
Total assets	$ 14,825
Liabilities and members' deficit	
Current liabilities:	
Accounts payable	$ 15,445
Advances from member	274,732
Deferred franchise fees	22,500
Total liabilities	312,677
Commitments and contingencies (Note 4)	
Members' equity:	
Members' capital	-
Accumulated deficit	(297,852)
Total members' deficit	(297,852)
Total liabilities and members' equity	$ 14,825

The accompanying notes are an integral part of this balance sheet.

Skiptown Franchising, LLC

Notes to Balance Sheet
December 31, 2025

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Skiptown Franchising, LLC (the Company) was organized under the laws of the State of Delaware on September 22, 2025 and is wholly owned by Skipper Pets, Inc. The Company's primary purpose is to grant franchises for the establishment, development, and operation of premium facilities that provide daytime petcare, overnight petcare, grooming, and optionally, in-home services, and other related services and retail products under the SKIPTOWN® trademark. The licensing rights were granted to the Company through a License Agreement from a related party, Skiptown Holdings, LLC. As of December 31, 2025, a related party of the Company, Skiptown Corporate Operations, LLC, through its wholly owned subsidiaries, operates three of the facilities of the type being franchised in the United States.

As of December 31, 2025, the Company is in the preliminary stages of franchise development. The future success of the Company's business is contingent upon successful franchise development and the ability of its members to fund working capital shortfalls until such time the Company maintains satisfactory levels of profitable operations. The accompanying balance sheet does not include any adjustments that might result from the outcome of these uncertainties.

Use of Estimates

The preparation of a balance sheet in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Franchise Operations

The Company plans to enter into franchise agreements with unrelated third parties to build and operate facilities using the Company's brand within a defined geographical area. The franchisees will be required to operate their facilities in compliance with a franchise agreement that includes adherence to operating and quality control procedures established by the Company. The Company will not provide loans, leases, or guarantees to franchisees or their employees and vendors. If a franchisee becomes financially distressed, the Company generally will not provide any financial assistance. If financial distress leads to a franchisee's noncompliance with the franchise agreement and the Company elects to terminate the franchise agreement, the Company has the right, but not the obligation, to acquire the assets of the franchisee at cost or fair value, as determined by an independent appraiser.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash and cash equivalents. At times, cash and cash equivalent balances may exceed federally insured amounts. The Company believes it mitigates any risk by depositing cash and investing in cash equivalents with major financial institutions.

Deferred Franchise Fees

Initial franchise fees will be recorded as income when the related franchise facility is opened. Expenses associated with the issuance of franchise agreements are charged to expense as incurred. Royalty fees from franchise agreements will be recognized on the accrual basis as the fees are earned.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to the member. Therefore, no liability or asset related to income taxes has been included in the balance sheet.

The Company applies the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. These standards require that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Company does not believe its balance sheet includes any material uncertain tax positions.

Note 2: Members' Equity

The membership interests of the Company have been issued pursuant to an LLC operating agreement (the Agreement), which contains restrictions on the sale or transfer of the interests, except under certain circumstances. Under the Agreement, the Company may be required in the event of death, disability, or termination of employment of a member to repurchase the membership interest at a price defined in the Agreement.

Each members' capital account is allocated a pro-rata portion of earnings and losses based on the number of units outstanding during the period and/or balance of each capital account, as defined. Under the Agreement, the Company may, at its discretion, distribute sufficient earnings, as defined, to the members to satisfy the members' related tax liability.

Note 3: Advances from Member

At December 31, 2025 the Company had advances from member totaling $274,732 which was used for working capital purposes. The liability is settled from time to time and does not accrue interest.

Note 4: Commitments and Contingencies

The Company from time to time may be involved in certain litigation and claims in the ordinary course of business. Although the outcome of such claims, litigation, and disputes cannot be predicted with certainty, in the opinion of management, based on facts known at this time, the resolution of such matters are not anticipated to have a material adverse effect on the financial position of the Company.

Note 5: Subsequent Events

The Company has evaluated for subsequent events between the balance sheet date of December 31, 2025 and the report date, the date the financial statements were available for issuance, and has concluded that all subsequent events requiring recognition or disclosure have been incorporated into this balance sheet.

*****

EXHIBIT G

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EXHIBIT H

LIST OF FRANCHISEES

Name	Address	Telephone Numbers
Charles Fender	TBD	980-252-7407
Christopher Tkatch	TBD	980-252-7407

These franchisees have signed franchise agreements but have not yet opened their facilities as of December 31, 2025.

EXHIBIT I

LIST OF FRANCHISEES WHO LEFT THE SYSTEM IN LAST FISCAL YEAR

None at this time.

