FRANCHISE DISCLOSURE DOCUMENT
(Area Representative)

zoomin groomin A Mobile Pet Spa	**Zoomin Groomin USA LLC** **d/b/a Zoomin Groomin,** **a Virginia Limited Liability Company** **780 Lynnhaven Parkway** **Suite 240** **Virginia Beach, VA 23452** **(855) 825-7387** **https://zoomingroomin.com** **discoverzoomingroomin.com**

We offer a franchise opportunity to you as an Area Representative to, within a designated territory, solicit, recruit, and service Zoomin Groomin unit franchises that offer mobile pet grooming and related pet care services (the "Area Representative Business").

The total investment necessary to begin operations of a Zoomin Groomin Area Representative Business is $96,150 to $395,400. This includes $87,500 to $375,000 that must be paid to the Franchisor or affiliate.

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

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

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

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

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

Issuance date: April 30, 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 E-1 and E-2.
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 Zoomin Groomin business in the area?	Item 12 and the "territory" provisions in the Area Representative 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 Zoomin Groomin franchisee?	Item 20 or Exhibits E-1 and E-2 list 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 Area Representative 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 Area Representative 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 Area Representative Agreement grants you a Territory, the Franchisor may have the right to compete with you in your Territory.

Renewal. Your Area Representative 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 Area Representative 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 C.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Area Representative Agreement requires you to resolve disputes with the Franchisor by mediation, arbitration, and/or litigation only in Virginia. Out-of-State mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the Franchisor in Virginia than in your own state.

2. **Minimum Development Schedule.** The Area Representative Agreement requires an area representative to ensure that a minimum number of franchises are opened and continue operating in the franchised territory according to a schedule that is part of the Area Representative Agreement. Failure to open or maintain the minimum number of franchises required under the development schedule may result in termination of the area representative agreement and loss of the franchised territory.

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

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

MICHIGAN ADDENDUM
TO THE DISCLOSURE DOCUMENT

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 on the right of a franchisee to join an association of franchisees.

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

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

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

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

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

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) The unwillingness of the proposed transferee to agree in writing

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

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

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

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

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

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

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

The Franchisor

To simplify the language in this Disclosure Document (the "Disclosure Document"), "we," "us," "our," or "Franchisor" means Zoomin Groomin USA LLC, trading as Zoomin Groomin, the Franchisor. The terms "You," "your," or "Franchisee" refer to the person or entity who buys this franchise. If you are a corporation, limited liability company, or other entity, then "you" will also include your owners.

We are a Virginia Limited Liability Company formed on December 30, 2020. Our principal place of business is located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452.

We do business under our corporate name and under the name Zoomin Groomin.

We have not operated an Area Representative business of the type you are being offered, but we do solicit and support unit franchisees. We began offering area representative franchises in April 2021. We began offering Unit Franchises pursuant to another Franchise Disclosure Document in April 2021. As of December 31, 2025, we have 260 Zoomin Groomin Vehicles in operation. We do not engage in any other business activity or offer franchises in other lines of business.

Exhibit C contains our agents for service of process.

Parents and Predecessors

Loyalty, LLC ("Loyalty") is our parent company. It was formed on November 6, 2017, as a Virginia Limited Liability Company. Loyalty's principal place of business is also located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452.

On December 8, 2020, we purchased all of the assets of our predecessor, ZG Enterprises, Inc., a Massachusetts Corporation which had purchased the franchise business from Mobile Pet Spa Enterprises, LLC. located at 67 Hughey Road, Scituate, MA 02066 which was organized in 2003, and became a franchisee. Mobile Pet Spa Enterprises, LLC is no longer in business. ZG Enterprises, Inc. had offered franchises since January 2005; however, they did not offer Area Representative opportunities.

Affiliates

We have an affiliate, ATAX LLC d/b/a ATAX, formed on February 20, 2019, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. ATAX offers franchise opportunities for retail tax, bookkeeping, and payroll services. ATAX also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. This affiliate has offered franchises since 2019. As of December 31, 2025, ATAX had 110 Unit franchise outlets and 32 Area Representative franchises.

We have an affiliate, Cooper's Scoopers LLC d/b/a Cooper's Scoopers, formed on December 26, 2024, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. Cooper's Scoopers offers franchise opportunities for a professional pet waste management business. Cooper's Scoopers also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. This affiliate has offered franchises since January 2025. As of December 31, 2025, Cooper's Scoopers had 4 Unit franchise outlets and no Area Representative franchises.

We have an affiliate, Happie Doggie, LLC d/b/a Hike Doggie, formed on September 16, 2025, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. Hike Doggie offers franchise opportunities for a dog hiking business, providing transportation and outdoor activities for dogs. Hike Doggie also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. This affiliate has offered franchises since October 2025. As of December 31, 2025, Hike Doggie had 5 Unit franchise outlets and no Area Representative franchises.

We have an affiliate, Loyalty Business Services LLC d/b/a Ledgers, formed on October 30, 2019, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. Ledgers offers franchise opportunities for compliance, advisory, and tax services. Ledgers also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. This affiliate has offered franchises since 2020. As of December 31, 2025, Ledgers had 16 Unit franchise outlets and 3 Area Representative franchises.

We have an affiliate, Purely Pet LLC d/b/a Salty Dawg, formed on May 20, 2024, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. Salty Dawg offers franchise opportunities to operate high-end pet salons that provide pet grooming, retail pet food and treats, pet merchandise, and other pet care services. Salty Dawg also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. This affiliate has offered franchises since August 2024. As of December 31, 2025, Salty Dawg had 2 Unit franchise outlets and 3 Area Representative franchises.

We have an affiliate, Tectum Franchising LLC d/b/a CR3 American Exteriors, formed on July 12, 2022, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. CR3 American Exteriors offers franchise opportunities to provide, sell, and perform roofing and remodeling services for commercial and residential customers. CR3 American Exteriors also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. This affiliate has offered franchises since 2022. As of December 31, 2025, CR3 American Exteriors had 13 Unit franchise outlets and 2 Area Representative franchises.

We have an affiliate, Whole PM Holdings LLC d/b/a Whole Property Management, formed on April 29, 2025, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. Whole Property Management offers franchise opportunities for property management services. Whole Property Management also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. This affiliate has offered franchises since 2025. As of December 31, 2025, Whole PM Holdings had no Unit franchise outlets and no Area Representative franchises.

None of the affiliates listed above operate a business of the type being franchised, nor have they offered franchises in any other line of business. You will not directly or indirectly conduct business with these affiliates.

The Franchise Offered

The franchise offered is to establish and operate a Zoomin Groomin Area Representative Business. You will recruit and support Zoomin Groomin Unit franchisees in exchange for a portion of the net initial franchise fees (subject to any discounts we may offer Unit franchisees and after any third-party broker costs, sales commissions, and Internal Sales Fees) and a portion of the royalties that such Unit franchisees pay in your Territory. Unit franchisees will offer a mobile pet grooming service. You will not have management control over Unit franchise sales or franchise operations. Unit franchises are offered in a separate Franchise Disclosure Document and in certain states, we must make a franchise filing and receive approval to offer and sell franchises there before you may offer and sell franchises in those states.

Market and Competition.
The primary customers are people looking to own their own small business in the field of pet grooming. These customers are typically either business professionals, pet industry veterans, or individuals with a passion for pets. The general market for mobile pet grooming is highly developed and very competitive. The primary competition for Unit Franchisees are local, regional, and national dog groomers. These include independently owned and franchised locations. Area Representatives will face competition from other franchisors, franchise brokers, and other Area Representatives who also recruit individuals looking to purchase franchise opportunities similar to the Unit Franchise Offering.

Industry-Specific Laws and Regulations

The offer and sale of franchises is primarily governed by Federal Trade Commission regulation and corresponding state laws. These laws generally require that you deliver to a prospective franchisee a Franchise Disclosure Document at least 14 calendar days before signing of a binding agreement or making any payment to us. You are required to engage in truthful advertising and not make false claims or financial performance representations, except as stated in the Franchise Disclosure Document. In addition, Area Representatives may not make any earnings claims or financial performance representations to prospective franchisees.

In addition, certain states have laws governing the sale of franchises and the relationship between franchisors and franchisees. As an Area Representative, you may not solicit, and Franchisor will not offer, a franchise opportunity in any franchise registration state until we have an effective registration in the respective state. Typically, state relationship laws mandate fair dealing between a franchisor and franchisee, require that a franchisee not be terminated or otherwise lose rights as a franchisee absent good cause, and require that reasonable standards be applied in determining whether to approve the sale or transfer of an existing franchise to a new franchise owner. Under certain state laws (Illinois, New York, and Washington State) you may be required to register as a franchise broker before you may offer or sell franchises to residents of those states or as to territory located in those states. You should investigate the application of these laws further.

Further, to close your purchase of the Area Representative Agreement, you must provide us with

a complete Biographical Information Sheet. Additionally, we may require you to provide us with updated biographical information each year.

ITEM 2. BUSINESS EXPERIENCE

Joshua Fitzgerald: CEO
Joshua Fitzgerald has served as our CEO since August 2025. Mr. Fitzgerald also owns Tijokim, LLC, a Zoomin Groomin franchise in Columbus, OH, since July 2023. He previously served as Support Staff for Loyalty Brands in Virginia Beach, VA, from June 2024 to August 2025. Mr. Fitzgerald also served as Manager for Costco Wholesale in Columbus, OH, from June 2012 to August 2025.

Faith Leek: Vice President of Operations
Faith Leek has served as our Vice President of Operations since May 2024. She previously served as the Director of Operations for Zoomin Groomin from January 2023 through April 2024. Prior to joining Zoomin Groomin she served as the Regional Director of our affiliate ATAX LLC from July 2020 through December 31, 2022, in Virginia Beach, Virginia.

Donna Sheehey: Founder and Consultant
Donna Sheehey has served as a consultant for Zoomin Groomin since December 2020.

Kelly Wyatt: Vice President of Franchise Development.
Mr. Kelly Wyatt has served as Vice President of Franchise Development for Loyalty, LLC since November 2025, after previously holding the role of Director of Franchise Development since September 2021. Mr. Wyatt has also owned Tinsel Grooming LLC, a Zoomin Groomin franchise in Columbia, SC, since March 2023, and has served as a Zoomin Groomin Area Representative through Nimooz LLC in Columbia, SC, since August 2022. Prior to joining Loyalty, LLC, Mr. Wyatt served as the Senior Vice President of Sales for FranDevCo in Charlotte, NC, from March 2021 to September 2021. He also served as Vice President of Sales at JTH Tax Inc. in Virginia Beach, VA, from April 2018 to January 2021.

Joe Dent: CEO of Everything Pets, LLC
Mr. Joe Dent serves as CEO of Everything Pets, LLC, a division of Loyalty, LLC, since July 2025, in Virginia Beach, VA. Mr. Dent also serves as interim CEO of Salty Dawg, LLC since July 2025. He served as an Executive Consultant at Loyalty, LLC from February 2025 until June 2025 in Virginia Beach, VA. Mr. Dent served as President of Three Dog Bakery from October 2019 until November 2024, in Kansas City, Missouri.

John T. Hewitt, CEO and Chairman of Loyalty Brands
Mr. John T. Hewitt has served as the Chief Executive Officer and Chairman of Loyalty Brands and as Chairman of its subsidiaries in Virginia Beach, Virginia, since 2017. Mr. Hewitt has served as a Director of Hike Doggie in Virginia Beach, VA, since September 15, 2025.

ITEM 3. LITIGATION

John Hewitt, Chief Executive Officer and Chairman of Loyalty has been named in the following litigation:

Pending Actions:

Ira Lubert and John Martinson v. John T. Hewitt, ATAX, LLC, and Loyalty, LLC (Case No 250503829) Court of Common Pleas of Philadelphia County, Pennsylvania, filed May 30, 2025, amended August 19, 2025. Plaintiffs are minority investors in ATAX, LLC, who allege they were solicited to invest in ATAX as a qualified opportunity zone business and that ATAX failed to qualify. Plaintiffs further allege that Defendants failed to perform certain remedial commitments, including an amendment to ATAX's Operating Agreement and certain financial controls, and that Hewitt caused unauthorized cash transfers from ATAX's accounts to himself and affiliated entities without Board approval. Plaintiffs assert the following claims: (1) Fraud (against Hewitt); (2) Aiding and Abetting Fraud (against Loyalty); (3) Breach of Fiduciary Duty (against Hewitt and Loyalty); (4) Conversion (against Hewitt and Loyalty); (5) Breach of Contract (against Hewitt, Loyalty, and ATAX); (6) Unjust Enrichment (against Hewitt and Loyalty); (7) Breach of the Virginia Stock Corporation Act (against Hewitt and Loyalty); and (8) Violation of the Pennsylvania Voidable Transfers Act (against Hewitt and Loyalty). Plaintiffs seek rescission of their investments, redemption of their ownership interests at fair value, monetary damages, attorneys' fees, and interest. Defendants deny all allegations and intend to vigorously contest all claims. Trial is scheduled for May 30, 2027.

Fortis Lux Financial, Inc. and Tutum Strategies, LLC v. Loyalty Business Services, LLC a/k/a Ledgers USA, JMS Tax, Inc. d/b/a Ledgers, USA, Loyalty, LLC d/b/a Loyalty Brands and John T. Hewitt, filed May 9, 2025, before the American Arbitration Association for hearing in Virginia (AAA Case No. 01-25-0002-2722). John T. Hewitt was not initially named as a Respondent; however, he was later personally named in Claimant's Statement of Claim and JMS TAX, Inc. was voluntarily removed in an Amended Statement of Claim. The Claimants are an investment advisory and insurance products sales organization, and they entered a joint venture with Ledgers to develop or acquire accounting offices and then convert them to franchise locations. The Claimants filed an Amended Statement of Claim on January 21, 2026, alleging breach of contract, breach of implied duty of good faith and fair dealing, fraud in the inducement, common-law fraud, negligent misrepresentation or in the alternate rescission/restitution. The Respondents deny the allegations and have asserted counterclaims alleging that the Claimant breached the joint venture agreement by failing to enter into franchise agreements, and failing to operate as a franchise and pay advertising fees, royalties, training fees, and other required fees, along with failure to comply with operational requirements, unauthorized use of registered trademarks, false advertising, and failure to pay for certain support services. The Claimant seeks approximately $1,945,301.11 in damages, together with interest, attorneys' fees, arbitration costs, and such other relief as permitted by law or agreement. The Respondents seek $225,000 on the counterclaims. No conclusions of law or fact have been made An evidentiary hearing has been scheduled for November 2026.

Concluded Actions:

K&A Publicidad, Inc. v. JTH Tax, Inc., d/b/a Liberty Tax Service, Liberty Tax, Inc. d/b/a Siempre Tax and John Hewitt, (Case No. CL17-4169), filed on September 5, 2017 in the Virginia Beach Circuit Court. Plaintiff is a company owned and controlled by Kirke Franz Szawronski. Plaintiff alleges that it entered into a contract with Liberty to provide promotional and strategic relationship services to help grow the SiempreTax brand. Plaintiff alleged that defendants breached the contract for failure to pay for services and seeks damages. This matter, along with the *Kirke Franz Szawronski* matter described below, settled on January 26, 2019, with Liberty agreeing to pay plaintiff $50,000 to settle both matters, in exchange for a release.

Kirke Franz Szawronski v. JTH Tax, Inc., d/b/a Liberty Tax Service, Liberty Tax, Inc., d/b/a Siempre Tax and John Hewitt, (Case No. CL17-4170), filed on September 5, 2017 in the Virginia Beach Circuit Court. Plaintiff was a former employee and filed a lawsuit claiming breach of employment agreement with Plaintiff by failing to pay 6-months' severance. Plaintiff also asserted a claim for defamation. This matter, along with the *K&A Publicidad, Inc.* matter described above, settled on January 26, 2019, with Liberty agreeing to pay plaintiff $50,000 to settle both matters, in exchange for a release.

Asbestos Workers' Philadelphia Pension Fund, derivatively on behalf of Liberty Tax, Inc., v. John Hewitt. Defendant, and Liberty Tax, Inc., Nominal Defendant, (Case No. 2017-0883), filed on December 12, 2017 in the Court of Chancery of the State of Delaware. Plaintiff alleged that Liberty's former CEO, John T. Hewitt ("Hewitt"), breached his fiduciary duties as an officer based upon certain allegations of misconduct on his part. The Plaintiff also alleged breach of fiduciary duty against Hewitt in his capacity as a director of LT Inc. The Complaint sought compensatory damages and attorney's fees. On December 27, 2017, this action was consolidated with the *Erie County* matter described just below and then continued under the caption *In Re: Liberty Tax, Inc. Stockholder Litigation*.

Erie County Employees Retirement. System, on behalf of Liberty Tax, Inc. v. John T. Hewitt. Defendant, and Liberty Tax, Inc. Nominal Defendant, Case No. 2017-0914, was filed the Court of Chancery of the State of Delaware on December 22, 2017. Plaintiff also alleged that Hewitt breached his fiduciary duties as an officer based upon certain allegations of misconduct on his part. The Plaintiff also alleged breach of fiduciary duty against Hewitt in his capacity as a director of LT Inc. The Complaint sought to enjoin Hewitt from managing LT's business operations and seeks compensatory damages and attorney's fees. On December 27, 2017, this action was consolidated with another action into In Re: Liberty Tax, Inc. Stockholder Litigation *(see below)*.

On December 27, 2017, the two above referenced shareholder matters were consolidated with the caption *In Re: Liberty Tax, Inc. Stockholder Litigation*, (Case No. 2017-0883). The Complaint asserted claims for breach of fiduciary duty and breach of fiduciary duty by violation of the nominating committee charter. A mediation took place on November 12, 2018 but did not result

in a resolution. On March 15, 2019, the parties entered into a stipulation of settlement of which the material terms of the settlement are as follows: (i) Liberty Tax agreed to implement an anti-harassment policy; (ii) Liberty Tax will conduct yearly code of conduct training; (iii) Liberty Tax will terminate for cause any employee who violates the anti-harassment policy that has been substantiated as such; (iv) Liberty Tax will revise its audit committee charter to reflect that SEC filings must be pre-approved by the Audit Committee; (v) Liberty Tax will take reasonable steps to be listed on NASDAQ or NYSE; (vi) Hewitt agrees not to solicit company employees; and (vii) No party admits any liability. On June 28, 2019, the Court of Chancery approved a Derivative and Class Action Settlement. All issues have been resolved and the Delaware derivative actions were dismissed with prejudice in 2019 without any finding of liability on the part of the Defendants.

RSL Senior Partners, LLC, derivatively and on behalf of Liberty Tax, Inc. v Brunot et al, (Case No. 2:18-cv-00127-HCM-DEM), filed on March 7, 2018, in the United States District Court for the Eastern District of Virginia. This purported shareholder derivative action was filed on behalf of LT Inc. seeking to address the alleged wrongs of LT Inc.'s directors and officers. The Complaint claimed that certain conduct created an inappropriate tone at the top, resulting in the loss of key executives, employees, directors and otherwise harmed LT Inc. The Complaint asserted claims under Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Section 10(b) and Rule 10b-5 and Section 20(a) of the Exchange Act, breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets. The Complaint sought the following relief: (a) declaring that the Plaintiff may maintain this action on behalf of LT Inc., and that the Plaintiff is an adequate representative of LT Inc.; (b) declaring that the Individual Defendants have breached and/or aided and abetted the breach of their fiduciary duties to LT Inc.; (c) determining and awarding to LT Inc. the damages sustained by it as a result of the violations set forth above from each of the Individual Defendants, jointly and severally, together with pre-judgment and post-judgment interest thereon; (d) directing LT Inc. and the Individual Defendants to take all necessary actions to reform and improve its corporate governance and internal procedures to comply with applicable laws and to protect LT Inc. and its shareholders from a repeat of the damaging events (e) awarding LT Inc. restitution from Individual Defendants; and (f) awarding the Plaintiff the costs and disbursements of the action, including reasonable attorneys' and experts' fees, costs, and expenses. The parties to this action have agreed that all claims have been settled and agreed to dismiss the action within five business days of the *In Re: Liberty Tax, Inc. Stockholder Litigation* action in Delaware Chancery Court becoming final. On September 11, 2019, the Court conducted a hearing for approval of the settlement and for attorney's fees. On September 12, 2019, the Court found the shareholder notice to be adequate and in compliance with the requirements of rule 23.1(c). The Court approved the settlement ordered in the *In Re: Liberty Tax, Inc. Stockholder Litigation* which incorporated the Plaintiff's claims in this action and approved the $295,000 in attorneys' fees, including the case contribution award of $2,000 to Plaintiff. This matter was dismissed with prejudice.

Bablu Shahabuddin v. JTH Tax, Inc., Siempre Tax, and John Hewitt, (Case No. 2:18-cv-00016-MDS-DEM) filed on January 11, 2018 in the United States District Court for the Eastern District of Virginia. The plaintiff filed suit which, as amended, claimed that JTH Tax and Siempre Tax failed to pay to him certain monies owed under various Purchase and Sale Agreements, that a

constructive trust should be imposed on certain monies received by Liberty Tax and Siempre for the subsequent sale of those territories, that the defendants committed fraud in the inducement, and that Hewitt orally guaranteed the Purchase and Sale obligations. Shahabuddin sued for $600,000 in compensatory damages, $350,000 in punitive damages, plus pre-judgment and post-judgment interest. The parties reached a settlement of all claims whereby JTH Tax paid $775,000 and a portion of certain upcoming Net Revenue at offices previously owned by the plaintiff to him. The case was dismissed on November 14, 2018.

JTH Tax LLC d/b/a Liberty Tax Service v. John T. Hewitt, Loyalty LLC, ATAX LLC, ATAX Franchise, Inc. and Yneva Marte (Case No.2:21-cv-00076-RBS-LRL) filed February 4, 2021 in the United States District Court for the Eastern District of Virginia. Plaintiff filed the action alleging that ATAX franchisees maintained signage that is confusingly similar to trade dress and logos of the plaintiff. The Plaintiff also alleges that Mr. Hewitt tortiously interfered with certain contractual relations by discussing with existing and former franchisees of the Plaintiff opportunities at ATAX. The complaint alleges that Mr. Hewitt breached his employment agreement by sharing and using trade secrets, confidential and proprietary information for his own benefit or the benefit of a third party by convincing existing and prospective franchisees of the Plaintiff to leave and instead open ATAX franchises. Lastly, the complaint alleges that Mr. Hewitt engaged in a conspiracy to unfairly compete against and damage Liberty Tax by convincing customers and prospective customers to pick ATAX over Liberty Tax. Plaintiffs sought $20 million in actual damages, treble damages, costs, and legal fees along with injunctive relief. The Defendants have denied the allegations. The matter was settled on December 31, 2021. Under the Settlement Agreement, Defendants agreed to pay the Plaintiff $545,000 over 6 years, and to refrain from: (1) unfairly competing with Liberty Tax by tortiously interfering with its franchise agreements; (2) diverting or attempting to interfere with or divert any leases from Liberty; (3) palming off any of ATAX's products or services as those of Liberty; (4) any action or statement that could reasonably cause likelihood of confusion that any ATAX location is associated with Liberty; (5) possessing, misappropriating, using or disclosing Liberty's confidential information; and (6) accessing any of Liberty's computer systems or databases. ATAX agreed to permanently close three specific ATAX locations and use their best efforts to assign leases for those locations to Liberty. The Court retained jurisdiction to enforce the final consent order.