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

EXHIBIT J

COMPLIANCE QUESTIONNAIRE

FRANCHISEE COMPLIANCE QUESTIONNAIRE

THIS DOCUMENT WILL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

As you know, we and you are preparing to enter into a Skiptown Franchise Agreement ("Franchise Agreement") for the operation of an Skiptown franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading and to be certain that you understand the limitations on legal claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

Yes	_____	No	_____	1. Have you received and personally reviewed the Franchise Agreement and/or Multi-Unit Development Addendum, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?
Yes	_____	No	_____	2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
Yes	_____	No	_____	3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you actually received it?
Yes	_____	No	_____	4. Do you understand all the information in the Franchise Disclosure Document and the Franchise Agreement and/or Multi-Unit Development Addendum you intend to enter into with us?
Yes	_____	No	_____	5. Have you reviewed the Franchise Disclosure Document, Franchise Agreement and/or Multi-Unit Development Addendum with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Facility(s) with these professional advisor(s)?
Yes	_____	No	_____	6. Do you understand the success or failure of your Facility(s) will depend in large part on your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Location (or Non-Exclusive Search Area), competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes	No	7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement and/or Multi-Unit Development Addendum, and that we have reserved certain rights under the Franchise Agreement and/or Multi-Unit Development Addendum?
Yes	No	8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the Skiptown® Proprietary Mark or any other Proprietary Mark at any location outside your (a) Territory under the Franchise Agreement and (b) Non-Exclusive Search Area if you have entered into a Multi-Unit Development Addendum, without regard to the proximity of these activities to the locations of your Facilities or the Non-Exclusive Search Area?
Yes	No	9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and/or Multi-Unit Development Addendum must be mediated at our then-current headquarters?
Yes	No	10. Do you understand the Franchise Agreement and/or Multi-Unit Development Addendum provide that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and/or Multi-Unit Development Addendum and are not entitled to any punitive, consequential or other special damages?
Yes	No	11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement and/or Multi-Unit Development Addendum is us?
Yes	No	12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Facility to open or consent to a transfer of that Facility?
Yes	No	13. Is it true that no broker, employee or other person speaking on our behalf made any representation, statement or promise regarding the costs involved in operating a Facility that is not in the Franchise Disclosure Document or that is contrary to, or different from, the information in the Franchise Disclosure Document?

Yes		No	14. Is it true that no broker, employee or other person speaking on our behalf made any representation, statement or promise regarding the actual, average or projected revenues, profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Facility will generate, that is not in the Franchise Disclosure Document or that is contrary to, or different from, the information in the Franchise Disclosure Document?
Yes		No	15. Is it true that no broker, employee or other person speaking on our behalf made any representation, statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Multi-Unit Development Addendum concerning advertising, Marketing, media support, Marketing penetration, training, support service or assistance that is contrary to, or different from, the information in the Franchise Disclosure Document?
Yes		No	16. Is it true that you understand that our acceptance of any location for a Facility does not constitute an assurance, representation or warranty of any kind as to the successful operation or profitability of a Facility at the location?
Yes		No	17. Is it true that you understand that the estimated initial investment expenditures disclosed in Item 7 of the Franchise Disclosure Document are only estimates of the costs you may incur in opening a Facility and that the disclosed ranges are not assurances that your costs will fall within the disclosed ranges?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

FRANCHISEE:

_____

_____

By: _____
Name:
Title:

EXHIBIT K

SBA ADDENDUM

SBA ADDENDUM TO SKIPTOWN FRANCHISE AGREEMENT

This Addendum to the Skiptown Franchise Agreement dated as of the date signed by the last party hereto (the "Effective Date"), between Skiptown Franchising, LLC, a Delaware limited liability company ("Skiptown"), and _____, a _____ _____ ("Franchisee"), is entered into simultaneously with the execution of the Franchise Agreement.

RECITALS:

A. Skiptown and Franchisee have entered into the Franchise Agreement, pursuant to which Franchisee is authorized to operate the Facility at the Location.

B. Franchisee has obtained from a lender a loan (the "Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Franchise Agreement as follows:

1. **Acknowledgment**. Skiptown and Franchisee acknowledge that as of the date hereof, the Franchise Agreement is in full force and effect, and Skiptown has sent no notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

2. **Payment System**. The following sentence is added to the end of Section 4.05(a):

Other than regularly scheduled payments and payments otherwise authorized in the Franchise Agreement, we do not have the authority to unilaterally share, commingle, or withdraw funds from your bank account.

3. **Acquisition of the Site**. The following sentence is added to the end of Section 5.01(a):

If you own the real estate where the Facility is operating, we have not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the control or use of the property, including any restrictive covenants, branding covenants or environmental indemnification, or our right to lease the property in accordance with Section 14.03.