Governmental Actions Against John T. Hewitt:

In the Matter of a Consent Order between The Commissioner of Financial Protection and Innovation and John T. Hewitt, before the Commissioner of Financial Protection and Innovation for the State of California. The Commissioner is the head of the Department of Financial Protection and Innovation (Department) and is responsible for administering and enforcing the Franchise Investment Law (FIL) (Corp. Code, § 31000 et seq.), The Commissioner has determined pursuant to her authority under the FIL that John T. Hewitt is "subject to" the Final Order entered in the matter of United States of America v. Franchise Group Intermediate L 1, LLC d/b/a Liberty Tax Service (Case No. 2:19-cv-00653-RAJ-DEM) filed on or around December 3, 2019 in the United States District Court for the Eastern 25 District of Virginia (the Final Order). John T. Hewitt agreed that he is required to disclose the Final Order in Item 3 of any Franchise Disclosure Document filed by any present or future Franchisor where John T. Hewitt is a director, trustee,

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

Governmental Actions against Unrelated Entities:

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

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

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

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

When purchasing area representative rights over an Area Representative Territory with no developed Unit Franchises, the Initial Area Representative Fee will be calculated at a rate of 10 cents per resident. Typically, an Area Representative will purchase area representative rights over a geographical region that can fit 7-30 Unit Territories. Each Unit Territory will contain a minimum population of 125,000 residents. Therefore, the typical Area Representative Fee will be approximately $87,500 to $375,000.

When purchasing an Area Representative Territory with existing developed Unit Territories, the precise amount of the Area Representative Fee will be negotiated based upon pertinent factors such as: how many existing Zoomin Groomin Unit Territories are already in your Territory and how much royalty revenue they generate, demand for Services and the level of competition in your area, population density, geographic layout, road layouts and traffic patterns, and demographic factors.

The purchase of an Area Representative Territory and payment of an Initial Area Representative Fee conveys no right to operate any Unit Territory which can only be offered and granted through a separate disclosure document.

You must submit the Initial Area Representative Fee to us before attending the Initial Area Representative Training. We will refund to you the Initial Area Representative Fee if we do not approve your application or if you do not pass our Initial Area Representative Training in accordance with our current passing standards for training provided that you return to us all materials which we distributed to you during training.

We do not finance the Initial Area Representative Fee.

We offer a 10% discount to all qualified veterans and first responders who purchase a Territory. We may offer limited incentive programs as part of our franchise development efforts. We reserve the right to offer, modify, or withdraw any such incentive program without notice to you.

Except as described in this Item 5, the Initial Fees are uniformly imposed and nonrefundable.

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ITEM 6. OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Fee for Franchisee Leads (Note 2)	Typically $100 - $150/ per lead.	Within 30 days of transaction	If we help with lead generation.
Late Fees	Lesser of 1% per month or the highest rate allowable by law of the state where you are located.	As incurred	Apply to amounts owed to us that are five (5) days past due.
Technology Fee	Up to $350 per month	Monthly	We reserve the right to require use of certain software and services offered by third parties and to collect the fee from you.
Internal Sales Fee (Note 3)	$5,000 per Unit Franchise	At the time of sale	If our internal franchise sales staff or representative assists in the sale of a Unit Franchise within your Territory, you will pay this fee to us.
Transfer Fee (Note 4)	$10,000	Prior to acceptance of transferee	Payable at closing and subject to state law.
Franchise Broker Fee (Note 5)	We will deduct the actual amount of a broker's fee before calculating any initial fee commission to you, currently 50% of the Unit Initial Franchise Fee.	At the time of sale	Broker Fee will vary by broker operation and referral source. The Franchise Broker Fee may only be increased by third parties.
Indemnification	Actual costs	As incurred	Payable for any loss we incur from your operation of the Area Representative Business.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Sales, Excise & Gross Receipts Tax	Actual amount of tax paid	As incurred	If required by the federal government, state or locality in which your Area Representative Business is located, the Area Representative Fee, Royalties, and possibly other goods or services may be subject to sales, excise, gross receipts or similar type tax, which you will pay to us at the same time and in the same manner as you pay these fees to us.
Attorney Fees and Costs	Actual amount incurred	At time of expense	If we are the substantially prevailing party as to any Claims you will pay our costs and attorney fees.
Third-Party Software Fees	Actual amount of charge by third-party.	As incurred	You would typically pay these fees directly to the third party. They are payable to us if we incur on your behalf.
Third party charges we incur on your behalf	Actual amount of charge	At time of expense	If we incur third party charges on your behalf because you failed to pay a required obligation, you will reimburse us for any such charges.
Management Fee	Reimbursement for expenses incurred	At time of expense	We are entitled to this fee if we must operate your franchise due to your death or incapacity.

Note 1: Fees - All of the listed fees are uniformly imposed payable to us, unless otherwise noted and are nonrefundable. We reserve the right to set off amounts owed to us against amounts owed to you.

Note 2: Fee for Franchisee Leads - We may generate leads of potential Candidates and offer them to you, but you are under no obligation to purchase them from us. The cost will vary depending on the cost and difficulty of acquiring the leads, up to $150. We will offer you, without cost, any lead in your territory provided by a franchise broker; however, a broker fee may apply if the candidate converts to a Unit Franchisee.

Note 3: Internal Sales Fees – Loyalty maintains a sales team (our "Internal Sales Team") to generate, develop, and close qualified leads. A representative from our Internal Sales Team typically ensures a prospect is disclosed with the then-current Unit disclosure document, works with the prospect throughout the sales process to select a territory, and coordinates with the operations and legal teams through execution of a Unit franchise agreement. We will deduct the Internal Sales Fee from your Initial Fee Commission. This fee is paid by you and is not a shared expense.

Note 4: Transfer - For the protection of both buyer and seller, Zoomin Groomin USA LLC may serve as the settlement agent on transfers of ownership. In addition, prior to transfer, all outstanding amounts due to ZOOMIN GROOMIN must be paid. If you transfer your Area Representative Territory to an entity in which you are the majority owner, or if you transfer the Territory to your child, parent, sibling, or spouse, you will not pay this fee.

Note 5: Franchise Broker Fees - We may use the services of franchise brokers or other referral sources to identify Candidates who are potentially interested in becoming Franchisees. Brokers are typically paid a commission based on a successful referral. If a Unit Franchise located within your Area Representative Territory is sold to a Candidate referred by a broker, then the amount of the broker's fee will be shared equally (50/50) between you and us. This amount will be deducted before any Initial Fee Commission is paid to you. For example, if a $40,000 Unit initial franchise fee is paid to us by a Unit Franchisee and the Unit Franchisee was introduced by a broker with a $20,000 broker/referral fee, the Net Initial Franchise Fee would be $20,000, and you would receive $10,000 (50% of the $20,000 Net Initial Franchise Fee).

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

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

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

Note 1: Representative Fee. The Initial Area Representative Fee will be calculated at a rate of 10 cents per resident. Typically, an Area Representative will purchase area representative rights over a geographical region that can fit 7-30 Unit Territories. Each Unit Territory will contain a minimum population of 125,000 residents.

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

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

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

Note 5: Insurance. You must purchase the insurance we specify and as required by state law. At present, we do not require you to purchase insurance. However, you may obtain insurance to cover any risk associated with your activity. These insurance costs vary by state and can change over time based on your risk management skills. The high and low estimates for insurance cover the first three months of operations.

Note 6: Professional Fees. You may incur professional fees like legal and accounting expenses to assist with this franchise purchase, your entity set up, licensing, and other legal and accounting issues.

Note 7: Additional Funds. The estimate of additional funds for the initial phase of your Area Representative Business is based on your operating expenses for the first three months of operation. The estimate of additional funds does not include employee salary or an owner's salary or draw.

Note 8: Total. We base this estimate upon the years of experience our management team has in the industry. We do not offer financing directly or indirectly for any part of the initial investment.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Goods or Services Required to be Purchased or Leased

Prospects. You may purchase from us contact information on prospective franchisees which we may gather and offer to sell to you.

Advertising and Marketing. You must use advertising material from us, a vendor that we designate, or we must approve the advertising in writing prior to its use.

Computer Hardware, Software, and Subscriptions. We require you to use such computer hardware, software, and subscriptions as we specify in the Manual which may include vendor designations.

Franchise Disclosure Documents. You must use the Franchise Disclosure Documents we provide when recruiting franchises. We will provide an electronic link or copy free of charge.

Insurance. We do not require you to obtain any insurance coverage, except as required by your state law. You may obtain insurance to cover any risk associated with your activity.

Whether We or Our Affiliates are Approved Suppliers

Advertising and Marketing Material. We are an approved supplier of Advertising and Marketing material, Franchise Disclosure Documents, and leads. We are the only approved supplier of Franchise Disclosure Documents.

Officer Interest in Suppliers. Our officers, John Hewitt and Donna Sheehey own an interest in us. No persons affiliated with us are currently an approved (or the only approved) supplier for Area Representative purchases.

Alternative Suppliers. You may contract with alternative suppliers if they meet our criteria as defined in the Manual if any. We do not provide our criteria for approving suppliers to our franchisees. However, you must use the Franchise Disclosure Document that we provide or make available to you to use.

There is no fee to propose another supplier. If you wish to propose another supplier, you must do so in writing. We will review the supplier to determine whether to consider adding the supplier to our list of approved vendors. We will notify you within thirty (30) days if we approve or disapprove of an alternative supplier. If we have not responded to a written request for approval of an alternate supplier within thirty (30) days, then the request is approved if they meet the requirements as specified in the Manual, if any. If we revoke approval for a supplier, we will provide written notice to you.

Issuance and Modification of Specifications. We issue and modify specifications and standards to Area Representatives or approved suppliers through the Operations Manual or through other written directives.

Revenue from Required Purchases or Leases

We may derive revenue or other material consideration from required purchases or leases by you if you choose to purchase leads from us.

For the fiscal year ending December 31, 2025, neither we nor an affiliate derived revenue or other material consideration from required purchases or leases by Area Representatives.

Supplier Payments to Us

We currently do not receive rebates, payments or other material benefits from suppliers as a result of purchases or leases by our Area Representatives; however, we reserve the right to do so in the future.

Purchasing or Distribution Cooperatives

There currently are no purchasing or distribution cooperatives

Purchase Arrangements

We do not presently, but may in the future, negotiate purchase arrangements with suppliers including price terms on behalf of one or more Area Representatives.

Material Benefits

At this time, we do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers. However, we can terminate your Area Representative Agreement if you do not comply with our supplier standards, if any, as defined in the Manual. In addition, you must be in compliance with your Area Representative Agreement in order to be eligible to renew it.

Required Purchases as a Proportion of Costs

We estimate that your required purchases of goods and services will be approximately 10-15% in establishing the Area Representative Business and 15%-20% in operating the Area Representative Business.

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ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Franchisee's Obligations	**Section In Area Representative Agreement**	**Item in Disclosure document**
a. Site selection and acquisition/lease	4.3	11
b. Pre-opening purchases/leases	3.5.C	7, 8
c. Site development and other pre-opening requirements	3.5	11
d. Initial and ongoing training	3.5.A, 3.5.B,	11
e. Opening	3.5 D	11
f. Fees	2.2	5, 6, 7, 11
g. Compliance with standards and policies/Manual	3.5E	8, 11
h. Trademarks and proprietary information	1.8, 5	13, 14
i. Restrictions on products/services offered	3.4.D	8, 16
j. Warranty and customer service requirements	3.4.F	6
k. Territorial development and sales quotas	1.5, 3.2, Schedule 2	12
l. Ongoing product/service purchases	2.2.B, 2.2.C, 2.2.D	8
m. Maintenance, appearance & remodeling requirements	Not Applicable	Not Applicable
n. Insurance	3.5F	8
o. Advertising	1.8	8, 11
p. Indemnification	3.7	6
q. Owner's participation/management/staffing	3.1	15
r. Records and reports	3.6	11
s. Inspections and Audits	3.6	11
t. Transfer	6	17
u. Renewal	1.2.B	17
v. Post-termination obligations	7.6	15, 16, 17
w. Non-competition covenants	7.8	15, 16, 17
x. Dispute resolution	8	17

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

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

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

Pre-Opening Obligations:

Initial Training. We provide an Initial Training program ("Initial Training") in Virginia Beach or another designated training location, or online such as Zoom, at our choosing. The topics covered in Initial Training are described in the chart below in this Item 11. (Area Representative Agreement, Section 3.5.A).

Site Selection. You may operate from your home or any office location. We do not offer site selection assistance. (Area Representative Agreement Section 4.3).

Operations Manual. We provide access to our Operations Manual ("Manual") to offer guidance in the operation of your Area Representative Business. (Area Representative Agreement, Section 3.5.E).

Computer Hardware and Software. We currently do not have any computer, software, equipment and supply specifications; however, we reserve the right to do so. (Area Representative Agreement, Section 4.7).

Length of Time Before Opening: The typical length of time between the signing of the Area Representative Agreement and the opening of your Area Representative Business is 1-3 months. You will typically be open for business after completing Initial Training. Your Minimum Development requirements begin on the Effective Date of the Area Representative Agreement. (Area Representative Agreement, Section 3.5(D).

During the Operation of the Franchise:

Operational Support. We offer assistance with operating problems and issues that you may encounter. (Area Representative Agreement, Section 4.5).

Marketing Support. We offer marketing assistance and support. (Area Representative Agreement, Section 4.8).

Additional Training or Seminars. We may elect to offer additional training or seminars. (Area Representative Agreement, Section 4.2).

Establishing Prices. We establish the price of our unit franchise offering, which is offered through a separate disclosure document.

Advertising Program and Fund:

Advertising Fund. We do not have an Advertising Fund for Area Representatives. You are not required to contribute to an Advertising Fund. As a result, we have never raised or spent funds from an Advertising Fund.

Corporate Website. We will develop and maintain a comprehensive website that contains your contact information. (Area Representative Agreement, Section 4.8).

Digital Marketing. We may create, operate and promote websites, social media accounts (including, but not limited to, Facebook, X, LinkedIn, and Instagram), applications, digital advertising (including pay-per-click and display ads) or other means of digital marketing to promote the brand, Area Representative Business, Marks and franchise opportunities. We have the sole right to control all aspects of any digital marketing including all digital marketing related to your Area Representative Business. (Area Representative Agreement, Section 4.9 and 4.10).

Digital Campaigns. We may negotiate contracts with vendors such as Google AdWords. If you choose to participate, you must pay your pro-rata share either directly to the vendor or reimburse us if we are paying the vendor. (Area Representative Agreement, Section 4.11).

Advertising Material. We supply you with templates of advertising materials. (Area Representative Agreement, Section 4.8)

Advertising Council. We intend to establish a Franchisee Advisory Council ("FAC") composed of franchisees that advise us on operational and advertising policy. We select the members. The FAC serves in an advisory capacity only. We have the power to form, change, or dissolve the advertising council.

Advertising Cooperative**.** You are not required to participate in a local or regional advertising cooperative.

Use of Your Own Advertising Material:

You may use your own advertising materials provided that you submit them to us and we approve them, in writing, and they adhere to federal, state and local law. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. (Area Representative Agreement, Section 4.8).

Private Websites. You are not allowed to have an independent website, social media account, or obtain or use any domain name (Internet address) for your Area Representative Business, without first obtaining our written approval. (Area Representative Agreement, Section 1.8D).

Computer System:

You will need internet access and a computer with video conference capabilities. We may also

require you to purchase software such as Microsoft Office, sales lead management software (HubSpot), a Zoom Professional Account, Sales Msg (messaging platform), calendaring software, or other software we may specify in the future. Your costs will vary depending on whether you already have these items and on the type of computer you purchase. Depending on what you already have, these items can typically be purchased for $750 - $1,500. Software subscriptions will be approximately $300 a month.

Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades or updates. You must maintain your computer systems in good working order and must replace, update or upgrade your hardware systems as we require. The estimated annual cost of optional or required maintenance, updates, upgrades, or support contracts for your computer systems is $500 to $1,000.

Independent Access to Information. We have and you are required to provide independent access to the information that will be generated or stored in your computer systems, which includes, but not limited to, prospect, financial, and operational information. You must at all times give us unrestricted and independent electronic access to your computer systems and information. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Area Representative Business and any other operations taking place through your Area Representative Business. If, as part of a review of your business, we request a copy of any business records, you must send us at your expense these records within five business days of receiving our request.

Operations Manual:

Our Operations Manual ("Manual") will be provided in digital format through a web-based portal. The Manual along with all other information posted on our web-based portal is confidential and remains our property. As an Area Representative, you will have access to the Manual for our unit franchisees and area representatives.

As of December 31, 2025, the entire Manual contained a total of approximately 602 pages (the "Page Count") which includes: webpages, PDF files, template files, images, video recordings, and audio recordings. Exhibit D contains a Table of Contents of subjects available on our web-based portal.

Initial Training Program:

We provide an Initial Training Program within 60 days of signing an Area Representative Agreement, as follows:

UNIT TRAINING PROGRAM

	TRAINING PROGRAM Topic	In Person Training (Hrs)	On-the-Job Training (Hrs)	Location
Day 1	Mission, Vision & Core Values	0.5	0	Note 1
	Zoomin Groomin's Top 10	0.5	0	

TRAINING PROGRAM Topic		In Person Training (Hrs)	On-the-Job Training (Hrs)	Location
	Starting a Business, Entity Set Up and Insurance Requirements	1	0	
	Pricing and Review of Our Services	1	0	
	Budgeting	1	0	
	Accounting – Royalty Collection Process	1	0	
	Common Dog Breeds	1	0	
	Groomer Basics	1	0	
	Hiring Staffing of Groomers	1	0	
Day 2	Create Your Groomer Ad	1	0	
	Client Relations, Customer Dialog	1	0	
	Updating Your Google My Business Profile and Hours	0.5	0	
	Canva	1	0	
	Creating Your Ad Account to Place Facebook Ads for Advertising	0.5	0	
	Social Media Tips	1	0	
	Community Events	1	0	
	Keywords & Phrases	1	0	
	Meet Your Van Videos, Review Maintenance Schedule, and Van Procedures	1	0	
Day 3	Visit a Van in Person	1.5	0	
	Meet Zoomin Groomin's Supplies and Vendors	1	0	
	Quick Links	1	0	
	Marketing Strategy & Action Plans	1.5	0	
	Zoomin Groomin's Brand Guide	1	0	
	Introduction to Our Appointment Setting Software	1	0	
	Groomer Interviews	1	0	
Total		**24**	**0**	

AREA REPRESENTATIVE TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on-the-job Training	Location
Introduction	0.5	0	(Note 1)
Area Representative Role & Responsibilities	1	0	
Top 10 Guide	1	0	
Territory Development & Market Management	1	0	
Franchise Development & Recruitment	1	0	
Training, Launch, and Field Support	1	0	
Operational Oversight & Compliance	1	0	
Financial Management & Performance Review	1	0	
Post-Training Action Plan	.5	0	
Total	8	0	

Note 1- We hold Unit and AR Initial Training in Virginia Beach, another designated training center, or online, at our choosing.

The following Instructors teach our Initial Area Representative Training program: Kelly Wyatt, Vice President of Franchise Development, has over 25 years of experience in franchise sales and 4 years with us or an affiliate. Joe Dent, CEO of Everything Pets, LLC, has over 20 years of experience in franchising, sales, and operations, and 1 year of experience with an affiliate. Cory Hughes has over 21 years of experience in franchising, sales, and operations, and less than 1 year of experience with an affiliate. Alex Ruester has over 6 years of experience in franchising and operations, and 3 years of experience with an affiliate. Mark Johnson has over 34 years of experience in franchising, sales, and operations, and 5 years of experience with an affiliate. Bob Gappa has over 45 years of experience in franchising and 5.5 years of experience with an affiliate.

Joshua Fitzgerald and Faith Leek supervise the Unit training program and serve as instructors. Item 2 contains the nature of their experience. Mr. Fitzgerald has 4 years of experience in the field and 4 years of experience with us. Ms. Leek has 25 years of experience in the field and 3 years of experience with us. Guest Instructors may also assist with Initial Training and may have less than one year of experience in the field and with us.

The instructional material includes the Manual, lectures, demonstrations, discussions, practice and forms.

We do not charge for you to attend Initial Training, but you are responsible for travel, lodging, transportation, meal costs, and your employees' wages to attend initial training.

We require that you or, in the case of an entity, your principals, attend Initial Training. You may enroll your management personnel upon our approval. Your successful completion of Initial Training to our satisfaction is required to operate a franchise. We advise you during or

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

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

ITEM 12. TERRITORY

The Territory will be for a specific geographic region that we define by zip codes, natural, or political boundaries as set forth on Schedule 1 to the Area Representative Agreement ("Area Representative Territory"). A typical territory will contain area representative rights over a minimum of 7 to 30 Unit franchise territories. Each unit franchise territory will contain a population of approximately 125,000 people. We obtain population data from the U.S. Census Bureau or another service we deem reliable.

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

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

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

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

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

then freely sell and develop the terminated territory without sharing any of the Initial Franchise Fees or Royalties.

There are no other circumstances that permit us to modify your territorial rights except on expiration or termination of the Area Representative Agreement.

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.

We or an affiliate reserve the right to make sales, including using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept orders within your territory using our principal trademarks.

If we solicit or accept an Initial Franchise Fee from a Unit Franchisee who purchases a Unit Franchise inside your Territory, you will be credited with the sale and be compensated in accordance with the terms of the Area Representative Agreement.

We or an affiliate also reserves the right to make sales, including using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to solicit or accept orders within your territory of products or services under trademarks different from the ones that you will use under the Area Representative Agreement.

We can own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another business (competitive or not), which may offer products and services like your Area Representative Business and may have one or more competing outlets within your Territory. However, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Area Representative Agreement.

Our Affiliates ATAX, Cooper's Scoopers, Ledgers, Salty Dawg, CR3 American Exteriors, Hike Doggie, and Whole PM also offer Area Representative franchises. We do not own or operate these outlets. Our Affiliates will solicit and accept orders within your territory. Also, Salty Dawg franchises a business that sells goods or services similar to those offered by our unit franchisees. Salty Dawg franchisees offer brick-and-mortar grooming services and related products (as opposed to mobile), which may include soliciting or accepting orders from customers within your Territory. Our parent, Loyalty, will resolve any conflicts. Loyalty's principal business address is 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. We may share physical and training facilities with Loyalty and its affiliates.

Except as disclosed above, neither we nor an affiliate operates, franchises, or have plans to operate or franchise a business under a different trademark in which such business sells or will sell goods or services similar to those you will offer, but we can do so.

ITEM 13. TRADEMARKS

The Area Representative Agreement licenses to you the right to use the following principal trademarks ("Marks") registered with the U.S. Patent and Trademark Office ("USPTO"):

Description of Mark	Registration Number	Principal or Supplemental Register of the USPTO	Registration Date
Zoomin Groomin	3,163,391	Principal	October 24, 2006
zoomin groomin A Mobile Pet Spa	7,385,247	Principal	May 14, 2024
Sit. Stay. We're On The Way!	8,068,908	Principal	December 16, 2025

You must use the Marks in strict compliance with the rules we prescribe and only in connection with the conduct of the Area Representative Business. We prohibit you from using the Marks in connection with the sale of any unauthorized service, or in any manner not expressly authorized in writing by us.

All required affidavits and renewals have been filed. There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the Franchisor. There are no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

There are no currently effective agreements that significantly limit our rights to use or license the use of our trademarks listed in this section.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative proceedings or litigation involving a trademark licensed by us to you. The Area Representative Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorably to you.

If we replace, modify, or add additional Marks, you will update or replace your supplies and advertising materials to reflect the new Marks, at your expense, in the time frame we reasonably provide at the time of such an update. Any expenses you incur because of adopting and using these Marks are your responsibility.

We do not know of any superior prior rights or infringing uses that could materially affect your use of our Marks anywhere.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not currently hold any patents or have any pending patent applications that are material to the franchise. We claim copyrights to our Manual, marketing material such as our website text, and other printed material, although we have not presently filed a registration of those copyrights.

There are no currently effective determinations of the U.S. Copyright Office or any court or any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow you to use the copyrighted materials.

We do not have an obligation in the Area Representative Agreement to protect our copyrights. We will remain in control of any such litigation. We are not required to participate in the defense of, or indemnify, you for expenses or damages in a proceeding involving a copyright licensed to you. We may modify or change the copyrighted materials and compel you to accept and adopt such modifications or changes at your expense.

We know of no superior rights or infringing uses that could materially affect your use of the copyrighted materials.

We claim proprietary rights in our Manual and business methods. You must use these items per the terms of your Area Representative Agreement. We consider all of these items confidential and proprietary.

You will not directly or indirectly disclose, publish, disseminate, or use our "Confidential Information" except as authorized in the Area Representative Agreement.

"Confidential Information" means our information or data (oral, written, electronic or otherwise), including, without limitation, a trade secret, that is valuable and not generally known or readily available to third parties obtained by you from us during the term of the Area Representative Agreement. The Confidential Information of ours includes all intellectual property associated with our Franchise system, Customer Data, all other materials relating to our Franchise system that are not a matter of public record, and all information generated during the performance of the Area Representative Agreement.

"Customer Data" is considered Confidential Information and includes all information about Customers that may be collected in connection with their use of your services, including, but not limited to, name, telephone number, address, and email address.

You may use our Confidential Information to perform your obligations under the Area

Representative Agreement, but in doing so you will only allow dissemination of our Confidential Information on a need-to-know basis and only to those individuals that have been informed of the proprietary and confidential nature of such Confidential Information. We may share performance data of your Area Representative Business between us, our employees and affiliates, our franchisees and their employees. You will keep such performance data confidential.

Upon termination of your Area Representative Agreement, you must return to us our Manuals and any Confidential Information, including Customer Data. You may never - during the initial term, any renewal term, or after the Area Representative Agreement expires or is terminated - reveal any of our Confidential Information to any other person or entity or use it for the benefit of any other person or business.

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

You are required to participate personally in the direct operation of the Area Representative Business or have a Business Manager who attends and successfully completes our initial training to our satisfaction. Any replacement Business Manager must also attend and successfully complete our initial training to our satisfaction. Successfully completing Initial Training to our satisfaction means that we believe you have sufficiently grasped the material taught to run an Area Representative franchise competently. Any Business Manager must also sign a Confidentiality and Non-Compete Agreement as we may specify, subject to state law. A Business Manager is not required to have any equity interest in the franchisee's business.

All owners of the Area Representative Business must guarantee the obligations under the Area Representative Agreement and are subject to a covenant not to compete along with confidentiality requirements.

You agree to accurately and completely furnish us the names, contact information, and ownership percentage of anyone who owns an interest in the Area Representative Business. No change to the owners or ownership percentages is permitted without our prior written consent.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

As an Area Representative, you will recruit prospects to open and operate a Unit Franchise. Unit Franchises can only be offered and sold through the disclosure of a separate Unit disclosure document that we provide to you. You will only be permitted to recruit prospects when we have issued a current Unit disclosure document and obtained any required state registration. As an Area Representative, you are not authorized to sign any documents on our behalf or on behalf of the System. You will refer all qualified franchisee candidates to us and we may, in our sole and absolute discretion, determine whether or not we approve or disapprove of each respective franchisee candidate. If we reject a franchisee candidate or elect to not enter into a Unit franchise agreement with a franchisee candidate, you will not receive any compensation.

You must offer and sell only the goods and services that we approve, and you must sell all the goods and services that we authorize. We have the unlimited right to change the types of

authorized goods and services, but we do not intend to materially change the nature of this relation or the authorized goods and services.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Area Representative Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section In Area Representative Agreement	Summary
a. Length of the franchise term	1.2.A	10 years.
b. Renewal or extension of the term	1.2.B	Can be renewed for successive terms if you are in compliance with your Area Representative Agreement ("Agreement").
c. Requirements for franchisee to renew or extend	1.2.B	Renewing your Agreement means that you are able to continue your operations as a franchisee for an additional term. You must notify us in writing at least 120 days before the expiration, sign a new Area Representative Agreement along with a general release of claims, and pay a renewal fee (if any). Currently, there is no renewal fee. The new Area Representative Agreement may not contain materially different terms and conditions than your original contract. These requirements are subject to applicable state law
d. Termination by franchisee	7.1	You may terminate the Agreement if you do not renew, by selling the Area Representative Business, or at any time by written notice to us.
e. Termination by franchisor without cause	None	Not applicable
f. Termination by franchisor with cause	7.3, 7.4	We can terminate only if you default.
g. "Cause" defined – curable defaults	7.4	Violate the Agreement, Manual, any other agreement with us, or owe monies to us more than 30 days past due, and do not cure such breach within 30 days after notice.
h. "Cause" defined – non-curable defaults	7.3	Do not pass Initial Training, become insolvent, have a judgment against you, commit a material violation of law, abandon the Area Representative Business, submit a materially false Franchise Application, conviction of a

Provision	**Section In Area Representative Agreement**	**Summary**
		felony or serious misdemeanor, fail to properly disclose a franchise candidate, make an unauthorized sales representation or commitment, fail to fully and truthfully submit Biographical Information, fail to permit us to inspect or audit your franchise, death or incapacity without a timely transfer; repeated breaches. (subject to applicable state law).
i. Franchisee's obligations on termination/non-renewal	7.6	Cease operations and stop using our Marks; deliver to us business records; pay debts due to us; cancel or assign telephone numbers to us; assist in lease transfer and our purchase of your assets, at our option; return Manual and Confidential Information to us; cancel fictitious names; adhere to other post term duties; execute any necessary documents (subject to applicable state law).
j. Assignment of contract by franchisor	6.1	We may assign to a successor who remains bound by terms of Agreement.
k. "Transfer" by franchisee - defined	6.2	Includes transfer of the Agreement, any interest of the Agreement, or substantially all of the assets of the Area Representative Business.
l. Franchisor approval of transfer by franchisee	6.2.d	We have the right to approve all transfers
m. Conditions for franchisor approval of transfer	6.7.C	You must be: -current in monetary obligations; -in compliance with the Area Representative Agreement; -execute any transfer, amendment, or release forms that we may require; -provide to us a copy of the proposed transfer documents; -transferee must meet our criteria; -transferee must execute our then-current Agreement; -pay to us the Transfer Fee; -transferee must satisfactorily complete our initial training program; -comply with the post-termination provisions; -transferee must obtain necessary licenses and permits;

Provision	**Section In Area Representative Agreement**	**Summary**
		-the transfer must be made in compliance with any laws that apply to the transfer; -you must request that we provide the prospective transferee with our current Franchise Disclosure Document.
n. Franchisor's right to first refusal to acquire franchisee's business	6.6	We have a right of first refusal to match any purchase offer for your franchise, any interest in the franchise, or substantially all the assets of the Area Representative Business, subject to applicable state law. You must provide notice of an offer within fourteen (14) days of receipt and we must exercise our right of first refusal within fifteen (15) days of your notice to us.
o. Franchisor's option to purchase franchisee's business	6.6	We have a right to purchase your interest in the Agreement post-termination.
p. Death or disability by franchisee	6.7	Transfer must be commenced within 60 days, completed within 6 months; we must approve the transferee, transferee must attend and successfully complete training, and sign our current Agreement.
q. Non-competition covenants during the term of the franchise	7.8.A	No competition allowed in the United States and its territories.
r. Non-competition covenants after the franchise is terminated or expires	7.8.B	You may not compete in the Territory and within 25 miles of the Territory (or any other outlet of ours) for 2 years (subject to applicable state law). A competitive business is one that directly or indirectly recruits, searches for, or solicits others to engage in the delivery of pet grooming or related pet care services, or directly or indirectly delivers pet grooming or related pet care services.
s. Modification of the agreement	9.2	No modifications except to Operations Manual. Revisions to the Manual will not unreasonably affect the franchisee's obligations, including economic requirements, under the Agreement.
t. Integration/merger clause	9.1	Only the terms in the Agreement are binding (subject to federal or state law). Any representations or promises made outside the Disclosure Document and Agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in

Provision	**Section In Area Representative Agreement**	**Summary**
		the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	8.2,8.3	You must first attempt to resolve Claims against us through mediation (subject to applicable state law). You must arbitrate claims against us.
v. Choice of forum	8.10	Where our corporate headquarters are located, presently Virginia Beach, Virginia (subject to applicable state law).
w. Choice of Law	8.9	Virginia law governs (subject to applicable state law).

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about an Area Representative's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Joshua Fitzgerald, at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452, 855-825-7387, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Area Representative Systemwide Outlet Summary
For Years 2023 to 2025

Outlet Type*	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2023	11	30	+19
	2024	30	46	+16
	2025	46	57	+11
Company Owned	2023	0	0	0
	2024	0	0	0
	2025	0	1	+1
Total Outlets	2023	11	30	+19
	2024	30	46	+16
	2025	46	58	+12

*The number of Outlets reported throughout this Item 20 represents the number of Zoomin Groomin Area Representative outlets. Zoomin Groomin unit franchise outlets are reported in a separate unit franchise disclosure document.

Table No. 2
Transfers of Outlets From Area Representatives to New Owners (Other than Franchisor)
For Years 2023 to 2025

State	Year	Number of Transfers
Colorado	2023	1
	2024	0
	2025	0
Florida	2023	0
	2024	1
	2025	0
New Jersey	2023	0
	2024	0
	2025	1
Total	2023	1
	2024	1
	2025	1

Table No. 3
Status of Area Representative Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Ter-minations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Arizona	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Arkansas	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
California	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	1	0	0	0	0	3
Colorado	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Connecticut	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Florida	2023	1	5	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	1	0	5
Idaho	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Illinois	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Indiana	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Iowa	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	0	0	0	1	1
Kansas	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Maryland	2023	0	1	0	0	0	0	1
	2024	1	3	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Michigan	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Minnesota	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Ter-minations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2025	1	0	0	0	0	0	1
Missouri	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	1	0	1
Nebraska	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	0	0	0	1	1
Nevada	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
New Jersey	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
New York	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
North Carolina	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	1	0	0	0	0	3
Ohio	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	2	0	0	0	0	3
Oregon	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Pennsylvania	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	3	0	0	0	0	3
South Carolina	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
South Dakota	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Tennessee	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Texas	2023	3	2	0	0	0	0	5
	2024	5	1	0	0	0	0	6
	2025	6	0	0	0	0	0	6
Utah	2023	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Ter-minations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Virginia	2023	1	3	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Washington	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
West Virginia	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Wisconsin	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Total	2023	11	19	0	0	0	0	30
	2024	30	16	0	0	0	0	46
	2025	46	15	0	0	2	2	57

Table No. 4
Status of Company-Owned Area Representative Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Florida	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	1	1	0	0
Missouri	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	1	0	0	1
Total	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	2	1	0	1

*Includes outlets operated by an Affiliate

Table No. 5
Projected Area Representative Openings as of
December 31, 2025

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
Arizona	0	1	0
Delaware	0	1	0
Florida	0	1	0
Georgia	0	1	0
Maryland	0	1	0
Massachusetts	0	1	0
Nevada	0	1	0
New Jersey	0	1	0
New York	0	1	0
Ohio	0	1	0
Oklahoma	0	1	0
Pennsylvania	0	1	0
Utah	0	1	0
Total	0	14	0

Exhibit E-1 contains a list of the names of all franchisees and the addresses and telephone numbers of their outlets as of the end of our last fiscal year.

Exhibit E-2 contains the name and last known address and telephone number of every franchisee who has had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under an Area Representative Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

We do not know of any trademark-specific franchisee organization associated with the System.

ITEM 21. FINANCIAL STATEMENTS

Exhibit F contains our unaudited Balance Sheet and Profit and Loss Statement as of February 28, 2026 and our audited financial statements for the period ending December 31, 2025, 2024, and 2023. Our fiscal year end is December 31.

ITEM 22. CONTRACTS

The proposed agreements regarding this franchise offering are included as exhibits to this Disclosure Document as follows:

Exhibit B- Area Representative Agreement
- Schedule 1-Territory
- Schedule 2-Minimum Opening Requirements
- Schedule 3-Automatic Bank Draft Authorization
- Schedule 4-Personal Guarantee
- Schedule 5-Release
- Schedule 6-Biographical Information
- Schedule 7-State Addenda to the Area Representative Agreement

ITEM 23. RECEIPTS

Exhibit I contains two copies of a Receipt of our Disclosure Document.

EXHIBIT A

STATE ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

As to Area Representatives governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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 FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

Neither we nor any person or franchise broker in Item 2 of this 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 these persons from membership in this association or exchange.

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

California Business and Professions Code Sections 20000 through 20043 provide rights to the Area Representative concerning termination, transfer, or non-renewal of a franchise. If the Area Representative Agreement contains a provision that is inconsistent with the law, the law will control.

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Area Representative Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

The Area Representative Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Area Representative Agreement requires application of the laws of Virginia. This provision may not be enforceable under California law.

The Area Representative Agreement requires binding arbitration. The arbitration will occur at Virginia Beach, Virginia, with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. Prospective franchisees are encouraged to

consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an Area Representative Agreement restricting venue to a forum outside the State of California.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR AREA REPRESENTATIVE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at zoomingroomin.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the 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.

The highest interest rate allowed by law in California is ten percent (10%) annually.

Initial Fee Deferral:

Item 5 of the Disclosure Document is amended by adding the following:

The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on

franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

ILLINOIS ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Area Representative Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in an Area Representative Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, an Area Representative Agreement may provide for arbitration to take place outside of Illinois.

3. The conditions under which your Area Representative Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Area Representative Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act **or any other law of the State of Illinois** is void.

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.

6. Initial Fee Deferral. Item 5 of the Disclosure Document is modified to also provide that we defer collection of all initial fees until we have satisfied our pre-opening obligations to you and you have commenced doing business under the Area Representative Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

MARYLAND ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.b. is modified to also provide, "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17.u. is modified to also provide, "This Area Representative Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

3. Item 17.v. is modified to also provide, "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

4. 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.

Initial Fee Deferral

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Area Representative Agreement.

MINNESOTA ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the Area Representative to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the Area Representative's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Area Representative's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that an Area Representative be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Area Representative Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the Area Representative's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the Area Representative from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the Area Representative's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring an Area Representative to assent to a general release.

- The Area Representative cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 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.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Initial Fee Deferral

Franchisor defers the collection of the Initial Fee until the opening of the Area Representative Business. Item 5 and Item 7 are modified to provide: "The Minnesota Department of Commerce requires us to defer payment of the initial franchise fee owed by franchisees to the franchisor until the franchisee has opened the Area Representative Business."

NEW YORK ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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 C 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 DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or

proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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 upon 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.

NORTH DAKOTA ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the Area Representative Agreement, they are generally unenforceable under North Dakota law.

Applicable Laws: North Dakota law will govern the Area Representative Agreement.

Waiver of Trial by Jury: Any waiver of a trial by jury will not apply to North Dakota Franchises.

Jurisdiction and Venue: The provisions concerning choice of law and jurisdiction and venue are hereby deleted and in their place is substituted the following language:

"You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association."

Waiver of Exemplary & Punitive Damages: Any waiver of punitive damages will not apply to North Dakota Franchisees.

General Release: Any requirement that the franchisee sign a general release upon renewal of the Area Representative Agreement does not apply to Area Representative Agreements covered under North Dakota law.

Enforcement of Agreement: Any requirement in the Area Representative Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Item 17.u. of the Disclosure Document is modified to provide that the site of mediation and arbitration shall be agreeable to all parties and may not be remote from the franchisee's place of business.

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.

The State of North Dakota has determined that requiring franchisees to consent to termination penalties or liquidated damages to be unfair, unjust, and inequitable within the intent of Section

51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee consent to termination penalties or liquidated damages is deleted.

The State of North Dakota has determined that parties agreeing to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business.

The State of North Dakota has determined that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Area Representative Agreement, and/or Supplemental Agreements that a franchisee consent to the jurisdiction of courts outside North Dakota is deleted.

The State of North Dakota has determined that requiring franchisees to consent to a waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Area Representative Agreement, and/or Supplemental Agreements that a franchisee waive a jury trial is deleted.

The State of North Dakota has determined that requiring franchisees to consent to a waiver of exemplary and punitive damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Area Representative Agreement, and/or Supplemental Agreements that a franchisee consent to a waiver of exemplary and punitive damages is deleted.

The State of North Dakota has determined that requiring franchisees to consent to a limitation of claims to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota law.

Initial Fee Deferral

North Dakota requires the Franchisor to defer collection of the Initial Fee until the Franchisor has completed all of their initial obligations owed to North Dakota Franchisees under the Area Representative Agreement or other documents and the Franchisee has commenced doing business pursuant to the Area Representative Agreement.

RHODE ISLAND ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits an Area Representative to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all Area Representatives governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

> Rhode Island law applies.

VIRGINIA ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 5 of the Disclosure Document is modified to also provide: "The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the area representative agreement."

Item 17.r. of the Disclosure Document is amended to also provide: There are none in Virginia; however, if you sell your franchise back to either us or a third party then a post-term noncompete clause will apply for 2 years and 25 miles from the boundaries of the Territory or 25 miles of the territory of any Unit Franchised Business.

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.

WASHINGTON ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT
AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the Area Representative 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 Area Representative 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 Area Representative 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 Area Representative Agreement or related agreements concerning your relationship with the franchisor. Area Representative 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative Agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in Area Representative Agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the Area Representative 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative Agreement or related agreements requiring the franchisee or any guarantor to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee and each guarantor have 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative 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.

19. The term "franchisee" as used in this addendum includes "Area Representative," and the term "franchise agreement" includes the "Area Representative Agreement."

20. Sections 8.7 and 8.8 of the Area Representative Agreement does not apply.

21. Section 9.8 of the Area Representative Agreement does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.1000 RCW, or the rules adopted thereunder.

22. An area representative may be required to register as a franchise broker pursuant to RCW 19.100.140.

23. Franchisor has been required to supplement Item 3 in Washington in furtherance of the objectives of the Washington Franchise Investment Protection Act. Accordingly, Franchisor makes the following additional disclosures related to its litigation history:

> *Asbestos Workers' Philadelphia Pension Fund, derivatively on behalf of Liberty Tax, Inc., v. John Hewitt. Defendant, and Liberty Tax, Inc., Nominal Defendant*, (Case No. 2017-0883), Erie County Employees Retirement. System, on behalf of Liberty Tax, Inc. v. John T. Hewitt. Defendant, and Liberty Tax, Inc. Nominal Defendant, Case No. 2017-0914, and

RSL Senior Partners, LLC, derivatively and on behalf of Liberty Tax, Inc. v Brunot et al, (Case No. 2:18-cv-00127-HCM-DEM).

Description of the allegations of misconduct: It was alleged that John Hewitt ("Hewitt") maintained romantic relationships with company employees and franchisees and gave them preferential treatment.

John Hewitt's post termination involvement: Hewitt was Chairman of the Board and CEO at Liberty Tax. Although he was terminated as CEO, Hewitt remained Chairman of the Board because he was the sole holder of the Class B common stock of Liberty. During a period of in-fighting, Hewitt replaced two of the directors of the board and another member resigned. The Chief Financial Officer also resigned. Ultimately, Hewitt reached an agreement to sell his ownership interest in Liberty and relinquish control of the Board. It was alleged that Hewitt continued to interact with franchisees and area representatives for Liberty during the transition. The Audit Committee of the Board of Directors of Liberty oversaw the investigation of the allegations and the report prepared by the Audit Committee was not provided to Hewitt.

Description of KPMG's reasons for resigning as independent auditor: Liberty filed a Form 8-K on December 11, 2017 with the SEC to publicly disclose that KPMG's resignation was accepted and approved by the Audit Committee of the Board of Directors of Liberty. The 8-K contains a description of the reasons provided by KPMG for his resignation. A copy of the 8-k is attached and incorporated into this Addendum by reference.

24. **Initial Fee Deferral**

Franchisor will defer collection of all initial franchise fees described in Item 5 of the Franchise Disclosure Document until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event Reported): December 11, 2017 (December 8, 2017)

LIBERTY TAX, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware	**001-35588**	**27-3561876**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454
(Address of Principal Executive Offices) (Zip Code)

(757) 493-8855
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company [X]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Item 4.01. Changes in Registrants Certifying Accountant.