4. **Skiptown's Prior Approval Required**. Section 11.02(a) is deleted and replaced with the following:

Personal Rights. Your rights under this Agreement are personal to you and/or your current Owners. We have granted this franchise in reliance on your and your Owners' business skill, financial capacity and personal character. Accordingly, neither you, nor any immediate or remote successor to any part of your interest in this franchise, nor any individual, partnership, corporation, limited liability company or other legal entity that

directly or indirectly owns any interest in this franchise or in your shares, membership interests or partnership interests (if you are a corporation, limited liability company or partnership) will sell, assign, transfer, convey or give away, any direct or indirect interest in, or pledge or grant a security interest in (a) this franchise, (b) the Franchise Agreement, (c) the Facility, and/or (d) in any legal entity that owns this franchise (each a "Transfer") without first obtaining our prior written consent, which consent will not be unreasonably withheld. Any purported Transfer by operation of law or otherwise, not having our prior written consent, will be null and void and will be a material breach of this Agreement for which we may then terminate without the opportunity to cure. Without limiting the foregoing, you agree that a transfer requiring our prior written consent will be deemed to occur on any sale, resale, pledge, encumbrance, transfer or assignment of: (a) any fractional partnership ownership interest if you are a partnership; (b) any membership interest, if you are a limited liability company; (c) any fractional portion of your voting stock or any increase in the number of outstanding shares of your voting stock that results in a change of ownership, if you are a corporation. Any new partner, shareholder, member or manager (as applicable) must personally guarantee your obligations under this Agreement. You are not permitted to and will not offer, sell, or grant any subfranchise in the Facility. Our consent will not be unreasonably withheld, but we may withhold or condition our consent to any transfer as we reasonably deem appropriate based on the circumstances of the transfer or otherwise.

5. **Right of First Refusal**. Section 11.04(h) of the Franchise Agreement is deleted and replaced with the following:

If a proposed transferee is your wholly-owned entity, currently holds an ownership interest in you, or is the family member of the Offeror, we will not have any right of first refusal. All transferees are subject to all of the restrictions on transfer of ownership imposed on the Offeror under this Agreement.

6. **Purchase Option**. The following sentence is added to the end of Section 14.03:

If you own the site for the Facility, we will enter into a lease with you for the Facility on our then-standard form. The term of this lease with you will be the remainder of the current term of the Franchise Agreement. The rent payable to you under the lease will be its fair market value. If the parties are unable to agree on fair market value, the fair market value will be determined as otherwise provided in this Section 14.03.

7. **Termination.** This Addendum automatically terminates on the earliest to occur of the following: (i) the Loan is paid; or (ii) SBA no longer has any interest in the SBA financing. On termination of this Addendum, the original terms of the Franchise Agreement shall be automatically reinstated.

8. **Terms.** Any capitalized terms that are not defined in this Addendum shall have the meanings given them in the Franchise Agreement.

9. **Effect.** Except as modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed, sealed, and delivered this Agreement as of the day and year first above written.

SKIPTOWN:	**FRANCHISEE:**
SKIPTOWN FRANCHISING, LLC	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT L

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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
Indiana	Pending
Michigan	Pending
Wisconsin	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 M

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Skiptown Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale; (b) in New York, at the earlier of: (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; (c) in Iowa, at the earlier of: (i) your first personal meeting to discuss the franchise; or (ii) 14 days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (d) in Michigan, at least 10 business days before the earlier of when you sign a binding franchise or other agreement or pay any consideration to us (or an affiliate of ours).

If Skiptown Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and to your state authority listed on Exhibit E.

This franchise opportunity is being offered by the following salesperson or sales broker:

Name	Address	Telephone Number
Trevor Robinson	222 Rampart Street Charlotte, NC 28203	(704) 741-6255
Mike Rotondo	222 Rampart Street Charlotte, NC 28203	(704) 741-6255

The issuance date of this Disclosure Document is February 13, 2026. Our registered agents authorized to receive service of process are stated on Exhibit E. I received a Disclosure Document dated February 13, 2026 that included the following Exhibits:

A. Franchise Agreement	B. State Required Addenda To The Franchise Agreement
C. Additional State-Required Disclosures To The Franchise Disclosure Document	D. General Release
E. State Administrators and Agents for Service of Process	F. Financial Statements
G. Manuals' Tables of Contents	H. List of Franchisees
I. List of Franchisees Who Left the System In The Last Fiscal Year	J. Compliance Questionnaire
K. SBA Addendum	L. State Effective Dates
M. Receipts	

Date: _____

Prospective Franchisee:
By: _____
Name: _____
Individually and on behalf of the following entity:
Company Name: _____

Title: _____

RECEIPT

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M. Receipts	

Date: _____

Prospective Franchisee:
By: _____
Name: _____
Individually and on behalf of the following entity:
Company Name: _____
Title: _____