On December 8, 2017, KPMG LLP ("KPMG") resigned as the independent registered public accounting firm of Liberty Tax, Inc. (the "Company"), effective immediately, and KPMG's resignation was accepted and approved by the Audit Committee of the Board of Directors of the Company (the "Board"). The Company is currently in the process of finding a successor independent registered public accounting firm in the hope that the Company's financial statements for the second quarter ended October 31, 2017 can be completed with as little delay as possible.

KPMG's reports on the Company's financial statements for the fiscal years ended April 30, 2017 and April 30, 2016 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. In addition, there were no disagreements between the Company and KPMG on accounting principles or practices, financial statement disclosure or auditing scope or procedure, which, if not resolved to the satisfaction of KPMG, would have caused them to make reference to the disagreement in their reports for such periods, or any subsequent interim period preceding KPMG's resignation. The Company will authorize KPMG to respond fully to the inquiries of the successor independent registered public accounting firm, which has yet to be selected.

KPMG expressed to the Audit Committee and Company management its concern that the actions of former Chief Executive Officer John T. Hewitt, who remains the Chairman of the Board and controlling stockholder as the sole holder of the Company's outstanding Class B common stock, have created an inappropriate tone at the top which leads to ineffective entity level controls over the organization. Prior to the termination of Mr. Hewitt's employment as Chief Executive Officer of the Company on September 5, 2017, the Audit Committee oversaw an investigation of allegations of misconduct by Mr. Hewitt. In particular, KPMG noted that Mr. Hewitt took actions to replace two independent members of the Board around the time information relating to this investigation appeared in media reports. KPMG also noted that following the replacement by Mr. Hewitt of two Class B directors, the chair of the Audit Committee retired from the Board, the Company's Chief Financial Officer announced her intention to resign from the Company, and another independent member of the Board announced that he would not stand for reelection at the Company's next annual meeting. Further, KPMG was made aware that following his termination as Chief Executive Officer, Mr. Hewitt may have continued to interact with franchisees and area developers of the Company. Although Mr. Hewitt stated to KPMG during a meeting on November 9, 2017 that he would not reinsert himself into the management of the Company, in light of Mr. Hewitt's actions and his ability to control the Board as the sole holder of the Class B common stock, KPMG informed the Audit Committee and management that it has concerns regarding the Company's internal control over financial reporting as related to integrity and tone at the top and such matters should be evaluated as potential material weaknesses.

Specifically, KPMG informed the Audit Committee and management that Mr. Hewitt's past and continued involvement in the Company's business and operations, including his continued interactions with franchisees and area developers of the Company, has led it to no longer be able to rely on management's representations, and therefore has caused KPMG to be unwilling to be associated with the Company's consolidated financial statements. In notifying the Company of its resignation, KPMG advised the Audit Committee and management that it is not aware of any information that cause it to question the integrity of current management, but rather that the structural arrangement by which Mr. Hewitt controls the Company is the cause of KPMG's concerns. KPMG also noted that because certain information known to the Board regarding the reasons that the Board terminated Mr. Hewitt as Chief Executive Officer had not been disclosed to the current Chief Executive Officer and Chief Financial Officer, KPMG was uncertain as to whether it could continue to rely on management's representations.

The Company has provided KPMG with a copy of the disclosures required by Item 304(a) of Regulation S-K contained in this Current Report on Form 8-K, and has requested that KPMG furnish the Company with a letter addressed to the Securities and Exchange Commission (the "SEC") stating whether it agrees with the statements made by the Company in this Current Report on Form 8-K and, if not, stating the respects in which it does not agree. A copy of KPMG's letter, dated December 11, 2017, confirming KPMG's agreement with these statements is filed as Exhibit 16.1 to this Current Report on Form 8-K.

Item 8.01. Other Events.

On December 11, 2017, the Company issued a press release announcing the resignation of KPMG as the Company's independent registered public accounting firm and that the Company will delay the filing of its Quarterly Report on Form 10-Q for the quarter ended October 31, 2017. A copy of the press release is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Forward Looking Statements

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, which provides a "safe harbor" for such statements in certain circumstances. The forward-looking statements include statements or expectations regarding potential impacts of KPMG's resignation, ability and timing to complete the accounting review and audits,

comprehensiveness of the Company's accounting review and ability to engage an independent accounting firm and related matters. These statements are based upon current expectations, estimates, projections, beliefs and assumptions of Company management, and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and uncertainties and speak only as of the date on which they are made, actual events or results could differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to loss of key personnel or inability to engage accounting personnel as needed; inability to address the previously disclosed accounting matters; identification of additional material weaknesses or significant deficiencies; disagreements or additional reportable events that KPMG may identify in a letter addressed to the SEC pursuant to Item 304 of Regulation S-K; failure to engage an independent accounting firm, complete the audits and re-audits and file any required restatements and periodic reports; adverse effects resulting from the Company's common stock being delisted from the Nasdaq Stock Market LLC; risks relating to the substantial costs and diversion of personnel's attention and resources due to these matters and related litigation and other factors discussed in greater detail in the Company's filings with the SEC. You are cautioned not to place undue reliance on such statements and to consult the Company's most recent Annual Report on Form 10-K and other SEC filings for additional risks and uncertainties that may apply to the Company's business and the ownership of the Company's securities. The Company's forward-looking statements are presented as of the date made, and the Company does not undertake any duty to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
16.1	Letter from KPMG LLP dated December 11, 2017.
99.1	Press Release dated December 11, 2017.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LIBERTY TAX, INC.

Date: December 11, 2017

By: /s/ Vanessa Szajnoga
Vanessa Szajnoga
Vice President and General Counsel

WISCONSIN ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

   If the Area Representative Agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

   With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, Area Representative Agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

EXHIBIT B

AREA REPRESENTATIVE AGREEMENT

SUMMARY PAGE		
1.	**Area Representative Business Entity**	_____
2.	**Initial Area Representative Fee**	$ _____
3.	**Territory Name**	_____
4.	**Opening Deadline**	Upon Completion of Training
5.	**Principal Executive**	_____
6.	**Area Representative's Address**	_____
7.	**Outlet #**	_____

AREA REPRESENTATIVE AGREEMENT

This contract ("Agreement") is between Zoomin Groomin USA LLC ("Zoomin Groomin," "we," "us," or "our") and the entity and all Signators identified on the signature page, in your personal capacity, (collectively "Area Representative," "you," or "your").

RECITALS

Zoomin Groomin has developed a system ("Franchise System") to deliver pet grooming services using the Zoomin Groomin system. The Franchise System utilizes prescribed marketing techniques and operating procedures to deliver outstanding service to customers ("Clients").

Area Representative desires to identify and recruit qualified individuals ("Candidates") willing to own and operate one or more unit locations (each a "Unit Franchise" as a "Unit Franchisee") to serve Clients within the Area Representative's designated territory.

Zoomin Groomin will compensate Area Representative for identifying and recruiting Candidates while also providing continuing support (collectively "Services") on our behalf to Candidates.

For mutual promises expressed in this Agreement, along with other valuable consideration, the receipt of which is acknowledged, Zoomin Groomin and Area Representative (collectively "the Parties") will be bound as follows:

1. *Scope*

1.1. Grant of Franchise

Zoomin Groomin grants you the right to operate an area representative business ("Area Representative Business") using our System and our Marks to recruit Candidates to open and operate a Unit Franchise within the geographical boundaries identified in Schedule 1 (the "Territory" or "Area Representative Territory") and then support such unit franchisees, subject to terms and conditions of this Agreement.

1.2. Term and Renewal

A. Term.

This Agreement will commence upon its Effective Date and will last for a term of ten (10) years (the "Term").

B. Renewal.

Upon the completion of the Term, if you are in compliance with all material terms and conditions in this Agreement, then you may enter into a new agreement, on the then-current form, for an additional ten-year term. We will not make material changes to your agreement including your Territory or the Area Representative Commissions in your renewals. If you wish to renew this Agreement, you must: notify us in writing at least one hundred twenty (120) days before the expiration of this Agreement, and execute a general release of all claims you may have against us in our then current form.

C. Subsequent Renewals

You may renew future Area Representative Agreements if you are in compliance with its terms and qualify for renewal.

1.3.Area Representative Territory

Schedule 1 defines the Territory. You may only recruit Franchisees to purchase a Unit Franchise in your Territory. This Agreement conveys no right for you to operate a Unit Franchise within the Territory.

1.4.Office Location

You may work out of your home or any office location. You are not required to obtain our approval if you relocate your Area Representative Business.

1.5.Additional Territories

We may grant you additional Area Representative territories if we feel you have the time, energy, capital, and management structure to be able to successfully open and operate more outlets. You do not have rights of first refusal or similar rights to acquire additional territories.

1.6.Minimum Requirements

A. **Development Requirements.**

You will provide us with a minimum number of Candidates each year that open and operate a Unit Franchise in the Territory. The Territory must be developed at the rate described in Schedule 2 (the "Minimum Requirements"). A year will include each fiscal year (including any partial year) ending on December 31.

B. **Failure to Meet Minimum Requirements.**

If you do not meet the Minimum Requirements, then you may lose area representative rights over certain undeveloped portions of the Area Representative Territory, representing the deficiency of your development efforts. If you do not meet the Minimum Requirements in any given year, then we may within ninety (90) days after the end of such year, notify you that we desire to delete certain Unit Franchise Territories from the Area Representative Territory up to the number of Unit Franchise Territories by which you failed to meet the Minimum Requirement for that year. The notice will designate which of the Unit Franchise Territories we desire to delete from the Area Representative Territory, and we shall have the sole discretion to determine which then unassigned (meaning unsold) Unit Franchise Territories we choose to delete. Those Unit Franchise Territories will be deemed deleted from the Area Representative Territory effective upon notice from us, and all rights otherwise conveyed by this Agreement in such territories will be fully extinguished. Thereafter, you will not be entitled to any share of any Franchise Fees or Royalties upon the sale or operation of a Unit Franchise Business in such location.

C. **Duty.**

In the event of deletion of a portion of your Area Representative Territory you will still maintain your obligations and rights in the remaining portions of your Area Representative Territory. However, we may freely sell and develop the deleted portions of the Area Representative Territory without sharing any of the Initial Franchise Fees or Royalties with you.

D. **Exclusive Remedy.**

There are no other circumstances that permit us to modify your Territorial Rights, except in the event of Termination or Expiration of this Agreement.

1.7.Dual Distribution

No other party will have Zoomin Groomin area representative rights or otherwise receive area representative compensation from Zoomin Groomin in your Territory; however, the Territory you receive is non-exclusive. You may face competition from other franchisees, outlets that we own, other channels of distribution or competitive brands that we control. We or an affiliate may make sales within your Territory using our principal trademarks, including through the use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to solicit or accept orders. We or an affiliate may make sales within your Territory using trademarks different from the ones you will use under this Agreement.

1.8.Advertising and Trademarks

A. Use of our Marks.

We allow and require you to use our trademarks and service marks ("Marks") to hold out your Area Representative Territory to the public. You will use only our Marks as we develop them for this purpose. Use of our Marks must be in accordance with our Manual. Further, you must either use any advertising templates we may make available, or if you wish to use your own material, submit it to us for written approval prior to its use. If we do not approve material within 15 days of submission, it is deemed disapproved.

B. Business cards.

You may purchase business cards to use in the operation of your Area Representative Territory in accordance with our specifications.

C. Social Media.

Any social media used to promote the Area Representative Territory must be in accord with our specifications.

D. Private Websites.

You are not allowed to have an independent website or obtain or use any domain name (Internet address) in connection with the provision of Services under this Agreement or to facilitate any efforts to find, solicit, and recruit Candidates.

E. Marks Within a Company Name.

You may not use the words "Zoomin Groomin" or any confusingly similar words as any part of the name of a corporation, LLC or other entity.

F. No Confusingly Similar Marks.

You will avoid using any Marks that could be confused with our Marks.

G. Changes to the Marks

We may update or change our Marks. We may replace, modify, or add to our Marks. If we replace, modify, or add additional Marks, you will update or replace your supplies, etc. to reflect the new Marks, at your expense, in the time frame we provide at the time of such an update.

H. Infringement Claims.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us.

I. Control of Proceedings.

We have the sole right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

J. Publicity.

Except as required by law, you may not make any press release or other public announcement respecting the subject matter of this Agreement without our written consent as to the form of such press release or public announcement.

K. Name and Likeness.

You give us permission to use your name and likeness in all forms and media for advertising, trade, and any other lawful purposes.

1.9. Reservation of Rights

Your right to operate an Area Representative Business in the Territory is subject to certain rights reserved by us. We, our parent, and our affiliates reserve all rights not expressly granted in this Area Representative Agreement. For example, we, our parent, and our affiliates have the right to:

(a) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept customers within your Territory using our principal trademarks (or another trademark) without any compensation to you;

(b) to implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories, solicitation of orders of individuals who may reside in one Territory, yet work in another, and other cross-territorial situations;

(c) to establish and operate, and grant rights to others to establish and operate an Area Representative Businesses or similar businesses at any locations outside of the Territory and on any terms and conditions we deem appropriate;

(d) to own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another businesses (competitive or not), which may offer products and services like your Area Representative Business and may have one or more competing outlets within your Territory, however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Area Representative Agreement;

(e) to operate or franchise a business under a different trademark which such business sells or will sell goods or services like those you will offer, anywhere;

(f) to negotiate purchase agreements with vendors and suppliers which we reasonably believe are for the benefit of our franchisees; and,

(g) to engage in any other business activities not expressly prohibited by the Area Representative Agreement, anywhere.

2. ***Fees.***

2.1.Paid by Zoomin Groomin ("Commissions")

We pay to you the following Commissions for your Services under this Agreement:

A. Initial Fee Commission.

You will receive an Initial Fee Commission equal to 50% of the Net Initial Franchise Fee. The Net Initial Franchise Fee is calculated by taking the initial franchise fee paid by a Unit Franchisee ("Initial Franchise Fee") within your Area Representative Territory and then deducting any brokerage, referral, or other fees that are imposed, paid, or owed by us in connection with the transaction.

For example, if a $40,000 initial fee is paid to us by a Unit Franchisee and the Unit Franchisee was introduced to you or us by a broker with a $20,000 referral fee, the Net Initial Franchise Fee would be $20,000, and you would receive $10,000 (50% of the $20,000 Net Initial Franchise Fee). Certain other fees as set forth in Section 2.2 of this Agreement are incurred solely by you and are not accounted for when calculating the Net Initial Franchise Fee. For example, if you used the Internal Sales Team provided by us, our parents, or an affiliate on the same deal, you would only receive $5,000, because the Internal Sales Fee is solely incurred by you ($10,000 minus the $5,000 Internal Sales Fee).

B. Franchise Royalties.

We will pay you an amount equal to **50%** of all ongoing royalties (the "Franchise Royalty") received by us, if any, from any Zoomin Groomin Unit Franchise whose Unit Territory is located in your Area Representative Territory except for royalties which were already due and owing before the Effective Date of this Agreement. If a Unit Franchise is assessed any late fees, then we will split such late fee fifty-fifty as collected.

Should Zoomin Groomin establish a company outlet in your Area Representative Territory, we will pay you 50% of the then-current royalty rate on gross revenue for the company outlet. The royalty rate will be calculated in the same manner as would be assessed on Unit Franchises in your Territory.

C. Exclusions.

We may, in our discretion, require a Unit Franchise to pay fees for other services, including, but not limited to, advertising fees, technology fees, CRM fees, transfer fees, and renewal fees. These fees are not subject to split with you. We may also, in our discretion, grant permission for a Unit Franchise with a Unit Territory located outside of the geographical boundaries of your Area

Representative Territory to operate on a limited basis within the geographical boundaries of your Area Representative Territory. You will not receive Franchise Royalties on any revenue generated from such Unit Franchise for services they perform within your Territory on this limited basis.

D. Pay When Paid

We establish the price of our Unit franchise offering, which is offered through a separate disclosure document. We may discount or even waive the Initial Franchise Fee as part of our development efforts. You are not entitled to any Commissions for any discounted or waived fees. Fees paid to you will be paid only as funds are received. For example, in the case of a financed Initial Franchise Fee, the distribution would only be after the funds were actually received by us. You will be entitled to your share of the Initial Franchise Fees and royalties only with respect to amounts actually collected, and we will be entitled to take credits against previous payments to you to the extent that any payments from a Franchisee are subject to a subsequent refund, offset or other credit. Each payment of your share of Initial Franchise Fees or royalties will be accompanied by information in sufficient detail to allow you to determine the basis on which your share of the Franchise Fees and royalties was calculated as well as deductions made for monies owed to us. For the avoidance of doubt, no Initial Fee Commission shall be payable for any Unit Franchise sold in the Area Representative Territory before the Effective Date of this Agreement, even if the related Initial Franchise Fee is received during the Term of this Agreement.

E. Payment Terms.

We calculate all Commissions due to you by the last day of each month as to Commissions earned the prior month, and then we remit payment to you by the 15th day of the following month, less any amounts you owe to us, via electronic transfer or other method that we designate. For example, if Commissions are earned for the period of January 1 through January 31, then you will be paid any funds due on or before March 15.

2.2.Paid by You

A. Initial Area Representative Fee.

Upon execution of this Agreement, you will pay us the Initial Area Representative Fee as indicated on the Summary Page (the "Initial Area Representative Fee") of this Area Representative Agreement. The Initial Area Representative Fee is fully earned and nonrefundable once we have completed our obligation to provide initial training. We will refund the Initial Area Representative Fee if you do not pass Initial Training in accordance with our then-current passing standards, provided that you return to us all materials distributed to you during training. However, no Initial Area Representative Fee is due upon renewal or transfer of an Area Representative Agreement.

B. Fee for Franchisee Leads.

From time to time, we may provide to you leads of Candidates interested in buying one of our Unit Franchises within the Territory. If we provide you leads, we will set and publish fees based upon the cost and the difficulty of acquiring the leads. You are under no obligation to purchase these leads. We will offer to you, without cost, any lead in your Territory provided by a Franchise Broker; however, a Broker Fee may apply if the Candidate converts to a Unit Franchisee.

C. Internal Sales Fee.

You will pay us $5,000 for each Unit Franchise sold for our staff or a designated agent of ours, our parent Loyalty, LLC, or any affiliate of ours (our "Internal Sales Team") to assist you with the

selling process for a Unit Franchisee who buys a unit within your Territory (the "Internal Sales Fee"). If a Unit Franchisee purchases multiple units, the Internal Sales Fee will be $5,000 for each unit sold in your Territory. Assistance may come in various degrees, but will typically involve assistance in generating leads, developing leads, or closing qualified leads during the sales process. For example, you will always pay the Internal Sales Fee if we or our Internal Sales Team generate the lead or communicate directly with the lead prior to execution of a Unit Franchise Agreement. This fee is paid by you and is not a shared expense.

D. Brokers and Agents

We may use the services of franchise brokers or other referral sources to identify Candidates who are potentially interested in becoming Franchisees. If a franchise broker generates a Candidate who purchases a Unit franchise in your Territory, you will pay a proportionate share (50%) of their fee (each a "Broker Fee"). Any Broker Fee will be deducted from any amount paid to you.

E. Renewal Fee.

You are not required to pay a Renewal Fee to enter into a further Area Representative Agreement with us at the expiration of the Term of this Agreement.

F. Transfer Fee.

You must pay us a $10,000 Transfer Fee if you wish to transfer ownership, or a majority of ownership interest, of your rights as an Area Representative.

G. Third Party Charges.

If we incur third-party software charges on your behalf, or if we incur charges on your behalf because you failed to pay a required obligation, you will reimburse us for any such charges up to the actual cost charged by the third party

H. Technology Fees.

We may require you to utilize certain software and services to manage your Area Representative Business. If we do so, you will be responsible for such fees, up to $350 per month.

I. Sales, Excise, or Gross Receipts Tax.

If required by the federal government, state or locality in which your Area Representative Business is located, the Area Representative Fee, Royalties, and possibly other goods or services may be subject to sales, excise, gross receipts, or similar type tax, which you will pay to us at the same time and in the same manner as you pay these fees to us.

J. Payment Terms.

We will bill you by the 15th of the month for amounts incurred in the prior month.

K. Monthly Reconciliation

We reserve the right to deduct monies that you owe to us from Commissions that we pay to you and pay you the net amount owed to you or charge you any net amount you may owe to us. You will execute an Automatic Bank Draft Authorization, and we may withdraw fees and other monies you owe to us pursuant to the Authorization from your bank account, and also electronically deposit monies owed to you in the same bank account.

L. Late Fees.

Overdue amounts owed by you are subject to a service charge of 1% per month on the unpaid balance, or if lower, then the maximum rate allowed by law.

M. Demand for Payment.

Except upon our prior written consent, you will not demand any payment due from a Franchisee of ours or any other person or entity to us.

3. *Duties of Area Representative*

3.1.Involvement.

You must render the Area Representative and Support Services personally unless you submit to us a Business Manager who attends and successfully completes our Initial Area Representative Training course, and who is not later disapproved by us.

3.2.Sales

A. Candidate.

You will use best efforts to recruit Candidates interested in operating a Franchise within the Territory. Upon your determination that a Candidate may have the characteristics of a potential Franchisee ("Candidate"), you will identify such Candidate in writing to us for our consideration.

B. Minimum Requirements

As described in more detail in Section 1.6 entitled Minimum Requirements, you must achieve a certain sales volume, namely, the Minimum Requirements specified in Schedule 2.

C. Franchise Sales Representations.

a. **Disclosure.**
You will comply with all federal and state franchise disclosure laws applicable to the solicitation of franchisees. This includes providing the Unit Franchise Disclosure Document to all Candidates at the time required by law. Most jurisdictions require that it must be provided fourteen (14) calendar days before the Candidate signs a binding agreement with us or makes any payment to us. We will prepare and provide the Unit Franchise Disclosure Document to you. Should you make any electronic or other disclosure to Candidates, you will ensure that such disclosure complies with the applicable franchise disclosure laws. You must provide our most current Unit Franchise Disclosure Document approved for use.

b. **Financial Performance Representations.**
Except as may be expressly stated in Item 19 of our most current unit Franchise Disclosure Document in effect in your Territory, you will not make any representation, either orally, in writing, electronically, or otherwise, to any prospective Candidate concerning actual or potential earnings, sales, income or profits of any Franchise. However, you may disclose financial performance of an existing franchise for sale to a

Candidate interested in such Unit Franchise as may be permitted by law.

c. **Improper Representations.**
You will make no representations to any Candidate that conflicts with our current Area Representative Agreement or Unit Disclosure Document.

d. **Laws and Regulations.**
You will comply with all federal, state, and local laws, and regulations. You will secure all necessary permits, certificates, and licenses to operate your business.

e. **Biographical Information**
You will accurately complete and return in the time frame we specify such Biographical Information forms as we request of you.

3.3.Support.

As an Area Representative, as to your Area Representative Territory and Unit Franchisees located within your Area Representative Territory, you will have the following on-going responsibilities, all subject to our then current standards, specifications, and requirements:

i to solicit, screen, and recruit franchisee candidates that meet our qualifications and requirements;

ii to refer qualified franchisee candidates to us;

iii to provide on-going operational support and training support to franchisees in accordance with our System;

iv to provide marketing assistance in accordance with our System;

v to conduct recurring performance and quality control assessments; and

vi to monitor and maintain franchisee relations.

3.4.Limitations of Authority

A. No Authority to Approve Marketing.

You do not have any authority to approve or disapprove Franchisee marketing or advertising.

B. No Authority to Modify Manual.

You do not have authority to modify or grant waivers to the Unit Franchisee Operations Manual.

C. No Legal Claims versus Unit Franchisees.

You will not assert any legal claim against a Franchisee to enforce any right arising out of or related to the Unit Franchise without our written permission.

D. Limitation of Services.

You may only offer those services or products through your Area Representative Territory as authorized by us in this Agreement or the Area Representative Operations Manual, unless you first obtain our prior written approval.

E. Independent Contractors.

Your relationship with us is that of an independent contractor. This Agreement does not create a partnership, joint venture, or any other entity between the Parties. Neither Party has a fiduciary duty or other special duty respect to the other party. You are not a third-party beneficiary to any contract between us and any other franchisee.

F. No Unauthorized Commitments.

Similarly, you will not make any promises, guarantees or warrantees to any third party, including any Candidate or Franchisee, that would create a binding obligation for us without our prior written consent.

3.5. Operations

A. Initial Training.

We provide an Initial Training program to guide you in the operation of the Area Representative Business. You and any Business Manager working for you must attend and successfully complete our Initial Area Representative Training before you may operate the Area Representative Territory. We do not charge for Initial Training, but you must pay for any travel and living expenses to attend.

B. Advanced Training.

You will attend any advanced or refresher training that we may require either through electronic means or in person.

C. Computer Systems, Equipment and Supplies.

You will purchase and maintain such computer systems, software, equipment, and supplies as we designate in our Manual.

D. Starting Date.

You will be operational within 30 days of the Effective Date of this Agreement. You will typically be open for business after completing Initial Training. Your Minimum Development requirements begin on the Effective Date of the Area Representative Agreement.

E. Area Representative Manual.

You must operate the Area Representative Territory according to the then-current Manual. We may modify the Manual to adjust for competitive changes, technological advancements, legal requirements, and continuous improvement.

F. Insurance.

You must purchase any insurance that we may specify and as is required by your state law, name us as an additional insured, and furnish proof of insurance to us.

3.6. Reports and Reviews

A. Reports.

You will file with us reports detailing your activities, sales, and other information at such times and in such form as we may specify in the Manual or otherwise.

B. Independent Access to Information.

You will allow us to have independent access to the information that will be generated or stored in your computer system arising out of or related to the Area Representative Territory which includes prospect, financial, and operational information.

C. Reviews.

We reserve the right to review your business operations, in person, by mail, or electronically.

D. Timely Access to Records

If we request a copy of any business records related to the Area Representative Territory, then you must send us or grant electronic access, at your expense, these records within five (5) business days of receiving our request.

E. Corrective Action Plan

We also have the right to require that you implement a corrective action plan to resolve issues that we discern from any review we conduct.

3.7. Indemnity

You are responsible for all loss or damage and for all contractual liability to third parties originating in or in connection with the operation of the Area Representative Business and for all claims or demands for damage directly or indirectly related. You will indemnify, defend, and hold us and our affiliates, officers, directors, members, partners, employees, and agents (the "Indemnified Parties") harmless from and against any damage, cost, or attorney fees that relates to or arises from your breach or alleged breach of any of your duties under this Agreement or operation of the Area Representative Business.

The obligations in this Section are effective during the Term and extend to any post termination obligation.

3.8. Enforcement

A. Compliance with the Franchise System

During the Term, you will assist us in monitoring and enforcing all contracts ("Franchise Documents") related to awarding a franchise to a Candidate to ensure Unit Franchise performance and adherence to our Franchise System.

B. Post Termination.

Upon termination or expiration of a Unit Franchise in the Territory, you will assist us in enforcing any "Post Termination Obligations" as set forth in the Unit franchise agreement with that former franchisee.

C. Exclusions

However, you will have neither a duty nor the right to initiate a legal proceeding against a Unit Franchisee to enforce any agreement between us and a Unit Franchisee.

4. *Duties of Franchisor*

4.1. Initial Training.

We will provide an Initial Training course. The Initial Training course will cover fundamental skills necessary to perform the Services. Successful completion of the Initial Training at least one-week prior to operating the Area Representative Business is mandatory. We do not charge for training, but you must pay any travel, transportation, lodging, and meal costs you incur to attend.

4.2. Advanced Training.

We may provide you advance training on various topics. We presently offer this training live in Virginia Beach, VA, but may offer it in other locations, or via interactive video conference or webinar, at our choosing. Attendance at advanced training is required.

4.3. Site selection.

You may operate from your home or any office location. We do not offer site selection assistance.

4.4. Area Representative Operations Manual.

We will provide you a Manual to offer guidance in performing your development and support services.

4.5. Operational Support.

We provide support to you in the operation of your Area Representative Territory.

4.6. Franchise Disclosure Document.

We will provide or make available to you an electronic copy of our latest Unit Franchise Disclosure Document to use as part of your Development Services.

4.7. Computer Systems, Equipment and Supplies.

We may issue computer, software, equipment, and supply specifications.

4.8. Advertising and Marketing.

We may conduct marketing using electronic or print advertising of any kind. The media coverage may be local, regional, or national. We may produce advertising in-house or through a local or regional advertising agency.

4.9. Corporate Website.

We will develop and maintain a comprehensive website that contains your location's contact information.

4.10. Digital Marketing.

We may create, operate and promote websites, social media accounts (including, but not limited to, Facebook, X, LinkedIn, and Instagram), applications, digital advertising (including

pay-per-click and display ads) or other means of digital marketing to promote the brand, Area Representative Business, Marks and franchise opportunities.

We have the sole right to control all aspects of any digital marketing including all digital marketing related to your Area Representative Business.

4.11. Digital Campaigns.

We may negotiate contracts with vendors such as Google AdWords.

If you choose to participate, you must pay your pro-rata share either directly to the vendor or reimburse us if we are paying the vendor.

4.12. Intellectual Property

A. Ownership.

We exclusively own the Franchise System and any related copyright, trademark, service Mark, trade secret, patent right or other intellectual property (collectively "Intellectual Property"). You will not undertake to obtain Intellectual Property with respect to the Franchise System. To the extent you have gained or later obtain any Intellectual Property in the Franchise System, by operation of law or otherwise, you will disclaim such Intellectual Property and will promptly assign and transfer it entirely and exclusively to us.

B. Suggestions.

We may incorporate into our Franchise System any suggestions, enhancement requests, recommendations, or other feedback provided by you or anyone else. We will have sole and exclusive rights and title to such suggestions.

5. *Confidentiality*

5.1.Definition.

The term "Confidential Information" is defined as non-public sensitive or proprietary material disclosed by us or our agent to you. The disclosure may be oral or written in any form including tangible, intangible and electronic media regardless whether it is marked. For the avoidance of doubt, Confidential Information includes customer lists and reports from our Franchise System along with any notes, summaries or other derivative works. Confidential Information does not include material that: a) you possessed more than thirty (30) days before the Effective Date of any contract between us, b) independently developed, c) obtained from a third party with no corresponding obligation of confidentiality, or d) in the public domain.

5.2.Confidentiality.

You will not directly or indirectly disclose, publish, share with any third party any Confidential Information without our prior written consent. You may share Confidential Information with your employees or agents that need it to complete essential job functions if they are covered by equivalent restrictions.

5.3.Use

You may only use Confidential Information to perform your obligations under this Agreement. You will avoid using Confidential Information for your own benefit and to our

detriment. For the avoidance of doubt, Confidential Information cannot be used in a competing business that is detrimental to us.

5.4.Storage

You will store Confidential Information in secure location whether physically or electronically. You must notify us if the Confidential Information is lost or stolen, regardless of fault.

5.5.Return

Upon Termination or Expiration of this Agreement, you must return Confidential Information within ten (10) days or certify that the Confidential Information has otherwise been deleted or destroyed.

However, you may retain Confidential Information as needed solely for legal, tax, and insurance purposes, but the information retained will remain subject at all times to the confidentiality restrictions of this Agreement.

6. *Transfer*

6.1.Assignment by Us.

We may assign this Agreement to an assignee who remains bound by its terms. We do not permit a sub-license of the Agreement.

6.2.Transfer by You.

You may transfer your interest in this Agreement or your ownership in the Area Representative Territory if:

a. you are in full compliance with the Agreement;
b. current in all monies owed to us;
c. you sign our then current transfer and release form;
d. we approve of the individual or entity to which you are transferring ("Transferee"), which our consent will not be unreasonably withheld;
e. transferee meets the requirements of Section 6.8.

6.3.Joint Tenancy

If this Agreement is held by joint tenants or tenants in common, all joint tenants or tenants in common must join in any transfer of an ownership interest in this Agreement, except any person who is deceased or under a legal disability.

6.4.Transfer to Controlled Entity.

A "Controlled Entity" is an entity in which you are the beneficial owner of 100% of each class of voting ownership interest. A transfer to a "Controlled Entity" will not trigger the Right of First Refusal. At the time of the desired transfer of interest to a Controlled Entity, you must notify us in writing of the name of the Controlled Entity and the name and address of each officer, director, shareholder, member, partner, or similar person and their respective ownership interest. Each such person of the Controlled Entity must sign the then current amendment and release forms or Area Representative Agreement as required by us. We do not charge a transfer fee for this change.

6.5. Transfer within an Entity.

A transfer of interest within an Area Representative entity will not trigger the Right of First Refusal if only the percentage ownership changes rather than the identity of the owners. At the time of the desired transfer of interest within an entity, you must notify us in writing of the name and address of each officer, director, shareholder, member, partner or similar person and their respective ownership interest. Each such person of the Controlled Entity will sign the then current amendment and release forms or Area Representative Agreement as required by us. We do not charge a transfer fee for this change.

6.6. Right of First Refusal.

A. Third-Party Offer

If you receive and desire to accept a signed, bona fide offer to purchase or otherwise transfer this Agreement or any interest in it ("Third-Party Offer"), you will grant us the option (the "Right of First Refusal") to purchase the Area Representative Territory as provided in this Section.

B. Notice

Within fourteen (14) days of receipt of Third-Party Offer, you will offer the Right of First Refusal to us by notice in writing including a copy of the signed Third-Party Offer.

C. Option

We will have the right to purchase the Area Representative Territory or interest in the Area Representative Territory for the price and upon the terms in the Third-Party Offer. However, we may substitute cash for any non-cash form of payment proposed and we will have sixty (60) days after the exercise of our Right of First Refusal to close the said purchase.

D. Acceptance

If we exercise our Right of First Refusal, then we will notify you in writing within fifteen (15) days from our receipt of the Third-Party Offer from you.

E. Binding

Upon the giving of such notice by us, there will immediately arise between us and you, or your owners, a binding contract of purchase and sale at the price and upon the terms contained in the Third-Party Offer.

If we do not exercise our Rights of First Refusal within fifteen (15) days, then you may transfer the Area Representative Territory or ownership interest according to the Third-Party Offer, provided that you:

a. satisfy the conditions in Section 6.2 entitled Transfer by You.; and
b. complete the sale within one hundred twenty (120) days from the day on which you received the Third-Party Offer.

If you do not conclude the proposed sale transaction within the 120-day period, the Right of First Refusal granted to us will continue in full force and effect.

6.7. Death or Incapacity

A. Definition

The term "incapacity" means a condition that prevents you from reasonably carrying out your duties under this Agreement for thirty (30) consecutive days.

B. Transfer

We may terminate this Agreement unless, within sixty (60) days of your death or incapacity, your executor, personal representative or guardian:

a. seeks a transfer of your rights under this Agreement;
b. completes the transfer within six (6) months of your death or incapacity;
c. pays all monies owed to us, including the transfer fee, and
d. signs the then current transfer and release form

C. New Area Representative

The Transferee(s) must:

a. meet the requirements of Section 6.8.
b. complete Initial Training, and
c. enter into a new Area Representative Agreement on the then current form.

D. Interim Services

We are entitled to reimbursement from you or your estate for any reasonable expenses incurred continuing Services from the date of your death or incapacity until transfer or termination.

6.8. Transferee Requirements.

Any proposed Transferee(s) must:

a. complete our then-current Area Representative application;
b. pass our application screening using our then current qualifications;
c. attend and successfully complete Initial Training; and
d. sign either, at our option:
    i an assignment of the rights remaining in your Area Representative Agreement, or
    ii our current Area Representative Agreement with the Term adjusted to such length as remains on the Term of your Area Representative Agreement.

7. *Termination*

7.1. Termination by You.

You may terminate this Agreement, for any reason, at any time by giving us written notice of termination. Termination will be effective upon our receipt of your termination notice.

7.2.Effect of Termination

Expiration or Termination does not relieve any duties to comply with all of the provisions of this Agreement that require performance post-termination.

7.3.Termination by Us.

We may terminate this Agreement for Cause without notice, and without the opportunity for you to cure. "Cause" means:

a. If you do not attend and pass our Initial Training in accordance with our current passing standards.

b. If you violate any part of Section 3.2.C entitled Franchise Sales Representations or Section 3.4 entitled Limitations of Authority.

c. If you are convicted of a felony or serious misdemeanor offense involving moral turpitude.

d. If you violate applicable laws, rules or regulations related to any franchise law, antitrust law, or securities law.

e. If you commit fraud, misappropriation, embezzlement, or unfair and deceptive practices.

f. If you make a material misstatement of fact or fail to disclose a material fact on a Biographical Information Form or in any requested form.

g. If you refuse to completely fill out a requested forms or tender supporting documentation upon reasonable request.

h. You become insolvent, meaning unable to pay your bills in the ordinary course as they become due.

i. If a final judgment of record against you or your Area Representative Territory remains unsatisfied for thirty (30) days or longer.

j. If on your death or incapacity, the transfer process does not begin within sixty (60) days or remains incomplete after 6 months.

k. If you commit three or more breaches of this Agreement, the Manual, or any other agreement with us or an affiliate, in any 12-month period regardless of whether such breaches were cured after notice.

7.4.Termination by Us with the Opportunity to Cure.

We may terminate this Agreement, if the following conditions remain within thirty (30) days after sending you notice and an opportunity to cure:

a. You violate any other term or condition of this Agreement, the Area Representative Operations Manual, or any other agreement with us; or

b. Any amount owing to us from you is more than 30 days past due.

7.5.No Refund of Initial Fee.

We have no obligation to return or refund any fee to you upon termination or expiration of this Agreement.

7.6.Post Termination Obligations

Upon termination or expiration of this Agreement, including a sale of the Area Representative Territory, you will:

a. Discontinue using any of our "Marks;"

b. Pay to us all sums due;

c. If requested by us, transfer to us all telephone numbers used in relation to this Area Representative Territory and deliver to us written proof of transfer;

d. Return to us or certify destruction of any paper and electronic copies of the Manual and any Confidential Information;

e. Cancel all fictitious name filings which you use of any of our Marks; and

f. Adhere to the post-term duties stated in Section 7.6 entitled Post Termination Obligations and any other duties that require your performance after you are no longer an Area Representative.

7.7.Maintenance of Goodwill.

You will not disparage us or our current and former employees, agents, members, directors, or franchisees. During the Term, you will not do any act harmful, prejudicial, or injurious to us.

7.8.Non-Compete and No Solicitation.

A. In-Term.

During the Term, you will not, except as required by this Agreement, directly or indirectly except as required by this Agreement:

a) recruit, search for, or solicit franchisees or prospective franchisees in the United States to engage in the delivery of pet grooming or related pet care services, or

b) aid or facilitate another person or entity (except our franchisees) in the United States to engage in the delivery of pet grooming or related pet care services.

B. Post-Term.

You will not, for a period of two (2) years after expiration or termination of this Agreement, including a sale of the Area Representative Territory or your interest in it, in the Territory or within twenty-five (25) miles of the boundaries of the Area Representative Territory (or any other outlet of ours), directly or indirectly recruit, search for, or solicit others to engage in the delivery of pet grooming or related pet care services, or directly or indirectly deliver pet grooming or related pet care services.

7.9.Waiver of bond.

If we are forced to bring suit to enforce any sections of this Agreement, you will waive any requirement that we post bond to obtain a temporary or permanent injunction to enforce these duties.

7.10. Severability.

If any covenant or provision of this Agreement is determined to be void or unenforceable, in whole or in part, it will be deemed severed and removed and will not affect or impair the validity of any other covenant or provision. Further, these obligations are considered independent of any other provision in this Agreement and the existence of any claim or cause of action by either Party to this Agreement against the other, whether based upon this Agreement or otherwise, will not constitute a defense to the enforcement of these obligations.

8. *Dispute Resolution*

8.1.Internal Resolution

Any issue that you may have arising out of or related to this Agreement ("Matter") will be resolved as described in this Section 8. You must exhaust this internal dispute resolution procedure before you bring your Claim in Court.

A. Notice

You must provide written notice by sending a letter to our Chief Executive Officer ("CEO") via either certified mail or overnight delivery through a common carrier like FedEx, UPS or DHL.

The Notice must contain:

a. A description of the specific nature of the Claim,
b. All relevant facts,
c. All supporting evidence, and
d. Either the specific dollar amount of Damages, or the action requested to resolve the Matter ("Cure");

B. Response

We will reply ("Response") in writing within 30 business days with either:

a. Corrective Action Plan with a schedule of when the Matter will be resolved if it cannot be Cured within 30 business days; or
b. A detailed explanation of why the Matter should not be considered a breach or dispute including any supporting evidence to clarify any disputed facts.

C. Meeting

If in good faith, you do not believe the Matter is settled after the Response then within twenty-one (21) days of receipt of the Response, you may meet with the CEO or our agent in Virginia Beach, VA to discuss in person. Upon mutual agreement, the Parties may choose an alternate location or meet via video call.

8.2.Mediation

If in good faith, you do not believe the Matter is settled after the Meeting, then within thirty (30) days of receipt of the Response, such party will request mediation by:

a. completing the request for mediation form at: https://www.adr.org/sites/default/files/Request_for_Mediation.pdf

b. paying the applicable fee imposed and collected by the American Arbitration Association to initiate a mediation proceeding, and
c. notifying the other party.

The mediation will be conducted in accordance with the mediation rules of the American Arbitration Association ("AAA").

8.3.Arbitration

If a Matter cannot be resolved within ninety (90) days of the Response through Mediation, then you must submit the Matter to arbitration in accordance with the rules of the AAA. Your attorney must include in your demand for arbitration an estimate for legal fees ("Budget") necessary to establish liability and damages. The Budget will include the maximum number of: a) witness, b) experts and c) documents. The Arbitrator will evaluate the Budget for proportionality to the Cure. The Budget must be approved by the Arbitrator, before conducting any discovery, or hearings. The Arbitrator must approve any increases in the Budget.

8.4.Enforceable

In the event such Matter is resolved within the ninety (90) days following submission to arbitration, then the decision and award determined by such arbitration will be final and binding upon both parties, enforceable by any court of competent jurisdiction.

8.5.Costs and Attorney Fees

If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

8.6.Arbitration Exclusions.

If we choose, we may bring any Claims in the state and federal courts located nearest to our headquarters or in such other location where jurisdiction and venue may be proper.

8.7.Limitation of Actions.

You will bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims.

8.8.Prior Notice of Claims.

Before commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

8.9.Governing Law

Except as to claims governed by federal law, the laws of Virginia, without regard to its conflict of laws principles, govern all claims that in any way relate to or arise out of this Agreement or any dealings of the parties ("Claims"). However, no laws regulating the offer or sale of franchises or business opportunities, or governing the relationship between franchisor and franchisee, apply unless the jurisdictional requirements of those laws are independently satisfied apart from this paragraph.

8.10. Jurisdiction and Venue.

Except as to matters which are subject to arbitration, venue and jurisdiction for any Claims will be proper solely in the state and federal court nearest to our corporate headquarters; presently located in Virginia Beach, Virginia.

8.11. Non-Waiver of Breach

The failure of either party to enforce any one or more of the terms or conditions of this Agreement will not be deemed a waiver of such terms or conditions or of either Party's rights thereafter to enforce each and every term and condition of this Agreement.

8.12. Jury Waiver.

In any trial between any of the Parties as to any Claims, you and we will waive our rights to a jury trial and instead have such action tried by a judge or arbitrator as set forth in this Agreement.

8.13. Class Action Waiver.

You will bring any Claims, if at all, individually and you will not join such Claim with Claims of any other person or entity or bring, join or participate in a class action against us.

8.14. Punitive Damages Waiver.

As to any Claims, you and we will waive our rights, if any, to seek or recover punitive damages.

8.15. Waiver of Bond.

If we are forced to bring suit to enforce any provision of this Agreement, you will waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

9. *General*

9.1.Entire Agreement

This Agreement and all schedules to this Agreement constitute the entire agreement between the Parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

9.2.Modification

No modifications to this Agreement will have any effect unless such modification is in writing and signed by you and by our authorized officer. We may, however, modify the provisions of the Manual, without your consent.

9.3.Third Party Beneficiaries.

Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries. You further acknowledge and agree that you are not a third-party beneficiary to any agreement between us and any other franchisee.

9.4.Survival.

All of the covenants that may require performance after the termination or expirations will survive any termination or expiration of this Agreement.

9.5.Severability Clause.

If any covenant or provision in this Agreement is determined to be void or unenforceable, in whole or in part, it will be deemed severed and removed and will not impair the validity of any other covenant or provision of this Agreement.

9.6.Force Majeure.

Neither party is liable for any delay or failure to perform (except payment obligations) to the extent caused by events beyond its reasonable control, including acts of God, fire, flood, pandemic, war, terrorism, government action, labor disputes (other than involving the affected party's employees), or supply chain disruptions. The affected party must promptly give written notice and use reasonable efforts to resume performance, and any applicable deadlines will be extended for the period of delay. If such event continues for more than ninety (90) days, Franchisor may terminate this Agreement by written notice. This Section does not extend the Term, and all accrued obligations remain due.

9.7.Notices

Any notice, authorization, consent or other communication required or permitted under this Agreement must be made in writing and will be given by mail or courier, postage fully prepaid, or delivered personally or by facsimile, to our CEO, at our corporate office, presently:

780 Lynnhaven Parkway, Suite 240
Virginia Beach, VA 23452
Phone 888-268-0321

Any such notice may also be given to you in the same manner at the address indicated with your signature on this Agreement or such other more current address as we may have on file for you. You must notify us of any change of address in writing. We may also give notice to you by e-mail.

9.8.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.

9.9.Release of Prior Claims

By executing this Agreement, the Area Representative, on behalf of yourselves and your heirs, legal representatives, successors and assigns, and each assignee of this Agreement, forever releases and discharges us, our past and present employees, agents, members, officers, and directors, including any of our parent, subsidiary and affiliated entities, their respective past and present employees, agents, members, officers, and directors, from any and all Claims

arising prior to the date of this Agreement. However, this release does not apply to any Claim you may have arising from representations in our Franchise Disclosure Document.

9.10. Counterparts.

This Agreement may be executed by the parties in this Agreement in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument. The Agreement may be signed and delivered electronically via email, facsimile or other means, which will each have the same legal effect as if signed in hardcopy with traditional ink. Electronic signatures will be deemed valid having the same legal effect as if it were physically executed. Use of an electronic signature will be consistent with the Electronic Signatures in Global and National Commerce Act ("E-Sign Act"), Title 15, United States Code, Sections 7001 et seq., the Uniform Electronic Transaction Act ("UETA") and any applicable state law.

[signature page follows]

9.11. Signature

Intending to be bound by all the provisions expressed in this Agreement, on _____ ("Effective Date") the authorized representatives of each party affix his or her signature below to signify acceptance.

Area Representative Entity: _____

	Zoomin Groomin USA LLC	**Area Representative Entity**
Signature		
Name		
Title		
Date		
Address		

	Signator	**Signator**
Signature		
Name		
Date		

Address		

SCHEDULE 1

TERRITORY

Your Territory will be defined here.

SCHEDULE 2

MINIMUM REQUIREMENTS

The following table establishes the minimum performance metrics required.

Year	Unit Franchise Sales	Cumulative
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

SCHEDULE 3

AUTOMATIC BANK DRAFT AUTHORIZATION

Please complete the following with your banking information and attach a voided check:

Company Name: _____

Name of Financial Institution: _____

Address of Financial Institution: _____

Routing Number: _____

Account Number:_ _____

I hereby authorize Zoomin Groomin USA LLC ("Franchisor") and the financial institution named above to initiate entries to my checking or savings accounts as identified above in accordance with the terms of my Area Representative Agreement and, if necessary, to initiate adjustments for any transactions credited in error. This authority will remain in effect until I notify either Franchisor or the above-named financial institution in writing to cancel it in such time as to afford a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the above-named financial institution at least 3 days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to 15 days following issuance of my statement by the above-referenced financial institution or up to 60 days after deposit, whichever occurs first.

Signature: _____

Printed Name of Person Signing: _____

Title (if any): _____

Application Date: _____

Telephone Number: _____

Applicant's Address:_____

SCHEDULE 4

PERSONAL GUARANTY

This binding contract ("Guaranty") is between:

_____ ("Franchisor") and

_____("Guarantor") for

_____ ("Beneficiary")

In exchange for awarding certain franchise rights to the Beneficiary, pursuant to an Area Representative Agreement, along with other valuable consideration, Guarantor(s) jointly and severally personally guarantee the payment of any money and the performance of any obligation of the Beneficiary to Franchisor. Therefore, each Guarantor will pay the Franchisor, on demand and without offset, any sum due to the Franchisor by the Beneficiary arising out of or related to the Area Representative Agreement. Guarantor further will pay all costs of collection including reasonable attorney's fees.

This Guaranty will be a continuing and irrevocable guaranty and indemnity for indebtedness of the Beneficiary. The Guarantor will, to the extent permitted by law, waive the Homestead exemption, notice of acceptance, notice of presentment, demand, non-payment, dishonor and protest, along with the right to require Franchisor to proceed against the Beneficiary. Furthermore, Guarantor consents to and waives notice of any modification, amendment or extension of the terms of any Agreement between Franchisor and Beneficiary. Guarantor authorizes Franchisor to obtain and use Consumer Reports from time to time on the Guarantor for the sole purpose of evaluating current and ongoing creditworthiness.

This Guaranty will not exceed two hundred and fifty thousand ($250,000), except for damages from willful wrongdoing, such as trademark infringement, or liquidated monies owed, such as past-due amounts, and will remain in force throughout the term of the Beneficiary's Area Representative Agreement, including any extensions or renewals. Subsequent agreements and credit applications will not serve to alter, supersede or otherwise modify this Personal Guaranty.

Guarantor consents to the use of electronic signatures consistent with Electronic Signatures in Global and National Commerce (ESIGN) Act, and the Uniform Electronic Transactions Act (UETA). Each Guarantor signifies the intent to be bound to the terms of this Guaranty by affixing their signatures in the space provided below.

_____	_____	_____
Guarantor 1(Signature)	**Printed Name**	**Date**
_____	_____	_____
Guarantor 2(Signature)	**Printed Name**	**Date**

SCHEDULE 5

RELEASE

THIS RELEASE ("Release Agreement") is made and given by _____, ("Releasor") with reference to the following facts:

1. Releasor and Zoomin Groomin USA LLC doing business as Zoomin Groomin ("Releasee") are parties to one or more Area Representative Agreements.

2. The following consideration is given:

_____ the execution by Releasor of a successor Area Representative Agreement or other renewal documents renewing the franchise (the "Franchise"); or

_____ Releasor's consent to Releasee's transfer of its rights and duties under the Area Representative Agreement; or

_____ Releasor's consent to Releasee's assumption of rights and duties under the Area Representative Agreement; or

_____ [insert description]

3. Release- Area Representative and all Area Representative's guarantors, members, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Area Representatives, Franchisees, successors, assigns and affiliates (collectively "Released Parties") from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation which Area Representative could assert against Released Parties or any of them up through and including the date of this Release.

4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.

5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:

   A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

6. This Release Agreement does not apply to any claims arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-

2.5.1 through 23-2-2.7-7, Illinois Franchise Disclosure Act, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

Approved and agreed to by:

Franchisee	**Franchisor**
Signature:	
Name:	
	Date:

SCHEDULE 6-BIOGRAPHICAL INFORMATION

1. Name: _____

2. Current Title/Position with Franchisor: **Area Representative**

3. Business Address:

_____

_____

4. Business Phone Number: _____

5. Beginning with the date you started the job you held six years ago, on the chart below please list your dates of employment, your employer(s), and your position(s) held from then to the present:

***Please make sure to include your current position with the franchisor (including Area Representative, etc.) as well as any prior titles or positions you held with the Franchisor.**

***Please make sure to include all positions held even though not as an employee. For example, include positions held as "self-employed" or as a franchisee, consultant, or independent contractor.**

***Please print clearly and do not use abbreviations except where such abbreviation actually shows up in the name of a company (i.e., "Inc.") and you may abbreviate the name of a state.**

Company	City/State	Position Held	Start Date (Month and Year)	End Date (Month and Year)

6. Have you been convicted of a felony or pleaded *nolo contendere* to a felony charge involving a violation of a franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations in the last ten years?

YES ☐ NO ☐

7. Have you been convicted of a misdemeanor or pleaded *nolo contendere* to a misdemeanor charge involving a violation of franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations in the last ten years?

YES ☐ NO ☐

8. Have you been party to any civil action, administrative action, complaint or legal proceeding involving a violation of a franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations in the last ten years?

YES ☐ NO ☐

9. Are you a party to any proceeding, which could make you subject to, or are you subject to an injunction or restraining order brought by any public agency or department?

YES ☐ NO ☐

10. Have you been a party in any arbitration proceeding during the past ten years?

YES ☐ NO ☐

11. Have you filed in bankruptcy; been adjudicated a bankrupt; been reorganized due to insolvency; or been a principal, director, executive officer, trustee or general partner or any other entity that has filed in bankruptcy, been adjudicated a bankrupt, or been reorganized due to insolvency in the last ten years?

YES ☐ NO ☐

12. Are you subject to any currently effective order of any national securities association or national securities exchange suspending or expelling you from membership in such association or exchange?

YES ☐ NO ☐

13. If your answer to any of the above items is in the affirmative, please attach a separate sheet of paper and on that attached sheet please state the court, the date of conviction or judgment, if any; the current status of the matter; any penalty imposed or damages assessed; and the date, nature, and issue of any order, as well as any other explanatory information you think pertinent. Please also include a copy of any Complaints, Claims, Indictments or Charges against you and any Consent Decree, Settlement Agreement, or ruling of a Court or other body as to the disposition of such claims.

II. SALESPERSON DISCLOSURE

If anyone other than you will be offering or selling franchises under this Area Representative Agreement, please write their name(s) below and what they will be doing.

	Name	**What Will They Be Doing**
1.	_____	_____
2.	_____	_____
3.	_____	_____

III. LLC AND CORPORATIONS

If your Area Representative Agreement is held by a limited liability company or Corporation, please also advise:

What is the name of the entity? _____

In what state is the entity formed? _____

What is your role in the entity? (For example, Managing Member, President, etc.):

_____

IV. TERRITORY

In what state(s) is your Area Representative Territory? _____

V. PROMISE TO UPDATE & CERTIFICATION

If at any time I become involved in litigation, convicted of a crime, or file bankruptcy, I promise to notify franchise counsel of these facts immediately. Further, I hereby certify that all the information I have provided above is true, complete and correct to the best of my information and belief.

Signature: _____

Date: _____

SCHEDULE 7

STATE ADDENDA
TO THE AREA REPRESENTATIVE AGREEMENT

CALIFORNIA ADDENDUM
TO THE AREA REPRESENTATIVE AGREEMENT

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

Cal. Bus. & Prof. Code § 20020 and Cal. Bus. & Prof. Code § 20021 supersede the Area Representative Agreement in your relationship with us. As such, Sections 15.2 and 15.3 are deleted and replaced by the following:

CA Bus & Prof Code Section 20021

Except as otherwise provided by this chapter, no franchisor may terminate a franchise prior to the expiration of its term, except for good cause. Except as provided in Section 20021, good cause shall be limited to the failure of the franchisee to substantially comply with the lawful requirements imposed upon the franchisee by the Area Representative Agreement after being given notice at least 60 days in advance of the termination and a reasonable opportunity, which in no event shall be less than 60 days from the date of the notice of noncompliance, to cure the failure. The period to exercise the right to cure shall not exceed 75 days unless there is a separate agreement between the franchisor and franchisee to extend the time.

CA Bus & Prof Code Section 20021

If during the period in which the franchise is in effect, there occurs any of the following events which is relevant to the franchise, immediate notice of termination without an opportunity to cure, shall be deemed reasonable:

(a) The franchisee or the business to which the franchise relates has been the subject of an order for relief in bankruptcy, judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;

(b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

(c) The franchisor and franchisee agree in writing to terminate the franchise;

(d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;

(e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

(f) The franchisee, after curing any failure in accordance with Section 20020 engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee repeatedly fails to comply with one or more requirements of the franchise, whether or not corrected after notice;

(h) The Area Representative Business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the Area Representative Agreement or upon any property used in the Area Representative Business, and it is not discharged within five days of such levy;

(i) The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

(l) If the franchise expressly permits termination under such circumstances, there is a lawful termination or nonrenewal of a separate motor fuel franchise governed by provisions of the Petroleum Marketing Practices Act (15 U.S.C. Secs. 2801 to 2807, inclusive) that is operated by the franchisee or affiliate of the franchisee located at the same business premises if both franchises are granted by the same franchisor or an affiliate of the franchisor. “Affiliate” shall have the same meaning as set forth in subdivision (k) of Section 31005.5 of the Corporations Code.

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.

Initial Fee Deferral:

The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition,

which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

AREA REPRESENTATIVE:	FRANCHISOR: ZOOMIN GROOMIN USA LLC D/B/A ZOOMIN GROOMIN
By:_____	By:_____
By:_____	Date:_____

ILLINOIS ADDENDUM
TO THE AREA REPRESENTATIVE AGREEMENT

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Area Representative Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in an Area Representative Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, an Area Representative Agreement may provide for arbitration to take place outside of Illinois.

3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. 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.

6. Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Area Representative has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

AREA REPRESENTATIVE:

By:_____

By:_____

FRANCHISOR:
ZOOMIN GROOMIN USA LLC
D/B/A ZOOMIN GROOMIN

By:_____

Date:_____

MARYLAND ADDENDUM
TO THE AREA REPRESENTATIVE AGREEMENT

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

3. This Area Representative Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. All representations requiring prospective Area Representatives 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.

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.

6. Initial Fee Deferral. The Area Representative Agreement is modified with the addition of the following language: "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the area representative agreement."

AREA REPRESENTATIVE:

By:_____

By:_____

FRANCHISOR:
ZOOMIN GROOMIN USA LLC
D/B/A ZOOMIN GROOMIN

By:_____

Date:_____

MINNESOTA ADDENDUM
TO THE AREA REPRESENTATIVE AGREEMENT

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the Area Representative to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the Area Representative's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Area Representative's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that an Area Representative be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Area Representative Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the Area Representative's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the Area Representative from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

  Minnesota considers it unfair to not protect the Area Representative's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring an Area Representative to assent to a general release.

- The Area Representative cannot consent to the franchisor obtaining injunctive relief. The franchisor may <u>seek</u> injunctive relief. See Minn. Rules 2860.4400J.

  Also, a court will determine if a bond is required.

- Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

- No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

- Initial Fee Deferral:

  The Area Representative Agreement is amended to also state that the franchisor defers the receipt of the Area Representative Fee until the Area Representative Business opens.

AREA REPRESENTATIVE:	FRANCHISOR: ZOOMIN GROOMIN USA LLC D/B/A ZOOMIN GROOMIN
By:_____	By:_____
By:_____	Date:_____

NORTH DAKOTA ADDENDUM
TO THE AREA REPRESENTATIVE AGREEMENT

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

1. You are not required to sign a general release upon renewal of the Area Representative Agreement.

2. The Area Representative Agreement is amended to also provide as follows:

> "Covenants not to compete are generally considered unenforceable in the State of North Dakota."

3. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language:

> "You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association."

4. The provision concerning limitation of actions is modified to provide that the statute of limitations under North Dakota Law will apply.

5. The provision concerning mediation and arbitration are modified to also provide that the site of mediation and arbitration shall be agreeable to all parties and may not be remote from your place of business.

6. North Dakota law governs any cause of action arising out of the Area Representative Agreement.

7. Any requirement in the Area Representative Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

8. 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.

9. North Dakota requires the Franchisor to defer collection of the Initial Fee until the Franchisor has completed all of their initial obligations owed to North Dakota Franchisees under

the Area Representative Agreement or other documents and the Franchisee has commenced doing business pursuant to the Area Representative Agreement.

AREA REPRESENTATIVE:	FRANCHISOR: ZOOMIN GROOMIN USA LLC D/B/A ZOOMIN GROOMIN
By:_____	By:_____
By:_____	Date:_____

RHODE ISLAND ADDENDUM
TO THE AREA REPRESENTATIVE AGREEMENT

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

1. If the Area Representative Agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

2. Any provision in the Area Representative Agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Any provision in the Area Representative Agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this Area Representative Agreement, which constitutes a waiver of rights granted under the Act, is superseded.

5. You agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.

AREA REPRESENTATIVE:

By:_____

By:_____

FRANCHISOR:
ZOOMIN GROOMIN USA LLC
D/B/A ZOOMIN GROOMIN

By:_____

Date:_____

VIRGINIA ADDENDUM
TO THE AREA REPRESENTATIVE AGREEMENT

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

No post-term noncompete provision shall be of any force or effect, however, a post-term noncompete clause will apply for a 2 year period if the Franchisee sells the Franchised Business to a third party or the Franchisor at a mutually agreed upon price.

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

Initial Fee Deferral:

The Area Representative Agreement is modified to also provide as follows: "The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Area Representative Agreement."

FRANCHISEE:	FRANCHISOR: ZOOMIN GROOMIN USA LLC D/B/A ZOOMIN GROOMIN
By:_____	By:_____
By:_____	Date:_____

WASHINGTON ADDENDUM
TO THE AREA REPRESENTATIVE 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative Agreement or related agreements concerning your relationship with the franchisor. Area Representative 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative Agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in Area Representative Agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the Area Representative 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative Agreement or related agreements requiring the franchisee or any guarantor to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee or any guarantor 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 Area Representative 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 Area Representative 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 Area Representative 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 Area Representative 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.

19. The term "franchisee" as used in this addendum included "Area Representative," and the term "franchise agreement" includes the "Area Representative Agreement."

20. Sections 8.7 and 8.8 of the Area Representative Agreement do not apply.

21. Section 9.8 of the Area Representative Agreement does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.1000 RCW, or the rules adopted thereunder.

22. An area representative may be required to register as a franchise broker pursuant to RCW 19.100.140.

23. The Area Representative Agreement is amended to also provide: "The Franchisor will defer collection of all initial area representative fees until the Franchisor has fulfilled its pre-opening obligations to the franchisee and the area representative is open for business."

The undersigned does hereby acknowledge receipt of this addendum.

AREA REPRESENTATIVE:	FRANCHISOR: ZOOMIN GROOMIN USA LLC D/B/A ZOOMIN GROOMIN
By:_____	By:_____
By:_____	Date:_____

WISCONSIN ADDENDUM
TO THE AREA REPRESENTATIVE AGREEMENT

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

1. If the Area Representative Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

2. The Area Representative Agreement is amended to also include the following language:

   With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, Area Representative Agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

AREA REPRESENTATIVE:

By:_____

By:_____

FRANCHISOR:
ZOOMIN GROOMIN USA LLC
D/B/A ZOOMIN GROOMIN

By:_____

Date:_____

EXHIBIT C

LIST OF STATE ADMINISTRATORS AND REGISTERED AGENTS

State	State Administrator	Agent for Service of Process
California	The Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013 651 Bannon Street, Suite 300 Sacramento, CA 95811 1-866-275-2677 1455 Frazee Rd, Suite 315 San Diego, CA 92108 One Sansome St, Suite 600 San Francisco, CA 94104 (866) 275-2677	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013
Connecticut	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 280 Trumbull Street Hartford, CT 06103-1800 (860) 240-8299	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 280 Trumbull Street Hartford, CT 06103-1800 (860) 240-8299
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
Indiana	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204
Kentucky	Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300	

Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Department of Attorney General Consumer Protection Division – Franchise Unit 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913 (517) 335-7117	Department of Attorney General 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198
Nebraska	Nebraska Department of Banking and Finance 1526 K Street, Suite 300 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State of New York 99 Washington Avenue Albany, NY 12231 (518) 473-2492
North Dakota	North Dakota Insurance & Securities Department 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-2910	Insurance Commissioner 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-2910
Rhode Island	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9500	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920
South Dakota	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501
Texas	Secretary of State Statutory Document Section P.O. Box 13193 Austin, TX 78711 (512) 475-0775	
Utah	Department of Commerce Division of Consumer Protection	

	160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	
Virginia	State Corporation Commission Division of Securities and Retail Franchising, 9th Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Washington State Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Securities Administrator Washington State Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703 (608) 266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

EXHIBIT D

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**In certain cold climates, you may have to winterize certain grooming equipment used in the Vehicle at nighttime or when it is not in use to ensure lines do not freeze.

This Manual is maintained in an online format.

Please Note: The contents of this Manual are confidential and subject to the Confidentiality Clause in your Area Representative Agreement.

EXHIBIT E-1

LIST OF AREA REPRESENTATIVES

The following is a list of the names of all Area Representatives and the email address and telephone number of each of their outlets as of the end of our most recently completed fiscal year.

Operational Outlets:

State	Location	Owner	Email	Mobile
Arizona	Phoenix, AZ	Dapper Dogs Colorado LLC	furryfriends@zoomingroomin.com	720-469-4808
Arkansas	Ft. Smith-Fayetteville-Rogers	Pawsitive Performance Coaching, Inc	dina@zoomingroomin.com	314-550-2477
California	Hemet, CA	Zoomin SO CAL IN.	jimclav@yahoo.com	951-333-3037
California	Los Angeles, CA	Zoomin LA, Inc.	AR.LA@zoomingroomin.com, furpro.la@zoomingroomin.com	818-224-8056 (Eddie) 818- 919-7918 (Yasser)
California	San Diego, CA	CaliFur Mobile Broom, Inc	wink1@zoomingroomin.com, ar.la@zoomingroomin.com, kelly.wyatt@loyaltybrands.com	612-360-7034 (Todd)
Colorado	Colorado Springs, CO	Dapper Dogs Colorado LLC	furryfriends@zoomingroomin.com	720-469-4808
Colorado	Denver, CO	CO Ortiz, Inc.	groomindenver@zoomingroomin.com	386-916-0955
Connecticut	Connecticut	Gibbs Grooming, LLC	ctar@zoomingroomin.com	631-566-1359
Florida	Boca-Delray, FL	ZG PBC LLC	boca-delray@zoomingroomin.com	561-702-0689

State	Location	Owner	Email	Mobile
Florida	Broward-Miami, FL	Woof on Wheels LLC	sflorida@zoomingroomin.com	262-337-3170
Florida	Melbourne, FL	ZG Space Coast, Inc.	Jess@zoomingroomin.com melbournear@zoomingroomin.com	321-499-0277
Florida	Naples, FL	Mutt Dash LLC	muttdash@zoomingroomin.com	843-929-9408
Florida	Tampa-St. Petersburg (Sarasota), FL	Quasimodo Capital Group, LLC	tampabay@zoomingroomin.com	863-602-2952
Idaho	Boise, ID	Moose Boy Ventures LLC	zgid@zoomingroomin.com	208-936-0042
Illinois	Chicago, IL	Pawsitive Performance Coaching, Inc.	dina@zoomingroomin.com	314-550-2477
Indiana	Indianapolis, IN	INDY PAW SPA, LLC	franklintownship@zoomingroomin.com	317-727-8568
Iowa	Council Bluffs, IA	Hawkeye AR LLC	zgiowa@zoomingroomin.com	317-727-8568
Kansas	Johnson City, KS	Pawsitive Performance Coaching, Inc.	dina@zoomingroomin.com	314-550-2477
Maryland	Baltimore, MD	Furry Friends, Inc	laurelbowie@zoomingroomin.com	301-725-7744
Maryland	Baltimore, MD	Harrison McCarthy & Peter Dewire Partnership	zgmd@zoomingroomin.com	443-824-0549 410- 491-1677
Maryland	Baltimore, MD	Mutt Dash LLC	muttdash@zoomingroomin.com	843-929-9408

State	Location	Owner	Email	Mobile
Maryland	Hagerstown, MD	Posh Pets Mobile, Inc.	poshpets@zoomingroomin.com	757-560-6447
Michigan	Detroit, MI	Twenty Tow Harbors, LLC	comer@zoomingroomin.com	248-342-4518
Minnesota	Minnesota	IMED Consulting LLC	siouxfalls@zoomingroomin.com	612-419-4479
Missouri	Kansas City & Springfield, MO	Pawsitive Performance Coaching, Inc.	dina@zoomingroomin.com	314-550-2477
Nebraska	Omaha, NE	Hawkeye AR LLC	zgiowa@zoomingroomin.com	317-727-8568
Nevada	Las Vegas	ZG PBC LLC	Boca-delray@zoomingroomin.com	561-702-0689
New Jersey	Middlesex, NJ	ZG Midatlantic Inc.	zgmd@zoomingroomin.com	443-824-0549 410- 491-1677
New York	Nanuet, NY	Level 34, Inc.	Fancypaws@zoomingroomin.com	845-596-8042
New York	Suffolk County, NY	Mailbox Checks Corp	AR.LongIsland@zoomingroomin.com	631-831-4077
North Carolina	Asheville/Wilmington, NC	Nimooz, LLC	kelly.wyatt@loyaltybrands.com, 803@zoomingroomin.com	757-560-1040
North Carolina	Charlotte, NC	FAGK Industries, Inc.	petlove@zoomingroomin.com	806-281-8450
North Carolina	Raleigh, NC	Bona Canis LLC	raleigh-durhamar@zoomingroomin.com	757-285-7521
Ohio	Cincinnati, OH	Tri City Groom LLC	tristatezoom@zoomingroomin.com	843-593-7635

State	Location	Owner	Email	Mobile
Ohio	Columbus, OH	ZG PBC LLC	boca-delray@zoomingroomin.com	561-702-0689
Ohio	Dayton, OH	tijokim LLC	ar.dayton@zoomingroomin.com	757-339-1015
Oregon	Portland, OR	Pretty Paws, Inc.	pnw@zoomingroomin.com	281-857-2011
Pennsylvania	Bucks	ZG Bucks LLC	bef@gmail.com	267-608-6427
Pennsylvania	Chester, PA	ZG Midatlantic Inc.	zgmd@zoomingroomin.com	443-824-0549 410- 491-1677
Pennsylvania	Montgomery, PA	Zenith Sky, Inc.	montcopets@zoomingroomin.com	484-501-2081
South Carolina	Charleston, SC/Columbia, SC/Florence-Myrtle Beach, SC/Greenville-Spartanburg	Nimooz, LLC	kelly.wyatt@loyaltybrands.com, 803@zoomingroomin.com	757-560-1040
South Dakota	Sioux Falls, SD	IMED Consulting LLC	siouxfalls@zoomingroomin.com	612-419-4479
Tennessee	Tennessee	Wyatt Legacy LLC	TNAR@zoomingroomin.com	757-560-1040
Texas	Austin, TX	CJT-ATX INC	groominaustin@zoomingroomin.com	832-671-8433
Texas	Dallas, TX	ImPAWsibly Clean Mobile Grooming, LLC	dfwpets@zoomingroomin.com	682-472-6463

State	Location	Owner	Email	Mobile
Texas	Houston, TX	Justin and Jennifer Massey Corp	Groomininhouston@zoomingroomin.com	903-288-4315
Texas	North Dallas, TX	Virga Development Incorporated	northdallasar@zoomingroomin.com	616-916-4868
Texas	San Antonio, TX	WOMO Enterprises, Inc.	ncsa@zoomingroomin.com	210- 823-0503
Texas	Tarrant County, TX	Saenez-Flores Franchise Group LLC	arvin.saenz@gmail.com ar.dfw@zoomingroomin.com	915-540-0399 915-702-6752
Utah	Salt Lake City, UT	Beckham United LLC	cbeckham@zoomingroomin.com	801-722-9557
Virginia	East Richmond, VA	Groomin Richmond AR Incorporated	zgnorfolk@zoomingroomin.com	757-201-4398
Virginia	Hampton Roads, VA	Four Paws 757, LLC	Katie@zoomingroomin.com Troy@zoomingroomin.com	757-202-9618 757-390-9586
Virginia	Northern, VA	Posh Pets Mobile Inc	poshpets@zoomingroomin.com	757-560-6447
Virginia	West Richmond, VA	Clipper Crusading Chics, LLC	groominchesterfield@zoomingroomin.com	321-506-8133
Washington	Vancouver, WA	Pretty Paws, Inc.	pnw@zoomingroomin.com	281-857-2011
West Virginia	Huntington, WV	Tri City Groom LLC	tristatezoom@zoomingroomin.com	843-593-7635
Wisconsin	Milwaukee, WI	JAE Franchising LLC	pamperedpets@zoomingroomin.com	970-290-5364

Area Representative Agreement Signed but not yet opened as of December 31, 2025.

None.

EXHIBIT E-2

LIST OF FORMER AREA REPRESENTATIVES

The following is a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every Area Representative who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under an Area Representative agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

State	Location	Owner	Email	Phone
Florida	Orlando AR (Reacquired)	Pretty Petz LLC		386-336-2371
Illinois	Chicago AR (Never Opened)	WJF Consulting Inc	bfenton@wjfconsulting.org	630-246-8797
Iowa	Council Bluffs, IA (Ceased other reasons)	IMED Consulting	siouxfalls@zoomingroomin.com	612-419-4479
Missouri	St. Louis (Reacquired)	Confirmed PR LLC		347-737-1200
Nebraska	Omaha, NE (Ceased other reasons)	IMED Consulting	siouxfalls@zoomingroomin.com	612-419-4479
New Jersey	Central NJ-AR (Transfer)	RS Consulting LLC	rsconsulting8643@gmrsconsulting.com	(605)-690-8643

EXHIBIT F

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Zoomin Groomin USA LLC
Balance Sheet Unaudited
As of February 28, 2026

	Feb 28, 26
ASSETS	
Current Assets	
Checking/Savings	317,071
Other Current Assets	8,333,602
Total Current Assets	8,650,673
Fixed Assets	
1300 · Accum Deprec & Amortiz	(30,000)
1310 · Franchise Contracts	30,000
1321 · Zoomin Groomin Domain Name	30,000
1330 · Trademarks	30,000
Total Fixed Assets	60,000
Other Assets	
1350 · Notes Receivable Non-Current	
1351 · ZG Notes Receivable Non-Current	370,471
Total 1350 · Notes Receivable Non-Current	370,471
1430 · Prepaid Brokers Commission Exp	428,325
1600 · Prepaid Contract (Area Rep)	2,482,408
Total Other Assets	3,281,203
TOTAL ASSETS	11,991,876
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	1,051,443
Total Current Liabilities	1,051,443
Long Term Liabilities	
2500 · Deferred Revenue-Area Rep Sales	
2501 · ZG--Def Rev--Area Rep Sales	4,735,969
Total 2500 · Deferred Revenue-Area Rep Sales	4,735,969
2600 · Deferred Revenue-Franch Sales	
2601 · ZG--Def Rev--Franch Sales	7,167,122
Total 2600 · Deferred Revenue-Franch Sales	7,167,122
Total Long Term Liabilities	11,903,091
Total Liabilities	12,954,533
Equity	
3007 · Retained Earnings	(1,083,553)
3010 · Invested Capital	40,000
Net Income	80,896
Total Equity	(962,657)
TOTAL LIABILITIES & EQUITY	11,991,876

Zoomin Groomin USA LLC
Profit & Loss Unaudited
January through February 2026

	Jan - Feb 26
Ordinary Income/Expense	
Income	
4000 · Area Rep Sales Income	93,923
4100 · Franchise Sales Income	255,750
4200 · Sponsorship Income	5,000
4300 · Operating Royalty Income	397,823
4301 · Marketing Royalty Income	96,382
4304 · Technology Fee Income	9,260
4305 · Transfer Fee Income	5,000
Total Income	863,138
Gross Profit	863,138
Expense	
5000 · Advertising and Promotion	97,384
5003 · Bank Charges	210
5013 · Independent Contractor	1,688
5014 · Insurance Expense	(172)
5016 · Legal and Professional Fees	30,541
5017 · Licenses & Fees	19,168
5019 · Marketing Spend	28,884
5020 · Meals Expense	2,985
5024 · Office Expense	1,493
5027 · Payroll Taxes	4,501
5029 · Postage & Shipping	308
5031 · Repairs and Maintenance	16,467
5032 · Salaries & Wages	55,910
5033 · Technology Expense	27,430
5034 · Telephone Expense	445
5036 · Training Expense	9,057
5037 · Travel Expense	27,077
5040 · FDD Filing Fees	103
5043 · AR Expense	76,026
5049 · Lease Expense	13,797
5051 · LB Overhead Expense	382,787
Total Expense	796,089
Net Ordinary Income	67,050
Other Income/Expense	
Other Income	
4400 · Interest Income	13,846
Total Other Income	13,846
Net Other Income	13,846
Net Income	80,896

ZOOMIN GROOMIN USA, LLC

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

ZOOMIN GROOMIN USA, LLC
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Independent Auditor's Report

To the Members of
Zoomin Groomin USA, LLC
Virginia Beach, Virginia

Opinion

We have audited the accompanying financial statements of Zoomin Groomin USA, LLC (a limited liability company), which comprise the balance sheet as of December 31, 2025 and the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Zoomin Groomin USA, LLC as of December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Zoomin Groomin USA, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Beginning Members' Equity (Deficit) Restated

As discussed in Note 7 to the financial statements, the beginning members' equity (deficit) balance has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Zoomin Groomin USA, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

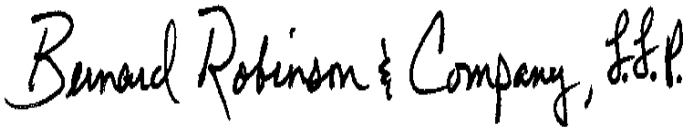
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Zoomin Groomin USA, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Zoomin Groomin USA, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Raleigh, North Carolina
April 30, 2026

ZOOMIN GROOMIN USA, LLC
Balance Sheet
December 31, 2025

Assets

Current Assets:	
Cash and cash equivalents	$ 271,468
Accounts receivable, net	575,384
Notes receivable, current	476,657
Prepaid customer acquisition cost, current	333,885
Prepaid expenses	2,116
Total Current Assets	1,659,510
Noncurrent Assets:	
Notes receivable, less current portion	301,437
Prepaid customer acquisition cost, less current portion	2,576,848
Due from related parties	6,568,031
Intangible assets, net	60,000
Deferred tax asset	2,916,089
Total Noncurrent Assets	12,422,405
Total Assets	$ 14,081,915

Liabilities and Members' Equity

Current Liabilities:	
Accounts payable	$ 99,254
Due to franchisees	424,972
Due to related parties	71,890
Prepaid deposits	302,000
Taxes payable	39,639
Deferred revenue, current	1,317,912
Total Current Liabilities	2,255,667
Noncurrent Liabilities:	
Deferred revenue, less current portion	9,997,352
Total Noncurrent Liabilities	9,997,352
Total Liabilities	12,253,019
Members' Equity:	
Members' equity	1,828,896
Total Liabilities and Members' Equity	$ 14,081,915

See Notes to Financial Statement

ZOOMIN GROOMIN USA, LLC
Statement of Income
For the Year Ended December 31, 2025

Revenue:	
Franchise fees and area rep sales revenue	$ 1,881,199
Royalty revenue	3,290,591
Sales support and transfer fees	339,686
Other income	142,051
Total revenue	5,653,527
Cost of revenue	1,721,087
Gross profit	3,932,440
Operating Expenses:	
Advertising and marketing	1,013,740
Amortization expense	6,000
Bad debt expense	34,674
Consulting	13,185
Contract labor	39,196
Insurance expense	3,897
Lease expense	12,751
Legal and professional	288,526
Licenses and filing fees	34,327
Office and meeting expense	82,985
Corporate overhead expense	1,285,720
Payroll and related costs	312,576
Technology expense	36,913
Training expense	76,605
Travel and meals expense	67,112
Van sales expense	1,100
Property taxes	2,785
Total operating expenses	3,312,092
Other (Income) Expenses:	
Interest income	(49,037)
Total other (income) expense	(49,037)
Income before income taxes	669,385
Income tax (expense) benefit	180,162
Net income	$ 489,223

See Notes to Financial Statement

ZOOMIN GROOMIN USA, LLC
Statement of Changes in Members' Equity
For the Year Ended December 31, 2025

Equity at January 1, 2025 (Restated)	$ 1,339,673
Net income	489,223
Equity at December 31, 2025	$ 1,828,896

See Notes to Financial Statement

ZOOMIN GROOMIN USA, LLC
Statement of Cash Flow
For the Year Ended December 31, 2025

Cash flows from operating activities:	
Net income	$ 489,223
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization expense	6,000
Accrued interest	(48,209)
Write off of notes receivable, net of deferred revenue	5
Deferred taxes	140,523
(Increase) decrease in:	
Prepaid expenses	(586)
Accounts receivable, net	(369,410)
Prepaid customer acquisition cost	(837,246)
Notes receivable	322,751
Increase (decrease) in:	
Accounts payable	41,745
Taxes payable	39,639
Due to franchisees	164,335
Unearned revenue	302,000
Deferred revenue	1,686,544
Net cash provided by operating activities	1,937,314
Cash flows from investing activities:	
Advances to related parties	(1,737,080)
Net cash used in investing activities	(1,737,080)
Net increase in cash	200,234
Cash - beginning of period	71,234
Cash - end of period	$ 271,468
Supplemental disclosure of noncash investing and financing activities:	
Issuance of notes receivable for area rep and franchise purchases deferred over term of underlying agreement	$ 643,188

See Notes to Financial Statement

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Zoomin Groomin USA, LLC (hereinafter "Company") was formed on December 30, 2020 as a Virginia limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchise location of Zoomin Groomin, a mobile pet grooming company.

A summary of the Company's significant accounting policies follows:

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

During the year ended December 31, 2025, the Company adopted Accounting Standards Update (ASU) 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. This ASU introduces a practical expedient that allows entities to estimate expected credit losses on current accounts receivables and notes receivable using historical loss information, adjusted for current conditions, without requiring forecasts of future economic conditions. The Company elected to apply this practical expedient to all accounts receivables and notes receivable arising from revenue transactions within the scope of ASC 606, Revenue from Contracts with Customers, that are due within one year or less. This election is consistent with the Company's historical experience and the short-term nature of these assets.

Additionally, as a non-public business entity, the Company elected the related accounting policy permitted under ASU 2025-05 to incorporate subsequent cash collections received after the balance sheet date when estimating expected credit losses. The Company considers cash collections through 45 days subsequent to period end in its evaluation. The adoption of this practical expedient did not have a material impact on the Company's financial statements.

Cash and Cash Equivalents

The Company includes all highly liquid financial instruments which are not subject to withdrawal restrictions or penalties with a maturity of three months or less as cash and cash equivalents.

The Company maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end net of an allowance for credit losses. The Company determines past-due status of individual accounts receivable based on the original billing date. The Company estimates its allowance for credit losses based on a combination of factors, including the Company's knowledge of the current composition of receivables, historical losses, collections subsequent to year end through February 15, 2026, and current economic conditions.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)

Accounts receivable that management believes to be ultimately not collectible are written off upon such determination. Based on management's assessment, there was no allowance for credit losses as of December 31, 2025.

Intangible Assets

Intangible assets consist of franchise contract rights and trademarks. Intangible assets are amortized over the useful life of the respective asset using the straight-line method. All intangible assets are measured for impairment at each reporting period. Intangible assets considered impaired are written down to estimated fair value, which becomes the new carrying value.

Revenue Recognition

The Company generates revenue from three primary sources: (1) franchise fees and area representative sales, (2) royalty fees generated from franchisees and (3) sale support services and transfer fees.

The Company offers Franchise Agreements and Area Representative Sales Agreements ("ARA") for the right to operate a Zoomin Groomin outlet or to develop Zoomin Groomin locations in a designated area. To license the use of the Company's brand, each franchisee enters into a franchise agreement or ARA that includes an initial license fee and monthly royalty and advertising fees based on a percentage of each franchisee's gross revenue. The Company recognizes revenue from the sale of the initial franchise and ARA licenses over time upon satisfaction of applicable performance obligations over the life of the agreement which is typically 10 years.

Monthly franchise royalties and monthly advertising fees pursuant to the franchise agreements, are recognized monthly at a point in time consistent with the period in which the franchisee sales are generated.

The Company also generates revenue for providing sales support to area representatives or assisting in the transfer of territories to new franchise owners. Fees are generally a fixed price based on type of support service to be provided. Revenues are generally earned at a point in time commensurate with when the services are provided.

The Company has elected to apply the practical expedient to expense direct costs, such as sales commissions and associated personnel costs, as incurred when the expected amortization period is one year or less. Due to the nature of the Company’s business, there is typically no significant variable consideration, such as discounts, allowances, and returns.

Contract Assets and Liabilities

Contract assets consist of broker commissions and area representative commissions that are incremental to the acquisition of new franchisees and are capitalized as deferred contract costs included in prepaid customer acquisition cost on the balance sheet. Capitalized commissions are generally amortized on a straight-line basis over the franchise agreement term of 10 years commensurate with the pattern of revenue recognition.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract Assets and Liabilities (Continued)

Commission expenses are included in cost of revenue in the accompanying statement of income. Contract liabilities consist of deferred revenue resulting from initial franchise fees and area representative sales, which are generally amortized on a straight-line basis over the 10 year term of the underlying franchise agreement.

Initial franchise fees for the sale of the franchise license and ARAs received prior to the recognition of revenue are recorded as deferred revenue at December 31 are as follows:

Deferred initial franchise fees	$ 6,961,681
Deferred area representative fees	4,353,583
	$ 11,315,264

Income Tax Status

For income tax purposes, the Company has elected to be taxed as a C Corporation by filing an Entity Classification Election (Form 8832). The Company accounts for income taxes using the asset and liability method whereby deferred tax asset and liability account balances are determined based on temporary differences between the financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. A valuation allowance is established when management estimates that it is more likely than not that deferred tax assets will not be realized. Realization of deferred tax assets is dependent upon future pretax earnings, the reversal of temporary differences between book and tax income, and the expected tax rates in future periods. The temporary difference relates to net operating losses. The deferred tax asset represents the future tax benefit of those differences.

The determination of current and deferred income taxes is a critical accounting estimate which is based on complex analyses of many factors including interpretation of federal and state income tax laws; the evaluation of uncertain tax positions; differences between the tax and financial reporting bases of assets and liabilities (temporary differences); estimates of amounts due or owed, such as the timing of reversal of temporary differences; and current financial accounting standards.

Additionally, there can be no assurance that estimates and interpretations used in determining income tax liabilities will not be challenged by federal and state taxing authorities. Actual results could differ significantly from the estimates and tax law interpretations used in determining the current and deferred income tax benefits.

It is the Company's policy to evaluate all tax positions to identify those that may be considered uncertain. All identified material tax positions will be assessed and measured by a more-likely-than-not threshold to determine if the benefit of any uncertain tax position should be recognized in the financial statements. Any changes in the amount of a tax position will be recognized in the period the change occurs. No material uncertain tax positions were identified for 2025.

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

The Company expenses advertising costs as they are incurred. Total advertising expense for the year ended December 31, 2025 was $1,013,740.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure through April 30, 2026, which is the date the financial statements were available to be issued.

NOTE 2 - INTANGIBLE ASSETS

On December 31, 2020, the Company acquired intangible assets of ZG Enterprises, LLC in exchange for a membership interest in the Company and cash consideration valued at $90,000.

Intangibles:	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise contract rights (15 years)	$ 45,000	$ 15,000	$ 30,000
Trademarks (15 years)	45,000	15,000	30,000
	$ 90,000	$ 30,000	$ 60,000

Amortization expenses related to intangible assets were $6,000 for the year ended December 31, 2025.

Estimated future amortization expense on intangible assets is as follows for the next five years and thereafter for the years ended December 31:

2026	$ 6,000
2027	6,000
2028	6,000
2029	6,000
2030	6,000
Thereafter	30,000
	$ 60,000

NOTE 3 - NOTES RECEIVABLE

The Company enters into notes receivable with its area representatives and franchisees in order to fund their initial franchise purchase as well as provide them with working capital loans. Promissory notes bear interest up to 12% and are due in various periods through January 2030.

Amounts due as of December 31 are as follows:

Notes receivable - Principal	$ 768,374
Notes receivable - Accrued interest	9,720
	778,094
Allowance for credit losses	-
	$ 778,094

Principal contractual maturities on the note receivable balances for the years ended December 31 are as follows:

2026	$ 476,657
2027	154,605
2028	98,071
2029	34,744
2030	14,017
	$ 778,094

NOTE 4 - RELATED PARTY TRANSACTIONS

Additionally, during the ordinary course of business, the Company enters into certain transactions with related parties substantially due to short term advances, allocation of shared costs, and cost reimbursements. Total Loyalty, LLC and related affiliates shared expenses allocated to Zoomin Groomin were $1,544,940 for the year ended December 31, 2025, which are included in operating expenses.

Advertising and marketing	$ 259,220
Corporate overhead expense	1,285,720
	$ 1,544,940

The Company had related party transactions recorded in the financial statements in the following amounts as of December 31:

Due from related parties	
Loyalty, LLC	$ 4,066,891
ATAX, LLC	1,059,006
Loyalty Business Services, LLC	515,400
Hewitt Construction	275,000
Purely Pet	192,600

NOTE 4 - RELATED PARTY TRANSACTIONS (Continued)

Due from related parties (Continued)	
Everything Pets	$ 115,200
LB Franchising	108,334
Coopers Scoopers	107,600
Tectum Franchising	15,000
Inspection Boys	31,500
Loy Leashes & Pet Care	30,000
Loyalty Brokers	24,500
Loyalty Builds	27,000
	$ 6,568,031
Due to related parties	
Norther Star Credit Union, Inc	$ 400
Loyalty LLC	11,490
Area Rep 001	60,000
	$ 71,890

NOTE 5 - DEFERRED TAXES

Provision for income tax benefit is comprised of the following as of December 31:

Current tax expense:	
Federal	$ 30,739
State	8,900
	39,639
Deferred tax (benefit):	
Federal	108,963
State	31,560
	140,523
Expense (benefit) from income taxes	$ 180,162
Deferred income taxes:	
Gross deferred tax assets - federal	$ 2,268,402
Gross deferred tax assets - state	647,687
Net deferred tax asset	$ 2,916,089

Deferred tax asset relates to net operating loss carryforwards. Net operating losses approximate $3,200,000 as of December 31, 2025. The deferred tax assets have not been reduced by a valuation allowance as management believes all deferred tax assets will be realized in future periods prior to expiration.

NOTE 6 - UNIT OPTION PLAN

The Company's operating agreement provides for the adoption of a Unit Option Plan (the "Plan") upon approval by the Company's Board of Directors. The Plan, once adopted, provides for the issuance of up to 100,000 options at the discretion of the Board of Directors and subject to the execution of an agreement between the Company and the award recipient. As of December 31, 2025, the Company has not approved any options to be issued from the Plan, therefore, the Company has not recorded compensation expense related to these conditional awards during the year ended December 31, 2025.

NOTE 7 - PRIOR PERIOD ADJUSTMENT

Prior to December 31, 2025, the Company improperly recorded receivables, payables, prepaid customer acquisition costs, deferred tax asset and liabilities, and members' equity (deficit). During the year ended December 31, 2025, the Company identified this error and restated its financial statements to properly adjust the balances as of December 31, 2024.

The effect of these restatements are to decrease members' equity (deficit) as of January 1 as follows:

2024 Restatement	Previously Reported	Restatement	As Restated
Members' Equity (Deficit) - January 1, 2025	$ (3,636,263)	$ 4,975,936	$ 1,339,673
Accounts receivable	90,000	115,974	205,974
Prepaid customer acquisition cost	-	2,073,487	2,073,487
Deferred tax asset	712,478	2,344,134	3,056,612
Accounts payable	12,509	45,000	57,509
Due to franchisees	-	260,637	260,637
Prepaid deposits	40,000	(40,000)	-
Taxes payable	712,478	(712,478)	-
Deferred revenue	8,981,032	4,500	8,985,532

ZOOMIN GROOMIN USA LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

FOR THE THREE YEARS ENDED DECEMBER 31, 2024

DASH Business Solutions, LLC
1127 Royal Palm Beach Blvd #408
Royal Palm Beach, FL 33411
561.247.5303
info@dash.cpa

ZOOMIN GROOMIN USA LLC

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DASH Business Solutions, LLC

Independent Auditor's Report

To the Members of
Zoomin Groomin USA LLC

Opinion

We have audited the accompanying financial statements of Zoomin Groomin USA LLC, which comprise the balance sheets as of December 31, 2024, and the related statements of operations, members' equity, and cash flows for the three years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Zoomin Groomin USA LLC as of December 31, 2024, and the results of its operations and its cash flows for the three years then ended, in accordance with the generally accepted accounting principles in the United States of America.

Basis for Opinion

The audit was conducted in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The auditor is required to be independent of Zoomin Groomin USA LLC and meet other ethical responsibilities in accordance with the relevant ethical requirements relating to the audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Zoomin Groomin USA LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Zoomin Groomin USA LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Zoomin Groomin USA LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters the auditor identified during the audit.

DASH Business Solutions, LLC

DASH Business Solutions, LLC
Royal Palm Beach, FL
April 4, 2025

ZOOMIN GROOMIN USA LLC

Balance Sheets
December 31

	2024	2023	2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 71,234	$ 111,382	$ 4,894
Inventory	-	7,308	84,180
Accounts Receivable	386,516	212,876	161,766
Prepaid Expenses	1,530	1,538	28
Income Tax Asset	712,478	385,004	-
Due From Affiliates	4,819,061	2,429,123	176,000
Total Current Assets	5,990,819	3,147,231	426,868
Other Assets			
Intangible Assets, Net	66,000	72,000	78,000
Notes Receivable	112,937	170,063	255,386
Total Other Assets	178,937	242,063	333,386
TOTAL ASSETS	$ 6,169,756	$ 3,389,294	$ 760,254
LIABILITIES & EQUITY			
Current Liabilities			
Accounts Payable	$ 12,509	$ 83,586	$ 2,056
Due To Affiliates	-	45,000	171,504
Unearned Revenue	100,000	40,000	-
Deferred Tax Asset	712,478	385,004	-
Deferred Revenue - Current	1,006,725	520,782	39,540
Total Current Liabilities	1,831,712	1,074,372	213,100
Long-Term Liabilities			
Deferred Revenue	7,974,307	4,125,904	1,240,410
Total Long-Term Liabilities	7,974,307	4,125,904	1,240,410
Total Liabilities	9,806,019	5,200,276	1,453,510
Members' Equity			
Retained Earnings	(3,636,263)	(1,810,982)	(693,256)
Members' Equity	(3,636,263)	(1,810,982)	(693,256)
TOTAL LIABILITIES & EQUITY	$ 6,169,756	$ 3,389,294	$ 760,254

See accompanying Notes to Financial Statements

ZOOMIN GROOMIN USA LLC

Statements of Operations
For The Three Years Ended December 31

	2024	2023	2022
Revenues			
Franchise Fees	$ 496,101	$ 260,076	$ 24,545
Marketing & Technology Revenue	383,043	103,849	10,059
Area Rep Sales Revenue	485,389	484,754	55,248
Royalty Revenue	1,420,950	376,630	92,640
Other Income	40,000	113,749	-
Interest Income	73,831	57,843	23,128
Total Revenues	2,899,314	1,396,901	205,620
Expenses			
Advertising and Marketing	919,283	280,833	96,532
Amortization Expense	6,000	6,000	6,000
Area Rep Expense	1,658,376	568,628	74,059
Commissions and Consulting	167,473	198,260	9,750
Contract Labor	48,517	4,025	3,750
Filing Fees	8,569	7,905	5,951
Insurance Expense	7,492	5,368	4,203
Lease Expense	27,258	-	-
Legal and Professional	68,861	12,145	10,294
Licenses & Fees	175	601	535
Meal Expense	11,695	10,425	5,372
Meeting Expense	832	2,027	10,737
Office Expense	18,731	6,775	10,885
Overhead - Corporate	634,593	394,933	118,779
Overhead - Marketing & Sales	662,427	743,021	205,038
Payroll Taxes	22,435	12,267	5,191
Postage and Shipping	3,622	1,810	1,463
Salaries and Wages	296,420	163,480	71,349
Technology Expense	30,152	32,411	33,437
Training Expense	79,407	31,004	-
Travel Expense	38,807	25,712	12,748
Van Sales Expense	13,470	6,997	1,917
Total Expenses	4,724,595	2,514,627	687,990
Net (Loss)	$ (1,825,281)	$ (1,117,726)	$ (482,370)

See accompanying Notes to Financial Statements

ZOOMIN GROOMIN USA LLC

Statements of Changes in Members' Equity
For The Three Years Ended December 31, 2024

Equity at January 1, 2022	$	(210,886)
Member Contributions		-
Member Distributions		-
Net Income (Loss)		(482,370)
Equity at December 31, 2022	$	(693,256)
Equity at January 1, 2023	$	(693,256)
Member Contributions		-
Member Distributions		-
Net Income (Loss)		(1,117,726)
Equity at December 31, 2023	$	(1,810,982)
Equity at January 1, 2024	$	(1,810,982)
Member Contributions		-
Member Distributions		-
Net Income (Loss)		(1,825,281)
Equity at December 31, 2024	$	(3,636,263)

See accompanying Notes to Financial Statements

ZOOMIN GROOMIN USA LLC

Statements of Cash Flows
For The Three Years Ended December 31, 2024

	2024	2023	2022
Cash Flows From Operating Activities:			
Net Income (Loss)	$ (1,825,281)	$ (1,117,726)	$ (482,370)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:			
Depreciation & Amortization	6,000	6,000	6,000
Changes in Assets and Liabilities			
(Increase) Decrease in Inventory	7,308	76,872	128,467
(Increase) Decrease in Accounts Receivable	(173,640)	(51,110)	(91,766)
(Increase) Decrease in Prepaid Expenses	8	(1,510)	(28)
Increase (Decrease) in Accounts Payable	(71,077)	81,530	44
Increase (Decrease) in Unearned Revenue	60,000	40,000	-
Increase (Decrease) in Deferred Revenue	4,334,346	3,366,736	1,050,392
Net Cash Provided by Operating Activities	2,337,664	2,400,792	610,739
Cash Flows From Investing Activities:			
Due To Affiliates	(45,000)	(126,504)	(351,756)
Due From Affiliates	(2,389,938)	(2,253,123)	(176,000)
Purchase of Assets	-	-	-
Notes Receivable Assets	57,126	85,323	(93,898)
Net Cash Provided by Investing Activities	(2,377,812)	(2,294,304)	(621,654)
Cash Flows From Financing Activities:			
Members' Contributions	-	-	-
Net Cash Provided by Financing Activities	-	-	-
Net Change in Cash	(40,148)	106,488	(10,915)
Cash - Beginning of Period	111,382	4,894	15,809
Cash - End of Period	$ 71,234	$ 111,382	$ 4,894
Supplementary Disclosures Of Cash Flows			
Cash Paid For Interest	$ -	$ -	$ -
Cash Paid For Income Taxes	$ -	$ -	$ -

See accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Zoomin Groomin USA LLC (hereinafter "Company") was formed on December 20, 2020 as a Virginia limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchise location of Zoomin Groomin, a mobile pet grooming company.

Basis of Accounting

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included with cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions.

Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

Inventory

Inventory is valued at cost when purchased and is accounted for using the specific identification method of valuation. The inventory consists of vehicles and trailers held for future resale to franchises. The Company will recognize future income from the sales as ordinary other income on the date the title is transferred. Subsequent to the year ended December 31, 2023, the Company will no longer hold title to the vehicles and thus, the vehicles will not be recorded as inventory of the Company in subsequent years. As of December 31, 2024, all inventory has been sold.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of outstanding amounts. At December 31, 2024, the Company had accounts receivables of $386,516, and all accounts are deemed collectible.

Other Assets

The Company has three intangible assets consisting of contracts valued at $30,000, goodwill valued at $30,000, and trademarks valued at $30,000. The equal allocation for each asset was made by current management and is believed to be an accurate representation of the intangible assets acquired when the Company was purchased. Intangible assets are amortized over a fifteen-year period using the straight-line method, and are measured annually for impairment. The annual amortization is $2,000 per asset per year, beginning with the year ending December 31, 2021, and the assets are presented at net value on the balance sheet as Intangible Assets. The total amortization expense for the intangible assets during the next five years will be $6,000 per year.

The Company has notes receivable from franchises based on financing provided by the Company to fund their initial purchase and/or provide working capital loans. The terms of the promissory note include a fixed interest rate of twelve percent (12%) annually and the notes have various due dates. Total interest income for the Company is reflected in the financial statements and included in income from operations.

Concentration of Risk

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

Subsequent Events

Management has reviewed and evaluated subsequent events through April 4, 2025, the date on which the financial statements were issued.

Advertising Costs

The Company expenses advertising costs as they are incurred.

Prepaid Expenses

Prepaid expenses presented on the balance sheet represent amounts paid for employee health benefits that are required to be paid annually in advance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

The Financial Accounting Standards Board ("FASB") issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. The Company has instituted ASC 606 using the full retrospective approach. The franchise fee revenue is recognized equally over a ten-year period, amortized monthly based on the contract signing date.

The Company's revenues consist of fees from franchises such as initial franchise fees, royalties, marketing fees, area representative fees, and other fees. The franchise fees are initially deferred revenue and recognized monthly. If the contract is signed before the fifteenth day of the month, half of the monthly accrual amount is recognized. If the contract is signed on or after the fifteenth day of the month, the entire month of the accrual is recognized. The royalty revenue and other fees are recognized when earned and are based on a percentage of gross sales of each individual franchise according to the franchise contract. The Company is obligated to provide the franchise with specific performances, including name and trademark use, as outlined in the franchise disclosure document. The initial franchise fee: is not refundable; is typically collected upon contract signing; and, future allocations of the initial franchise fees have no risk of impairment. When a franchise terminates the contract, the remainder of the initial franchise fee may be recognized in the year of termination.

Income Taxes

The entity is structured as a limited liability company under the laws of the State of Virginia. The Company has elected to be treated as a corporation for federal and state income tax purposes. The Company follows the guidance under Accounting Standards Codification Topic 740, Accounting for Uncertainty in Income Taxes, which prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the Company. The Company has not identified any uncertain tax positions for the three years ending December 31, 2024. The Company has a net operating loss carryforward that may be used to offset future income tax expense. At December 31, 2024, Management estimated the benefit of the operating loss and recorded an income tax asset on the balance sheet based on the current federal and state corporate tax rates of twenty-one percent and five percent, respectively. The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed.

NOTE 2 - RECLASSIFICATIONS

Certain reclassifications and combinations have been made to allow for conformity and clarity. The updates have not materially changed the financial statements and were completed as part of the audit process.

NOTE 3 - OTHER INCOME

During the year ending December 31, 2024, the Company has $40,000 of transfer fee income identified as Other Income in the Statements of Operations. During the year ending December 31, 2024, the Company has commission income of $48,810, transfer fee income of $50,250, and Employee Retention Credit income of $14,689 as reflected in the Other Income category.

NOTE 4 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Company began allocating overhead costs of the managing affiliate for services provided to the Company based on the percentage of time spent on the Company by affiliate through the use of shared labor, utilities, office space, and other overhead costs. The allocation was deemed reasonable by management and the services are allocated by the same allocation method amongst multiple franchisor affiliates. The summary allocations are reflected in the financial statements and the repayment is adjusted through the affiliate loan accounts. The details of the overhead expenses are as follows:

	2024	**2023**	**2022**
Marketing Overhead	57,969	54,450	37,436
Sales Overhead	604,458	688,571	167,602
Total	**662,427**	**743,021**	**205,038**
Consulting Overhead	95,824	96,872	3,831
Training Overhead	30,903	-	8,000
Legal Overhead	130,952	76,854	33,897
Operations Overhead	39,218	32,226	4,808
IT Overhead	78,100	11,708	10,881
Mapping Overhead	102,964	55,666	18,386
Event Management Overhead	26,880	25,692	9,000
Accounting Overhead	76,599	55,900	29,976
Facilities Overhead	30,301	31,842	-
Assistant Overhead	22,852	8,173	-
Total	**634,593**	**394,933**	**118,779**

NOTE 5 - AFFILIATE LOANS

During the ordinary course of business, the Company enters into transactions with related parties primarily due to short term advances and cost reimbursements. The amounts are reflected on the balance sheet as affiliate loan assets and/or affiliate loan liabilities and are expected to be repaid during the subsequent year. There are no written terms of repayment and no interest charged. Any amounts outstanding after the subsequent twelve months will be included in a formal note with an imputed interest rate, if applicable.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 7 - UNEARNED REVENUE

At times, the Company receives deposits from prospective franchises for purchases of a franchise prior to an authorized person signing the contract for the franchise. The funds are held as Unearned Revenue until the contract is executed.

NOTE 8 - DEFERRED REVENUE

As stated in Note 1, under ASC 606, Management has determined that revenue from the initial franchise fee should be recognized equally over a ten-year period monthly beginning when the contract is signed. At December 31, 2024, the amounts in deferred revenue consist of the current portion that will be recognized during the subsequent calendar year, and the long-term portion that will be recognized as previously stated.

NOTE 9 - FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisees franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a monthly royalty fee and other fees as outlined in the agreement.
D. All other terms of the Franchise Disclosure Document.

EXHIBIT G
NON-DISCLOSURE AGREEMENT

THIS NON-DISCLOSURE AGREEMENT ("Agreement") is entered into this _____ day of _____, 20__ ("Effective Date"), by and between Zoomin Groomin USA LLC ("Company"), a Virginia limited liability company at 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452, and _____ ("Recipient") for the purpose of preventing the unauthorized disclosure of Company's Confidential Information.

1. **Confidential Information.** "Confidential Information" means all information or data (oral, written, and electronic) disclosed or furnished by Company to Recipient, including but not limited to all business processes and information, negotiations and negotiated terms to the Franchise Agreement or other Agreement between the parties, financial data, trade secrets, customer lists, agreements, manuals, operating materials, knowledge, know-how, and all other data, regardless of whether such information is designated as "Confidential Information" at the time of its disclosure. Confidential Information does not include information (a) already in Recipient's possession before receipt from Company; (b) that is a matter of public knowledge through no fault of Recipient; or (c) that is rightfully received by Recipient from a third party not owing a duty of confidentiality to Company.

2. **Use of Confidential Information.** Recipient shall not, directly or indirectly, communicate, divulge, or use any Confidential Information for the benefit of any other person, partnership, association, or corporation and shall use the Confidential Information only as authorized by Company. Recipient agrees to take reasonable measures to prevent unauthorized persons or entities from accessing Confidential Information in Recipient's possession.

3. **Obligation to Maintain Confidentiality.** Recipient's duty to hold Confidential Information in confidence shall remain in effect beyond the termination of any relationship between the parties and until the information at issue is no longer confidential, provided that the information is not made non-confidential as a result of a breach by any person or party having a duty of confidentiality.

4. **Return of Confidential Information.** Upon request, Recipient shall immediately return all Confidential Information, including any copies of Confidential Information or materials developed from such Confidential Information.

5. **Intellectual Property.** All Confidential Information shall remain the exclusive property of Company. This Agreement does not grant or imply any license or conveyance of any intellectual property rights.

6. **No Obligation.** The parties acknowledge that this Agreement does not obligate either party to enter into any further agreements or business relationships with the other.

7. **Injunctive Relief.** In the event of a breach or threatened breach of this Agreement, Company shall be entitled to an injunction restraining Recipient. Recipient waives the posting of a bond by Company on any preliminary, temporary, or permanent injunction obtained by Company. In the event of such breach, Company shall, in addition to any equitable relief, be entitled to any other remedy provided by law, including the award of damages.

8. **Indemnity.** Recipient agrees to defend, indemnify, and hold harmless Company and its affiliates, officers, directors, agents, affiliates, distributors, representatives, and employees from any and all third-party claims, losses, damages, and costs, including reasonable attorney's fees and expenses, resulting from any breach of this Agreement by Recipient.

9. **Governing Law/Venue.** This Agreement and any disputes arising from or related to it, or the parties' dealings ("Claims"), will be governed by Virginia law without regard to its rules of conflict or choice of laws. The parties also agree to bring any Claims solely in the state and federal courts closest to Virginia Beach, Virginia.

10. **Jury Waiver**. In any trial between the parties, as to any Claims, the parties agree to waive their rights to a jury trial and instead have such action tried by a judge.

11. **Attorney Fees**. Recipient shall reimburse Company for all reasonable attorney fees and costs incurred by Company in any litigation in which Company is the substantially prevailing party.

12. **Entire Agreement, Modification, Waiver**. This Agreement states the entire agreement between the parties concerning the disclosure of Confidential Information and supersedes any prior agreements, understandings, or representations with respect to the Confidential Information. Any modification to this Agreement must be made in writing and signed by authorized representatives of both parties. No waiver by any party of any provision or breach of this Agreement shall be deemed a waiver of any other provision or breach of this Agreement.

13. **Severability/Covenants Independent.** If any covenant or provision of this Agreement is deemed void or unenforceable, in whole or in part, it shall be deemed severed and removed from this Agreement and shall not affect or impair the validity of any other covenant or provision. Further, Recipient's obligations not to disclose Confidential Information are considered independent of any other provision in this Agreement, and the existence of any claim or cause of action by either party to this Agreement against the other, whether based upon this Agreement or otherwise, shall not constitute a defense to the enforcement of these obligations.

14. **Binding Effect.** This Agreement will be binding on the parties and their heirs, executors, administrators, successors, and assigns.

15. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

Recipient:

_____
Signature of Recipient

Printed Name: _____

Address: _____

_____

Telephone Number: _____

Zoomin Groomin USA LLC

By:_____
Joshua Fitzgerald, CEO

EXHIBIT H

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	June 1, 2025
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	June 2, 2026
South Dakota	Pending
Virginia	Pending
Wisconsin	May 1, 2026
Washington	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 I
RECEIPT

This Disclosure Document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Zoomin Groomin USA LLC d/b/a Zoomin Groomin offers you an Area Representative franchise, it must provide this Disclosure Document to you fourteen (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.

Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 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.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 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.

If Zoomin Groomin USA, 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, DC 20580 and the appropriate state agency listed on Exhibit C.

The franchisor is Zoomin Groomin USA, LLC, and is located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Its telephone number is (855) 825-7387.

Issuance date: April 30, 2026

The franchise sellers for this offering are:

	Seller	**Address**	**Phone**
	Joshua Fitzgerald	780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452	(866) 554-7666
	Faith Leek	780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452	(855) 825-7387
	John T. Hewitt	780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452	(888) 268-0321
	Joe Dent (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452	(833) 920-0735
	Kelly Wyatt (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452	(757) 560-1040
	Jamie Marcil (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452	(833) 920-0735
	Tayler Romanelli (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452	(833) 920-0735
	Gwendolyn DiFerdinando (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452	(833) 920-0735

	Seller	Address	Phone
	Jennifer Wyatt-Wilson (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452	(833) 920-0735
	Colin Flynn (Loyalty Brands)	7226 Pomelo Dr. West Hills, CA 91307	(310) 801-4654
	Timothy Fitzgerald (Loyalty Brands)	8221 Edwin Dr. Norfolk, VA 23505	(757) 762-9545
	Falicia Shattuck (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452	(757) 869-2760
	Joel Burgos (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452	(929) 659-7969

We authorize the respective state agencies identified on Exhibit C to receive service of process for us in the particular state.

I have received a Disclosure Document issued April 30, 2026, that included the following:

Exhibit A- State Addenda to the Disclosure Document
Exhibit B-Area Representative Agreement
- Schedule 1-Territory
- Schedule 2-Minimum Opening Requirements
- Schedule 3-Automatic Bank Draft Authorization
- Schedule 4-Personal Guarantee
- Schedule 5-Release
- Schedule 6-Biographical Information
- Schedule 7-State Addenda to the Area Representative Agreement

Exhibit C-List of State Administrators and Registered Agents
Exhibit D-Table of Contents to Operations Manual
Exhibit E-1 List of Area Representatives
Exhibit E-2 List of Former Area Representatives
Exhibit F-Financial Statements
Exhibit G-Non-Disclosure Agreement
Exhibit H-State Effective Dates
Exhibit I-Receipts

PROSPECTIVE FRANCHISEE:

Signature:	Signature:	Signature:
Name:	Name:	Name:
Address:	Address:	Address:
Telephone:	Telephone:	Telephone:
Date FDD Received:	Date FDD Received:	Date FDD Received:

Please sign, date, and retain this copy for your records.

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PROSPECTIVE FRANCHISEE:

Signature:	Signature:	Signature:
Name:	Name:	Name:
Address:	Address:	Address:
Telephone:	Telephone:	Telephone:
Date FDD Received:	Date FDD Received:	Date FDD Received: