

FRANCHISE DISCLOSURE DOCUMENT

BARKSUDS®

BarkSuds Franchising, LLC
a Florida limited liability company
10430 N. Dale Mabry Highway
Tampa, Florida 33618
813-323-0844
info@BarkSuds.com
www.BarkSuds.com

The franchise offered is to operate a retail store specializing in essential care and grooming services for dogs and related services and products under the “BarkSuds” name and other trademarks (each a “BarkSuds Business”).

The total investment necessary to begin operation of a BarkSuds Business is \$222,200 to \$283,300. This includes \$46,500 that must be paid to the franchisor.

The total investment necessary to begin developing BarkSuds Businesses under a Development Agreement to develop five to seven BarkSuds Businesses including the first BarkSuds Business is \$242,200 to \$313,300. This includes \$66,500 to \$76,500 that must be paid to the franchisor. If you sign a Development Agreement, we currently require you to develop at least five BarkSuds Businesses.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Richard Landman at 10430 N. Dale Mabry Highway, Tampa, Florida 33618 and 813-323-0844.

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

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

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

Issuance date: May 22, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C.
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 D 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 BarkSuds® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a BarkSuds Business franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

Out-of-State Dispute Resolution. The Franchise Agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in the franchisor's home state (currently Florida). Out-of-state 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 its home state than in your own state.

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.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
ITEM 1 THE FRANCHISOR, PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE.....	2
ITEM 3 LITIGATION	2
ITEM 4 BANKRUPTCY	3
ITEM 5 INITIAL FEES	3
ITEM 6 OTHER FEES	3
ITEM 7 ESTIMATED INITIAL INVESTMENT	6
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	9
ITEM 9 FRANCHISEE’S OBLIGATIONS.....	11
ITEM 10 FINANCING.....	13
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	13
ITEM 12 TERRITORY	20
ITEM 13	22
TRADEMARKS	22
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	23
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	25
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	25
ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	26
ITEM 18 PUBLIC FIGURES	31
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	31
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	33
ITEM 21 FINANCIAL STATEMENTS	35
ITEM 22 CONTRACTS	35
ITEM 23 RECEIPT.....	35

Exhibits:

- A. Franchise Agreement
- B. Development Agreement
- C. Franchisee Lists
- D. Financial Statements
- E. List of State Administrators and Agents for Service of Process
- F. Manual Table of Contents
- G. State Specific Additional FDD Disclosures
- H. State Specific Agreement Addenda
- I. State Effective Dates
- J. Receipts

ITEM 1

THE FRANCHISOR, PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we,” “us” “our” means BarkSuds Franchising, LLC, the franchisor. “You” means the person or legal entity who buys the franchise. If you are a corporation, a partnership, or a limited liability company, certain provisions of this disclosure document also apply to your owners and will be noted.

We are a Florida limited liability company formed on December 18, 2024. Our principal business address is 10430 N. Dale Mabry Highway, Tampa, Florida 33618. We do not conduct business under any other name. We began offering franchises for BarkSuds Businesses in May 2025. We do not operate any BarkSuds Businesses; however, our affiliate, Barksuds Incorporated, operates BarkSuds Businesses which we refer to in this disclosure document as our “Company-Operated Businesses”. We do not engage in any business other than the offer and sale of BarkSuds franchises. As of December 31, 2024, there were 11 franchised BarkSuds Businesses in operation. If we have an agent for service of process in your state, that agent is disclosed in Exhibit E. We conduct business under our entity name and the BarkSuds trademark. We conduct business under no other names.

Our Parent, Predecessors and Affiliates

Our predecessor and affiliate, Barksuds Incorporated, a Florida corporation formed in September 2020, offered BarkSuds franchises for sale from January 2021 to April 2025. Barksuds Incorporated operates our Company-Operated Businesses. Barksuds Incorporated has not offered franchises in any other line of business.

We have no other parents, predecessors or affiliates that we are required to disclose in this Item.

BarkSuds Businesses

We grant franchises for BarkSuds Businesses, which offer grooming and essential care services to dogs offer, with a focus on the five areas of maintenance: Skin, Coat, Ears, Nails, and Teeth. BarkSuds Business operate under a membership model and are identified by the Marks (defined below). In this disclosure document, we call the BarkSuds Business that you will operate under the Franchise Agreement the “Franchised Business.” BarkSuds Businesses will occupy approximately 700 to 1,200 square feet of retail space.

We own and license, or are authorized to use and license, the Marks and related brand names and devices for use with BarkSuds Businesses. BarkSuds Businesses operate under the trademarks, service marks, and other commercial symbols that we periodically designate including the “BarkSuds” brand name and derivative trademarks as we periodically modify them (the “Marks”). BarkSuds Businesses offer and use products and services that we authorize and periodically specify. BarkSuds Businesses operate under our mandatory and suggested business formats, methods, designs, layouts, specifications, standards, operating procedures, and rules that we periodically designate for operating BarkSuds Businesses, as we periodically modify them (“System Standards”).

If we approve your application to become a BarkSuds franchisee, then you will sign a BarkSuds Franchise Agreement (“Franchise Agreement”) in the form attached as Exhibit A to this Disclosure Document. The Franchise Agreement grants you the right to develop, own and operate a single BarkSuds Business at an approved location.

We also offer multi-unit development rights to qualified franchisees who will sign a BarkSuds Development Agreement (“Development Agreement”) in the form attached as Exhibit B to have the right to develop an approved number of BarkSuds Businesses within a defined geographic area (the “Development Area”) according to a mandatory development schedule (the “Development Schedule”). You or your Controlled Affiliates (defined in Item 15) will sign our then-current form of Franchise Agreement (Exhibit A) to operate each BarkSuds Businesses you (or they) develop under that Development Agreement, which might differ from the form of Franchise Agreement attached to this disclosure document. The total number of BarkSuds Businesses you will agree to develop under the Development Agreement will vary based on the circumstances; however, we currently require you to develop at least five BarkSuds Businesses in your Development Area under the Development Agreement.

Competition and Industry-Specific Regulations

Your Franchised Business will provide dog grooming and essential care services, as well as other related goods and services to the general public who are dog owners. While the market for pet grooming centers is a niche area and still developing, it has become more competitive in recent years with national brands offering in-store services. Your competitors will include national, regional, and local pet care businesses that offer dog grooming services from retail locations or mobile units, kennels, veterinarian offices that offer any of similar dog wellness services, and retail businesses that sell dog merchandise. Your competitors may include well-established international, national, regional, and local chains.

In certain jurisdictions, you may need a grooming license to conduct your Franchised Business. We are not aware of any other laws applicable to a BarkSuds Business that would not apply to dog grooming businesses generally. You will be required to comply with all federal, state and local laws and regulations that generally apply to all businesses. You should investigate these laws.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer: Richard Landman

Mr. Landman has served as our Chief Executive Officer since May 2025. He has served as Chief Executive Officer and General Counsel of Barksuds Incorporated since September 2020 in Tampa, Florida. He served as Associate General Counsel and Vice President of Ocwen Financial Corporation from August 2013 to May 2020 in West Palm Beach, Florida.

ITEM 3

LITIGATION

Governmental Actions

In April 2024, the Division of Securities and Retail Franchising (“Division”) for the Commonwealth of Virginia began an investigation into our compliance with the provisions of the Virginia Retail Franchising Act (“Act”). We supplied all of the requested information. In response, the Commonwealth alleged that we violated the Act. We denied these allegations and offered a settlement to the Commonwealth. As part of the settlement offer, we denied the various allegations of the Division, but agreed to pay to the Commonwealth \$15,000 in penalties, plus \$1,000 for the costs of the investigation. We also offered to provide notice of the settlement to franchisees in the Commonwealth and agreed not to violate the Act in the future. The Division recommended that the State Corporation Commission accept our offer of settlement. On August 6, 2024, a Settlement Order was entered in accordance with these terms. This case has been closed.

Other than the above action, 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

Development Fee

If you sign a Development Agreement to develop multiple BarkSuds Businesses in a Development Area, you must us a Development Fee when you sign the Development Agreement. The Development Fee is \$5,000 for each BarkSuds Business that you agree to develop under the Development Schedule. The total number of BarkSuds Businesses you will agree to develop under the Development Agreement will vary based on the circumstances; however, we currently require you to develop at least five BarkSuds Businesses in your Development Area under the Development Agreement. The Development Fee is fully earned by us when paid and is not refundable. We will apply a credit in the amount of the Development Fee that you pay for each BarkSuds Business against the Initial Franchise Fee due for that business under each Franchise Agreement that you sign pursuant to the Development Agreement.

Franchise Agreement

Initial Franchise Fee

When you sign a Franchise Agreement for the first BarkSuds Business that you develop, you will pay an Initial Franchise Fee in the amount of \$46,500. The Initial Franchise Fee is fully earned by us when paid and is not refundable. When you sign the Franchise Agreement for a subsequent BarkSuds Business that you develop, we will reduce the Initial Franchise Fee as depicted in the table below:

BarkSuds Business	Initial Franchise Fee
First	\$46,500
Second	\$40,000
Third	\$32,000
Fourth and Additional	\$25,000

* * * * *

These initial fees are typically uniform for all new franchisees in the System; however, in certain circumstances, we may reduce or waive a fee. In our last fiscal year, our Initial Franchise Fees ranged from \$30,000 to \$45,000.

ITEM 6

OTHER FEES

Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
Royalty	6% of weekly Gross Sales	Due on or before Friday of each week on Gross Sales	See Note 3 for a definition of Gross Sales.

Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
		during previous week ended (Monday through Sunday)	
Brand Fund Contribution	Up to 3% of weekly Gross Sales	Same as royalty fee	We have the right to establish a Brand Fund and when we do so, you will be required to make a Brand Fund Contribution.
Local Marketing Expenditures	At least 3% of monthly Gross Sales	Monthly	We do not collect any fees for local marketing. You must spend this amount to advertise your Franchised Business each month.
Cooperative Advertising	Up to 1% of monthly Gross Sales	Monthly, as determined by the Cooperative	We have the right to set up regional marketing “Cooperatives.” If a Cooperative is applicable to your Franchised Business you must become a member and contribute to up to 1% of Gross Sales to the Cooperative, as determined by the Cooperative. We (or our affiliates, as the case may be) will become a member of any Cooperative that is applicable to a BarkSuds Business owned by us or our affiliates. Each BarkSuds Business that is a member of a Cooperative will have one vote on Cooperative matters.
Interest	1.5% per month law	On demand	Due on all overdue amounts. Interest rate will not exceed the highest applicable commercial contract interest rate.
Late Fee	\$100	On demand	Only required if any payment or report is late.
Audit	Cost of audit	15 days after receiving our invoice	Due if you do not provide reports, supporting records, or other required information or if you understate required Royalties or Brand Fund Contributions by more than 2%.
Additional Training Fee	Our per diem fee (currently, \$500), plus our travel and living expenses	When training or assistance begins or as incurred	Payable if you already operate a BarkSuds Business and you want to send attendees to our initial training program, if you request additional training at your Business, or if fail an operational assessment and we require you to participate in additional training.
Maintenance and Refurbishing of Franchised Business	You must reimburse our expenses that we incur	Upon demand	After we notify you, if you do not undertake efforts to correct deficiencies in the appearance of the Franchised Business, then we can undertake the repairs and you must reimburse our expenses.
Indemnification (Note 4)	Our actual losses, costs and expenses	As incurred	You must reimburse us if we are held liable for claims from your Franchised Business’ operation or if you breach the Franchise Agreement.
Costs and Attorneys’ Fees (Note 4)	Our actual costs and expenses	As incurred	Due when you do not comply with the Franchise Agreement.

Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
Alternative Supplier Approval	Reasonable costs of inspection and actual costs of the test; estimated to range from \$500 to \$2,000	As invoiced	We may require you to pay us for our reasonable costs and expenses if we evaluate a proposed product, service, or supplier at your request.
Insurance - Reimbursement of Costs	Out-of-pocket cost reimbursement	10 days after billing	You must reimburse us if we obtain insurance for you because you fail to obtain or maintain required coverage.
Relocation Fee	\$10,000	At signing of new Franchise Agreement	Due if you request and receive our approval to relocate the Franchised Business to a site acceptable to us.
Transfer (to an unrelated 3rd party)	\$15,000	Before transfer completed	Payable when you sell your franchise to an unrelated third party. No charge if you transfer the Franchise Agreement to an entity you control upon signing transfer documentation acceptable to us.
Transfer (to an existing franchisee of ours)	\$2,500	Before the transfer	Payable when you sell your franchise to an existing BarkSuds Business.
Renewal Fee	25% of the then-current Initial Franchise Fee, subject to a minimum payment of \$11,250	Upon signing of successor Franchise Agreement	You must provide us not less than six months nor more than 12 months and meet other renewal conditions.
Early Termination Damages	Amount of the average weekly Royalties that you owed for the one year period prior to termination, multiplied by the lesser of 156 weeks or the number of weeks remaining in the term of the Franchise Agreement	Within 30 days following the termination	Payable if you default on your obligations and we terminate the Franchise Agreement prior to the expiration of the term of the Franchise Agreement.

Notes to Item 6 table:

1. All fees are uniformly imposed on franchisees receiving this offering and are collected by and payable to us. All fees are non-refundable. In some instances, we may waive some or all of these fees for particular franchisees.
2. Before your Franchised Business opens, you must sign and deliver to us the documents we require authorizing us to automatically debit your business checking account (the “Account”) for the Royalties, Brand Fund Contributions, and other amounts due under the Franchise Agreement and for your purchases from us and/or our affiliates. We will debit the Account for these amounts on or after their due dates. Funds must be available in the Account for withdrawal. We may require payment other than by automatic debit, and you must comply with our payment instructions.
3. “Gross Sales” means the aggregate amount of all revenues generated from the sale of all products and services sold and all other income of every kind related to the operation of the Franchised Business, including all amounts that you receive at or away from the Franchised Business location, whether the sales method is permitted or not, and whether from cash, check, credit and debit card, mobile payment, barter exchange, trade credit, or other credit transactions. Gross Sales also includes all insurance proceeds received for loss of business due to a casualty or similar event. Gross Sales excludes all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; and shall be reduced by the amount of any documented refunds, credits, coupons, manager-authorized and/or customer loyalty program discounts, allowances, and charge-backs the Franchised Business in good faith gives to customers. Gift certificate, gift card, or similar program payments are included in Gross Sales when the gift certificate, gift card, or other instrument or applicable credit is redeemed. We reserve the right to modify our policies consistent with industry practices regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from “Gross Sales” as circumstances, business practices, and technology change.
4. These fees also apply under the Development Agreement.

ITEM 7

ESTIMATED INITIAL INVESTMENT

**TABLE 7-A:
YOUR ESTIMATED INITIAL INVESTMENT
FRANCHISE AGREEMENT**

	Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
1	Initial Franchise Fee	\$46,500	\$46,500	Lump sum	At signing of franchise agreement	Us
2	Leasehold Improvements	\$120,000	\$140,000	As arranged	As incurred	Contractor, designated sources and other third parties
3	Furniture, Fixtures, and Equipment (including Computer System)	\$20,000	\$30,000	As arranged	As incurred	Approved Suppliers

	Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
4	Plans, Permits & Licenses	\$500	\$4,000	As arranged	As incurred	Governmental agencies
5	Signs	\$12,000	\$15,000	As arranged	As incurred	Approved Suppliers
6	Initial Inventory and Supplies	\$4,000	\$5,000	As arranged	As incurred	Approved supplier
7	Utility Deposits	\$200	\$800	As arranged	As incurred	Utility providers
8	Lease Deposits	\$3,000	\$9,000	As arranged	As incurred	Landlord
9	Insurance	\$1,000	\$3,000	As arranged	As incurred	Insurance companies
10	Additional Funds – First 3 Months (Working Capital)	\$15,000	\$30,000	As arranged	As incurred	Third parties
11	Total Estimated Initial Investment	\$222,200	\$283,300			

Notes to Table 7-A:]

1. Initial Franchise Fee. You must pay the Initial Franchise Fee when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable.
2. Leasehold Improvements. BarkSuds Businesses require 700 to 1,200 square feet of internal space. You must modify the premises of the Franchised Business according to our approved standards. The architectural, engineering and construction costs associated with modifications to the site and building that may be necessary to install equipment and operate a BarkSuds Business to our floor plans and layouts will vary depending on the condition of the site. This estimate assumes the premises are delivered with four bare walls and ceiling, electric in place, gas in place, an HVAC system in place, and that non-union labor will be employed. If the premises are not so delivered and/or if union labor is used, these costs may substantially increase. You may be able to negotiate a tenant improvement allowance which is a contribution made by the landlord to leasehold improvements in your premises. This may affect the monthly occupancy costs. This estimate includes professional fees for architects and engineers, installation costs, and building permit expenses but does not include the cost of hiring a general contractor to supervise construction.
3. Furniture, Fixtures, and Equipment (Including the Computer System). This estimate includes estimated costs associated with furniture, decor, equipment, trade fixtures, office equipment, the computer system and software, grooming equipment and related items. If the premises are significantly larger than 1,200 square feet, you will want to purchase or lease additional equipment.
4. Plans, Permits & Licenses. This estimate includes costs to set up your business entity. You must obtain all business licenses required by the jurisdiction where your Franchised Business is located including grooming permit and/or licenses. You will incur legal fees for forming your company and reviewing the contracts you will enter into related to your Franchised Business.
5. Signs. The actual cost of your exterior signage will depend upon the size and location of the premises, the particular requirements of the landlord, local and state ordinances, and local zoning requirements.
6. Initial Inventory and Supplies. The estimate includes the cost to purchase the initial inventory and supplies necessary to begin operating your Franchised Business, including grooming supplies,

uniforms, and shirts; business cards; bags, packaging, and supplies bearing our Marks which we estimate will last for up to three months.

7. Utility Deposits. Utility deposits may include gas, electricity, water, telephone, cable, and Internet. Utility deposits and the method of payment thereof will depend upon the location of the Franchised Business and your creditworthiness. You should contact the utility companies that will provide services to your Franchised Business about the relevant deposits and their amounts.
8. Lease Deposits. We anticipate that you will rent the Franchised Business premises. You landlord may require pre-payment of rent or a deposit. Rent will vary depending on multiple factors, including geographic location, size of the site, prevailing market rates, other businesses in the area, site profile, if buildout costs are included, your credit rating, and other factors and may be considerably higher in certain areas (such as large metropolitan areas) and where the demand for commercial real estate exceeds the available inventory when you are looking for a site.
9. Insurance. We describe your insurance requirements in Item 8. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, net revenue, number of employees, square footage, location, business contents, and other factors bearing on risk exposure. The estimate contemplates insurance costs for three months. We provide more information on insurance in the Manual.
10. Additional Funds – First 3 Months (Working Capital). This estimates the funds needed to cover your initial expenses for the first three months of operation (other than the items identified separately in the table). These expenses include payroll costs (but not any draw or salary for your owners) and payment of utilities.
11. Total Estimated Initial Investment. We relied on our experience in franchising and operating BarkSuds Businesses to generate these estimates. Some of the ranges in the estimates are driven by weather, zoning requirements, site conditions and architectural demands. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. Except for any lease and utility deposits (which third parties may impose and collect rather than us), no expenditure in the table above is refundable.

The table below represents the initial investment required under the Development Agreement if you commit to develop five to seven BarkSuds Businesses within the Development Area pursuant to the Development Schedule. You will also incur the estimated initial investment described under the table above in this Item 7 for each BarkSuds Business that you open and operate in your Development Area.

**TABLE 7-B:
YOUR ESTIMATED INITIAL INVESTMENT
DEVELOPMENT AGREEMENT – FIVE TO SEVEN BUSINESSES**

	Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
1	Development Fee	\$25,000	\$35,000	Lump sum	Upon signing Development Agreement	Us
2	Total Estimated Initial Investment Under First Franchise Agreement (Less	\$217,200	\$278,300	See Table 7-A	See Table 7-A	See Table 7-A

	Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
	\$5,000 Development Fee credit)					
3	Total Estimated Initial Investment	\$242,200	\$313,300			

Notes to Table 7-B:

1. Development Fee. The low range is the Development Fee for five Franchised Businesses and the high range is the Development Fee for seven Franchised Businesses. We will provide a credit in the amount of the Development Fee paid for each business to your Initial Franchise Fee when you sign a Franchise Agreement for that business. See Item 5.
2. Total Estimated Initial Investment Under First Franchise Agreement (Less \$5,000 Development Fee credit). This is the total estimated initial investment for your first Franchised Business under Table 7-A above less the \$5,000 Development Fee credit for that business.
3. Total Estimated Initial Investment. We relied on our experience in franchising and operating BarkSuds Businesses to generate these estimates. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. No expenditure in the table above is refundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Suppliers

We have developed or may develop and periodically modify standards and specifications for types, models and brands of required Operating Assets, products, grooming tools, materials, signage, uniforms, and supplies. We reserve the right at any time and from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you may purchase only such products meeting those specifications, and if we require it, only from suppliers we have approved, which might include or be limited to us or our affiliates.

We may designate a single supplier for any product, service, equipment, supply, or material and may approve a supplier only as to certain products, services, equipment, supplies, or materials. The designated supplier may be us, one of our affiliates, or a designated third party. We will limit any markup on products we sell to 10% of our costs. Unless we specify otherwise, you must purchase from us, our affiliates, or our designated suppliers all products, supplies, grooming tools, equipment, technologies, and other consumer products used at, used by, or available for sale at the Franchised Business if we or they manufacture, distribute, or can otherwise provide such products.

You must purchase or lease certain items in accordance with the specifications and guidelines issued by us. This requirement applies to design and build-out standards, a computerized point-of-sale and cash register system, signage, uniforms, and supplies to be used in developing and operating your Franchised Business. Specifications may include minimum standards for quality, quantity, delivery, performance, design, appearance, durability, style, warranties, price range, and other related restrictions. We consider these specifications to be of critical importance to the success of the System. (All specifications and guidelines are more fully described in our Manual).

We and our affiliates may receive rebates, allowances and payments from suppliers on account of such suppliers' dealings with you and other BarkSuds Businesses, and may use any amounts so received without restriction and for any purpose we and our affiliates deem appropriate. We or our affiliates may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services, or for any other reason. Our approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time.

If you would like to purchase any items we prescribe from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier. We may approve, or deny approval of, your request at our sole option, using our evaluation process, and will notify you of our approval or disapproval within 90 days of our receipt of your written request. If you do not receive our approval within this time period, your request will be deemed to have been denied. We have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered, at our option, either directly to us or to any independent, certified laboratory that we designate for testing. Either you or the proposed supplier must pay us a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We have the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria.

Point of Sale System

You are required to purchase and use the point-of-sale system and computer hardware and software that we specify.

Advertising materials

All of your advertising and promotions must conform to our standards and requirements. We must approve all advertising and promotional materials before you use them. You must submit to us samples of all promotional and marketing materials in whatever form you propose to use them at least 15 days before their intended use, and we will make reasonable efforts to approve or disapprove them within 15 days after we receive them. You must not use the advertising or marketing materials until we have approved them and must promptly discontinue using any advertising or promotional materials if we notify you to do so.

Site Selection and Lease

Your Franchised Business must be located at a site we approve. We have the right to approve the lease for the Franchised Business before you sign it and to require that it include certain provisions, including our right to assume the lease if the franchise is terminated or not renewed or if you lose possession because of your default under the lease. We also may require you and the landlord to sign an addendum to the lease in a form we specify, which is attached to the Franchise Agreement.

Insurance

You must obtain and maintain, at your own expense, insurance coverage that we require. We may regulate the types, amounts, terms, and conditions of insurance coverage required for your Franchised Business. All policies must be written by an insurance company satisfactory to us. You are currently required to purchase and maintain the following insurance policies throughout the term of the Franchise Agreement:

TYPE OF INSURANCE POLICY	COVERAGE REQUIREMENTS
Commercial General Liability including contractual liability, broad form property damage, personal injury, advertising injury, product liability, employee liability, completed operations and independent contractors coverage, and fire damage coverage	Each occurrence – \$1,000,000 General Aggregate Limit - \$2,000,000
Business Income	100% or Actual Loss Sustained
Workers Compensation	As required in your state
Employers Liability	\$1,000,000 each accident / \$1,000,000 each employee / \$1,000,000 each policy limit
Employment Practices	\$1,000,000 each claim / \$1,000,000 aggregate limit / Retroactive Date
Umbrella Policy	\$1,000,000 each occurrence / \$1,000,000 aggregate

Purchasing Arrangements

We estimate that approximately 50% to 75% of your overall purchases and leases in establishing and operating the Franchised Business will be made from approved or designated suppliers or in accordance with our specifications or requirements.

We do not currently have relationships with suppliers from which we or our affiliates will derive benefits based on franchisee purchases. However, we expect that we or our affiliates will receive payments in the future based on purchases made by our franchisees from other designated and approved suppliers.

Neither we nor our affiliates have derived any revenue or other material consideration as a result of your required purchases or leases in our last fiscal year.

None of our officers or directors currently own an interest in any suppliers to BarkSuds Businesses.

We are not obligated to establish – and have not established – any purchasing or distribution cooperatives. When possible, we make our best efforts to negotiate discounts for your benefit for all mandated, designated, and recommended suppliers; however, we are under no obligation to do so. We do not provide any material benefits, such as renewal or granting of additional franchises, to you based on your purchase of a particular product or service or use of particular suppliers. In doing so, we seek to promote the overall interests of the BarkSuds Business system.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement ¹	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Sections 2.A – C and Lease Rider; DA: Section 3	Items 7, 8, 11, 12 and 15
b. Pre-opening purchases/leases	FA: Sections 2 and 5 DA: Not Applicable	Items 5, 7, 8, and 11

Obligation	Section in Agreement¹	Disclosure Document Item
c. Site development and other pre-opening requirements	FA: Section 2 DA: Not Applicable	Items 7, 8, and 11
d. Initial and ongoing training	FA: Section 4 DA: Not Applicable	Items 11, 15, and 16
e. Opening	Sections 2.G. DA: Not Applicable	Item 11
f. Fees	FA: Sections 2.H, 3, 4, 6.C.(4), 7.B., 7.D., 13.C.(3)(g), 14.A.(3), 15.B., 16.A., 17.C, and 18.C DA: Sections 2 and 3.E	Items 5, 6, 7, and 11
g. Compliance with standards and policies/operating manual	FA: Sections 4.F and 6 DA: Not Applicable	Items 8, 11, 12, 13, 14, 15, and 16
h. Trademarks and proprietary information	FA: Sections 9 and 12 DA: Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	FA: Sections 1.A and 6.B - 6.C DA: Not Applicable	Items 8, 11, 12, and 16
j. Warranty and customer service requirements	Not Applicable	Items 8, 11, and 14
k. Territorial development and sales quotas	FA: Section 1.C DA: Section 1	Item 12
l. Ongoing product/service purchases	FA: Sections 2.F, 5, and 6 DA: Not Applicable	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	FA: Section 6.A DA: Not Applicable	Items 8, 11, 12, and 15
n. Insurance	FA: Section 10 DA: Not Applicable	Items 7 and 8
o. Advertising	FA: Section 7 DA: Not Applicable	Items 6, 8, 11, 12, 14, and 16
p. Indemnification	FA: Sections 9.C and 17.D DA: Section 8	Items 6 and 13
q. Owner's participation/management/staffing	FA: Sections 2.G.(2), 4, 6.G(7), and 11 DA: Not Applicable	Item 15
r. Records and reports	FA: Section 8 DA: Not Applicable	Items 11, 14, and 15
s. Inspections and audits	FA: Sections 2.E, 6.K, 7.C., and 8.B DA: Not Applicable	Items 6, 8, 11, and 15
t. Transfer	FA: Section 13 DA: Section 7	Item 17
u. Renewal	FA: Section 14 DA: Not Applicable	Item 17
v. Post-termination obligations	FA: Section 16 DA: Not Applicable	Item 17
w. Non-competition covenants	FA: Sections 12.C and 13.C(3)(l) DA: Not Applicable.	Items 15 and 17
x. Dispute resolution	FA: Section 18 DA: Section 8	Item 17

¹ The abbreviations for the agreements in the above table refer to the following: Franchise Agreement (FA) and Development Agreement (DA).

ITEM 10

FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign, or discount to a third party all or part of any financing arrangement of yours.

ITEM 11

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

Except as listed below, BarkSuds Franchising, LLC is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your Franchised Business, we will:

1. If the location for your Franchised Business has not been approved at the time you sign the Franchise Agreement, we will designate a geographic area within which your Franchised Business is to be located. The Site Selection Area for your Franchised Business will be inserted into the Franchise Agreement before you sign the Franchise Agreement. The Site Selection Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection. (Franchise Agreement - Sections 2.A & B)
2. Upon your request, we will provide you with our criteria for site selection for BarkSuds Businesses. We will review and advise you regarding the potential locations that you submit to us. We do not select the site for your Franchised Business, although we must consent to the site. (Franchise Agreement - Section 2.B.1)
3. Within 30 days after we receive your detailed site application, if we need to conduct a site visit, we or our designee will conduct an evaluation of the proposed site(s) and accept or reject your proposed sites. We will not unreasonably withhold our acceptance of a site that meets our site selection criteria. In determining whether to accept or reject a proposed site, we also may consider the site's proximity both to the Site Selection Area's boundaries and to other existing or potential sites for BarkSuds Businesses located outside the Site Selection Area. If we do not accept a proposed site in writing in this time period, we will be deemed to have rejected the site. If you propose to purchase the site for your Franchised Business, you must provide us with a copy of the deed or other evidence of ownership within 30 days after we accept the site (the "Site Acquisition Period"). If you propose to lease or sublease the site, you must provide us with a copy of the fully executed lease or sublease for the site within the Site Acquisition Period. (Franchise Agreement - Sections 2.A & B, Development Agreement - Section 3.B)
4. Review and approve or disapprove the lease for your site. You must obtain our approval of the lease or sublease (or any modification or amendment) for the location before you sign it, or any renewal of it. (Franchise Agreement - Section 2.D, Development Agreement - Section 3.C)
5. Furnish you with mandatory and suggested specifications for a BarkSuds Business, including requirements for dimensions, design, color scheme, image, interior layout, décor, fixtures, equipment, signs, and furnishings. You are solely responsible for developing and constructing the

site for your Franchised Business, for all expenses associated with it, and for compliance with the requirements of any applicable federal, state, or local law. (Franchise Agreement - Section 2.E.2)

6. Provide you with our initial training program for your first Franchised Business. (Franchise Agreement - Section 4.A)
7. We will have a representative to support your business opening with at least two days onsite pre-opening and opening assistance for your first Franchised Business. (Franchise Agreement - Section 4.B)
8. Provide you with written specifications for the operation and management of the Franchised Business. (Franchise Agreement - Section 4.D.1)

Length of Time to Open

You must obtain our acceptance of a site and acquire a possessory or leasehold interest in the site within 180 days after you sign the Franchise Agreement (“Site Acceptance Deadline”) and open your Franchised Business within 9 months after you sign the Franchise Agreement (“Opening Deadline”). If you fail to do so, we may terminate the Franchise Agreement. (Franchise Agreement, Section 2.A.). We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business is going to be approximately six to eight months. Some factors which may affect this timing include your ability to locate a site, the time to acquire the site through lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning, other state and local requirements and any necessary licenses and permits, the timing of the delivery and installation of equipment, supplies and leasehold improvements, and the time to convert, renovate or build out the site with possible construction delays, as well as your ability to attend the Initial Training Program.

Post-Opening Assistance

During the operation of your Franchised Business, we will:

1. Provide you with ongoing training courses and meetings. (Franchise Agreement - Section 4.C)
2. Provide the general advisory assistance and field support deemed by us, in our discretion, to be helpful to you in the ongoing operation, advertising and promotion of the Franchised Business. (Franchise Agreement - Section 4.D)
3. Provide you with our confidential Manual. The current table of contents of the Manual is found in Exhibit F. As of the issuance date of this disclosure document, the Manual contains approximately 67 total pages. We may periodically modify the Manual to reflect changes to our System standards. (Franchise Agreement - Section 4.F)
4. Conduct periodic (as we deem advisable) inspections of your Franchised Business and its operations. (Franchise Agreement - Section 6.K)

Advertising

Grand Opening Marketing. You must spend at least \$1,000 to advertise and promote the Franchised Business (the “Grand Opening Marketing Expense”) for a period of 15 days prior to opening prior to opening through 15 days following the opening of your Franchised Business (the “Opening Period”). At least 60 days prior to the opening of your Franchised Business, you must submit a marketing plan (“Grand Opening Marketing Plan”) to us outlining your proposal to advertise and promote your Franchised Business during the Opening Period. You may not implement the Grand Opening Marketing Plan unless and until we have consented to the Grand Opening Marketing Plan in writing. You must modify the Grand Opening Marketing Plan as requested by us and, thereafter, no substantial changes shall be made to the Grand

Opening Marketing Plan without our advance written consent. Within 10 days after the end of the Opening Period, you must submit proof that you spent the Grand Opening Marketing Expense implementing the Grand Opening Marketing Plan.

Local Marketing

You are required to spend at least 3% of monthly Gross Sales on local advertising directly related to your Franchised Business. You must prepare for our review and approval an annual plan for your local marketing expenditure. You must implement the plan that we have approved and agree that any changes to the plan will be subject to our prior written approval. Local marketing includes only the direct costs of purchasing and producing marketing materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of “marketing” you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying.

Your local marketing must follow our brand guidelines. You may not develop, maintain, or authorize any website that mentions or describes you or your Franchised Business or displays any of the Marks. Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. If you are not using approved marketing materials that we provide to you, then before you use them, you must send us or our designated agency, for our or its approval, physical samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written approval within 15 days after we or our designated agency receives the materials, they are deemed to be disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

Brand Fund

We have the right to establish a centralized Brand Fund (the “Brand Fund”) for the advertising, marketing, and public relations programs and materials we deem appropriate. When established, you must contribute to the Brand Fund the amount that we periodically specify up to 3% of Gross Sales. BarkSuds Businesses that we or our affiliates own will contribute to the Brand Fund on the same basis as franchised BarkSuds Businesses.

We will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce website and/or related strategies; taxes on Brand Fund Contributions; administering regional, multi-regional and/or national marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

We will account for the Brand Fund separately from our other funds and not use the Brand Fund for any of our general operating expenses. However, we may use the Brand Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, the Brand Fund’s other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Fund Contributions.

The Brand Fund will not be our asset. Although the Brand Fund is not a trust, we will hold all Brand Fund Contributions for the benefit of the contributors and use Brand Fund Contributions only for the

purposes described above. We do not owe any fiduciary obligation to you for administering the Brand Fund or any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year paid by all BarkSuds Businesses, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If the Brand Fund spends more than the total amounts available in a given year (regardless of when those amounts accrued), the Brand Fund may repay the difference plus reasonable interest to us (or another entity that covered the deficit) using Contributions received by the Brand Fund in the following or later year. We will use all interest earned on Contributions to pay costs before using the Brand Fund's other assets.

We will prepare an annual, unaudited statement of Fund collections and expenses and give you the statement upon written request. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate.

We intend for the Brand Fund to maximize recognition of the Marks and patronage of BarkSuds Businesses. Although we will try to use the Brand Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, in a manner that will benefit all BarkSuds Businesses, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to contributions made by BarkSuds Businesses operating in that geographic area, or that any individual BarkSuds Business benefits directly (or in proportion to its contribution) from the development of advertising and marketing materials and/or the placement of advertising and marketing.

We may at any time defer or reduce contributions of a BarkSuds Business and, upon 30 days' prior written notice to you, reduce or suspend contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will distribute all unspent monies to our franchised and company/affiliate owned BarkSuds Businesses, in proportion to their and our respective contributions during the preceding 12 month period.

During our last fiscal year, which ended on December 31, 2024, we did not receive or spend any Brand Fund contributions.

Local Advertising Cooperative

We have the right to designate any geographic area or set of common characteristics for purposes of establishing a regional marketing cooperative ("Cooperative"). If a Cooperative is applicable to your Franchised Business you must become a member and contribute to up to 1% of monthly Gross Sales to the Cooperative, as determined by the Cooperative. We (or our affiliates, as the case may be) will become a member of any Cooperative that is applicable to a BarkSuds Business owned by us or our affiliates. Any Cooperative contributions will count toward your local marketing expenditure requirement. If you fail or refuse to contribute to the Cooperative, the Cooperative may suspend your voting rights and other privileges relating to the Cooperative until you begin contributing your dues and pay all past-due dues.

Each Cooperative will be organized for the exclusive purpose of developing, administering and executing advertising programs for the members of the Cooperative. Each Cooperative will adopt a Cooperative agreement governing the organization and operation of the Cooperative, subject to our approval. If the members of the Cooperative do not sign an agreement within a reasonable time, you must sign our recommended form of Cooperative Agreement. We have the right to change the form of organization, governing documents, and manner of operation of any Cooperative, and you and the other members must implement any such change promptly after notice from us. No changes in the bylaws or other governing documents of a Cooperative may be made without our prior written consent. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval pursuant. We and our designated agents will have the right to examine and copy, at our expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative. We will also have the right, at any time, to have an independent audit made of the books of any Cooperative.

Franchise Advisory Council

We do not currently have a Franchise Advisory Council or panel of franchisees that advises us on advertising policies, although we may appoint one in the future.

Computer System

You must, at your sole expense, purchase, use, maintain and update computer hardware and software systems we specify from time to time for use in the operation of your Franchised Business (collectively, the “Computer System”), and you will follow the procedures related thereto that we specify in the Manual or otherwise in writing. You will obtain and maintain the dedicated phone lines, high-speed internet connections, and other communication and transmission equipment and systems as are specified in the Manual or otherwise in writing. You will install and maintain telephone answering systems and other telephonic devices and will operate all communication and transmission systems and devices as specified by us in the Manual or otherwise in writing. The Computer System has various components, including designated computer hardware and software, a computerized point-of-sale system (the “POS System”), and related services, such as maintenance, service and support, billing and collection systems, internet access and data polling.

The Computer System currently includes a personal computer (laptop or desktop) with Microsoft Office 365 and the Day Smart point of sale software for reservations, processing client credit and debit card payments, keeping your business records and generating business reports among other things, printer, scale and cash drawer. You must acquire the Computer System, certain software downloads, and the point-of-sale system from our approved suppliers. You will pay approximately \$700 to \$1,500 to buy and install the Computer System’s components when you develop your Franchised Business. As of the date of this Disclosure Document, the monthly fee for hosting the point of sale software, email marketing, web hosting, and training software is approximately \$250-\$350 per month.

You must maintain the Computer System in good working order at all times and upgrade, update or otherwise change the Computer System as we require within 30 days after you receive notice of such modifications. There is no contractual limitation on the frequency or cost of these obligations. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by BarkSuds Businesses. We estimate the annual cost of maintaining and upgrading the Computer System to be approximately \$500.

Your Computer System must be capable of connecting with our computer systems, performing the functions we designate for the Franchised Business, permitting us to review the results of your Franchised Business operations, and engaging in any e-commerce activities that we designate. We have the right to poll (via modem or otherwise) your Computer System in order to compile sales data, consumer trends, and other such financial and marketing information as we deem appropriate, and you acknowledge that we may distribute this data on a confidential basis to our network of franchisees. We will have independent, unlimited access to all information and data in your Computer System, including continuous independent access to all customer data.

Training

Initial Training Program – First Business

We will provide our Initial Training Program to you for first BarkSuds Business that you or your affiliates operate. Before you open for business, we will train your Operating Principal (who will serve as the general manager), assistant manager and any team members that would like to attend the training program on the material aspects of operating a BarkSuds Business. We will provide the initial training program at a designated training facility of our choice and/or at an operating BarkSuds Business. Our initial training program currently spans approximately two days (excluding the pre-opening period during which one or more of our representatives may assist in the opening of the Franchised Business, as further discussed

below. The initial training program consists of self-directed, computer-based training courses that your attendees will complete using our web portal at their own locations and/or at the training facility, classroom instruction that we conduct at our corporate offices or a designated training facility of our choice, and on-the-job training at an existing BarkSuds Business or other location we designate.

You must pay for all travel and living expenses that your designated attendees incur and for their wages and workers' compensation insurance while they attend any training program.

Your Operating Principal and designated attendees must complete the initial training program to our satisfaction before you open the Franchised Business for business. If we determine that your Operating Principal or your designated attendees cannot complete the initial training program to our satisfaction, we may terminate your Franchise Agreement.

If you or your affiliates already operate a BarkSuds Business, you may request authorization to send new attendees to our initial training program and you will pay our then-current per diem training fees.

The instructional materials used in the initial training program will consist primarily of our Manuals, marketing, and promotional materials, videos, and other handouts.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
BarkSuds Brand & Customer Service Standards	0	16	Onsite at Corporate Salon in Tampa, Florida
Bathing & Drying Procedures, Techniques, and Best Practices	0	16	Onsite at Corporate Salon in Tampa, Florida
Shampoo Mixing Techniques and Bather Box Setup	0	2	Onsite at Corporate Salon in Tampa, Florida
Dog Behavior & Handling Safety	0	16	Onsite at Corporate Salon in Tampa, Florida
Equipment Usage & Maintenance	0	16	Onsite at Corporate Salon in Tampa, Florida
Scheduling & Client Management Software (DaySmart)	40	0	Online
Social Media Advertising and Engagement	10	0	Online
Hiring and Interviewing Procedures	3	0	Online
Employee Training & Management	16	0	Online
Health & Sanitation Protocols		16	Onsite at Corporate Salon in Tampa, Florida
Ongoing Training on Strategy for Spacing Out Appointments Properly	8	0	Online

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Training on Deep Cleaning Day	0	3	Onsite at Corporate Salon in Tampa, Florida
Training on Bathtub Drain Maintenance	0	4	Onsite at Corporate Salon in Tampa, Florida
Training on Management of Heat Load and Electrical Fuses	0	4	Onsite at Corporate Salon in Tampa, Florida
Training on Payroll Start-Up and Software	8	0	Online
Training on Scheduling Software for Employees	8	0	Online
Training on Dog Interaction Safety and Lobby Restrictions	0	8	Onsite at Corporate Salon in Tampa, Florida
Training on Membership Incentives	5	0	Online
Training on Promotions	5	0	Online
Training on Resolving Difficult Customer-Facing Issues	8	0	Online
Training on Insurance Requirements	8	0	Online
Training on Cross-Marketing and Lead Generation	6	0	Online
Total	56	101	

The experience of our trainers is outlined below:

Trainer	Title	Years of Training Experience with BarkSuds	Years of Training Experience with Other Businesses
Richard Landman	Chief Executive Officer	4	10
Jacob Landman	Director of Operations	4	0
Zachary Landman	Director of Operations	2	0

Opening Assistance – First Business

When your first BarkSuds Business is ready to open for business, we will send one of our representatives to the business for a period of up to two days to assist with its opening. The duration of this assistance will depend on our opinion of your ability, experience, and needs. Your Operating Principal, assistant manager, and your employees at your Franchised Business must successfully complete this final phase of the initial training program. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you must pay our then-applicable per diem training fees and other charges, including the travel and living expenses of the representative that we send to your Franchised Business.

Opening Assistance – Subsequent Businesses

If you or your affiliates already operate a BarkSuds Business, you may request opening assistance for the Franchised Business. Subject to our availability, we may send a representative to the Franchised Business for a period of up to two days to assist with the opening of the Franchised Business. The duration of the representative's assistance will depend on our opinion of your ability, experience, and needs. You must pay our then-applicable per diem training fees and other charges, including the travel and living expenses of the representative that we send to your Franchised Business.

Ongoing Training

We may require your Operating Principal and/or other previously trained and experienced employees to attend and satisfactorily complete various training courses that we periodically choose to provide at the times and locations that we designate. We may charge reasonable registration or similar fees for these courses. You must pay all travel and living expenses which your representatives incur during all training courses and programs. We may charge a reasonable tuition fees and fees for instruction and training materials.

Conventions and Meetings

Besides attending these courses, you must send at least one representative (who can be your Operating Principal) to attend any annual and/or regional conventions and meetings at locations that we designate. Attendance will not be required at a convention for more than three days during any calendar year. We may charge reasonable registration fees for these conventions and meetings. You must pay all costs incurred by your representatives to attend the conventions and meetings).

ITEM 12

TERRITORY

Franchise Agreement

You will operate the Franchised Business at a specific location that we first must approve as the franchised location ("Approved Location"). You may operate the Franchised Business only at the Approved Location and may not relocate the Franchised Business without our approval. Any relocation will be at your sole cost and you must pay the relocation fee. Factors we will consider include, for example, your financial status, the proposed area, its proximity to other BarkSuds Businesses, whether you are complying with your Franchise Agreement, and how long it will take you to open at the new location. If we allow you to relocate the Franchised Location, then you must comply with our then-current standards and specifications and begin operating the Franchised Business at the new site we approve as the updated Franchised Location within 30 days of closing the prior location.

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

Except under certain limited conditions as described in the Franchise Agreement, we will agree not to establish or license anyone else to establish another BarkSuds Business at any location within the "Protected Territory" that will be designated in your Franchise Agreement. The Protected Territory will be based on a particular area surrounding your franchise. The size of the Protected Territory will vary from franchise to franchise and will depend on whether your location is in a rural, suburban, or high-density urban area. The Protected Territory will be delineated by streets, highways, zip codes or other boundaries and will be based upon a variety of measures, including geographic barriers, the radius of travel time and distance, and population counts. The Protected Territory will be described in the Franchise Agreement prior to the purchase of a franchise, or in some cases, prior to the execution of a lease agreement. There will be

no minimum geographic size to your Territory, and the size and population of your Territory may differ from other franchisees.

If you are in full compliance with the Franchise Agreement, then during the term of the Franchise Agreement, neither we nor our affiliates will operate or grant a franchise for the operation of another Tide Laundromat at a location within your Protected Territory. We and our affiliates retain all rights with respect to BarkSuds Businesses, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate, without our compensating you in any manner when we make sales through these channels or under these brands, whenever and wherever we desire, including:

- (1) the right to operate, and to grant others the right to operate, BarkSuds Businesses the physical premises of which are located anywhere outside the Protected Territory under any terms and conditions we deem appropriate and regardless of proximity to the Approved Location;
- (2) the right to establish and operate, and to grant to others the right to establish and operate, retail businesses offering dog care and grooming services and related services and products, or any similar or dissimilar products and services, that are not primarily identified by the Marks, both inside and outside the Protected Territory and on any terms and conditions we deem appropriate;
- (3) the right to market, merchandise, and distribute products and services identified by the Marks at any location other than the Approved Location through any method or channel of distribution, including through e-commerce, catalogs, wholesale or retail stores, convenience stores, pet stores, grocery stores, club stores, and similar retail outlets;
- (4) the right to market, merchandise, and distribute products and services that are similar to the products and services offered by BarkSuds Businesses under a different trademark or trademarks at any location, within or outside the Protected Territory;
- (5) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at BarkSuds Businesses, and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including within the Protected Territory); and
- (6) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at BarkSuds Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Protected Territory.

We do not restrict you from soliciting or accepting orders from consumers located outside of your Protected Territory if you follow our policies; however, you may not use other channels of distribution such as the Internet, catalog sales, telemarketing, or direct marketing to make sales outside of your Territory without our authorization.

If we grant you a Protected Territory, it will not be altered unless we and you mutually agree to do so. It will not be affected by your sales volume. You are not granted any other option, right of first refusal or similar right to acquire an additional BarkSuds Business in your Protected Territory under the Franchise Agreement. The continuation of your rights is dependent upon the satisfactory operation of your Franchised Business according to the requirements of the Franchise Agreement, but not on your attaining a particular level of sales, revenues, or other contingencies.

Development Agreement

When you sign the Development Agreement, you (and your Controlled Affiliates) will commit to develop a specified number of BarkSuds Businesses within the Development Area. We and you will identify the Development Area in the Development Agreement before signing it. Sizes and boundaries for Development Areas will vary widely depending on factors like economic conditions in the market you are developing, the number of BarkSuds Businesses that we approve you to develop, demographics, and site availability. There is generally no minimum size for Development Areas. We will describe the Development Area using streets or other natural boundaries or, in some markets, city or county boundaries. We and you will negotiate the Development Schedule describing the number of BarkSuds Businesses that you must develop to keep your development rights and the dates by which you must develop them. We and you then will complete the Development Schedule in the Development Agreement before signing it.

If the location of any BarkSuds Business you develop under the Development Agreement is unassigned (meaning not yet selected), then in order to meet the expectation that you will open within the prescribed timeframe, you must locate and obtain our approval of a suitable site for the premises that is located within the Development Area listed in the Development Agreement. Excluding the first Franchise Agreement, which we and you will sign concurrently with the Development Agreement, within 30 days after you sign the lease, sublease or purchase agreement for a site at which to develop and operate any BarkSuds Business, you or your Controlled Affiliate (and your or its owners) must sign our then-current Franchise Agreement for the BarkSuds Business to be developed at that site.

If you (or your Controlled Affiliates) are in full compliance with the Development Agreement and any other agreements with us or our affiliates, then during the Development Agreement's term neither we nor our affiliates will develop or grant a franchise for the development of another BarkSuds Business at a location within your Development Area.

You do not receive an exclusive territory under the Development Agreement and 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 may exercise all of the rights that we now reserve in the Franchise Agreement (as described above). After the Development Agreement expires or is terminated, regardless of the reason, we and our affiliates may engage, and allow others to engage, in any activities we desire within and outside the Development Area without any restrictions whatsoever, subject only to your (or any Controlled Affiliate's) rights under franchise agreements with us then in effect.

There are no other restrictions on us or our affiliates under the Development Agreement. You may not develop or operate BarkSuds Businesses outside the Development Area without our written consent. We may terminate the Development Agreement if you do not satisfy your development obligations according to the Development Schedule. The termination of the Development Agreement will not impact any Franchise Agreements signed by you or your Controlled Affiliates. Except as described above, continuation of your development rights in the Development Area does not depend on your achieving a certain sales volume, market penetration, or other contingency. We may not alter your Development Area or your development rights without your written consent.

ITEM 13

TRADEMARKS

We have a registration for the following principal Mark on the Principal Register of the United States Patent and Trademark Office ("USPTO") and all required affidavits of use and renewals have been filed:

Mark	Registration Number	Registration Date
BARKSUDS	6413105	July 6, 2021

We license the Marks to franchisees to use in operating BarkSuds Businesses. You must follow our rules and other System Standards when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark in your corporate or legal business name including any acronyms, with modifying words, terms, designs, or symbols (except for those we license to you), in selling any unauthorized services or products, or as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

We do not know of any currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition, or cancellation proceedings or material litigation involving the principal Marks. We do not currently know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than us, our attorneys, and your attorneys regarding any infringement, challenge, or claim. We and our affiliates may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. You must assist us and them in protecting and maintaining our interests in any litigation or USPTO or other proceeding. We will reimburse you for your costs of taking any action that we ask you to take.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for any of your expenses in complying with these directions (such as the costs of changing the signs of the Franchised Business), for any loss of revenue due to any modified or discontinued Mark, or for any of your expenses of promoting a modified or substitute trademark or service mark.

Under the Franchise Agreement, we will reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark that we or our affiliates own if you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark.

The Development Agreement does not grant you rights to use the Marks. These rights arise only under the Franchise Agreement.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any patents that are material to the franchise.

We and our affiliates claim copyrights in the Manual (which contains our trade secrets), advertising and marketing materials, promotional videos and electronic media, and similar items used in developing and operating BarkSuds Businesses. We and our affiliates have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these

items only as we specify while operating your Franchised Business (and must stop using them if we so direct you).

We do not know of any currently effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the best interests of the System. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the form of agreement that you use and will be a third party beneficiary of that agreement with independent enforcement rights.

Manual

We will provide you with access to one copy of our Manual before the starting date of the initial training program for the duration of the term of your Franchise Agreement. The Manual could include audio/video recordings, other electronic media, and/or written materials, and contains the System Standards that we periodically specify for operating a BarkSuds Business and information on your other obligations under the Franchise Agreement. We may modify the Manual periodically to reflect changes in the System Standards,

Any materials or guidance that we provide concerning employment-related policies or procedures, whether in the Manual or otherwise, are solely for your optional use. These materials and guidance do not form part of the System Standards. You will determine to what extent, if any, these materials or guidance should apply to your employees and franchise operations. We and you recognize that we neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of BarkSuds Business employees or customers. You are solely responsible for determining the terms and conditions of employment for your employees, for all decisions concerning the hiring, firing and discipline of your employees, and for all other aspects of the Franchised Business's labor relations and employment practices.

At our option, we may post some or all of the Manual on a restricted website or intranet to which you will have access. If we do so, you must monitor and access the website or intranet for any updates to the Manual or System Standards. We or our designee will periodically notify you electronically about updates, changes, or deletions to the content posted on the restricted website or intranet. Any passwords or other digital identifications necessary to access the Manual on a website or intranet will be deemed to be confidential information relating the BarkSuds Businesses.

Innovations

You must promptly disclose to us all ideas, concepts, inventions, techniques, or materials concerning a BarkSuds Business, whether or not protectable intellectual property, and whether created by or for you or your owners or employees, which will be our sole and exclusive property, and part of the system. You assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

Development Agreement

The Development Agreement does not grant you rights to use technologies under any patents, copyrighted works, or other confidential information belonging to us, our affiliates or designated third parties. These rights arise only under the Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Franchise Agreement

You will appoint one of your owners to be your “Operating Principal” that will be responsible for overseeing and supervising the operation of the Franchised Business. You may not change the Operating Principal without our prior written consent. Any replacement Operating Principal must attend and successfully complete our initial training program at your sole cost and expense.

Your Operating Principal must act as the general manager of the Franchised Business with responsibility for direct, on-premises supervision of the Franchised Business. You must keep us informed at all times of the identity of any supervisory employee(s) acting as assistant manager(s) of the Franchised Business. Your Operating Principal must devote full time and efforts to the management and supervision of the Franchised Business. However, if the Franchised Business is one of multiple BarkSuds Businesses that you (or your affiliates) own, or if we otherwise allow (in our sole judgment) upon your written request, then you may operate the Franchised Business under the direct on-premises supervision of a manager we have approved and who has completed our required initial training programs (including any replacement manager).

Development Agreement

We do not require, but we do recommend, your Operating Principal to personally supervise your development of BarkSuds Businesses under the Development Agreement. You must hire sufficient personnel to manage and supervise the development of your Franchised Businesses. The personnel need not have an equity interest in your business nor attend our training program. If you are a business entity, your owners need not sign any personal guarantees of your obligations under the Development Agreement.

We will grant BarkSuds Businesses under the Development Agreement only to you or your Controlled Affiliates that we approve. “Controlled Affiliate” means a corporation, limited liability company or other business entity of which you or one or more of your majority owners owns at least 51% of the total authorized ownership interests, but only if you or the owner(s) have the right to control the entity’s management and policies. Franchises that we grant to your Controlled Affiliates will count toward your Development Schedule.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services that we periodically require for BarkSuds Businesses. You may not offer or sell any products or perform any services that we have not authorized. Our System Standards may regulate required and/or authorized products and services and inventory requirements so that your Franchised Business operates at full capacity. We periodically may change required and/or authorized products and service offerings. We may, to the extent allowed by applicable law, regulate your minimum, maximum, or other prices for the resale of any products you offer at the Franchised Business. There are no limits on our right to do so. There are no limitations imposed by us on the persons to whom you may provide services and products.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 1.B	10 years from the date the Effective Date.
b. Renewal or extension of the term	Section 14.A.1	If (1) you (and each of your owners) have substantially complied with the Franchise Agreement; (2) you (and each of your owners) are in compliance with the Franchise Agreement and System Standards on the date that you notify us you want a successor franchise and on the date on which the term of the successor franchise begins; (3) you remodel the Franchised Business or secure a substitute premises that we approve; and (4) we are then offering new franchise opportunities for BarkSuds Businesses, then you may acquire one successor franchise term of 10 years.
c. Requirements for franchisee to renew or extend	Section 14	“ <u>Renewal</u> ” means: give us timely notice; maintain possession of business location or find acceptable substitute premises; remodel the Franchised Business according to our then-current standards (regardless of cost); sign our new then-current form of franchise agreement (which may contain materially different terms and conditions from the original contract), a form of general release and other documents we use to grant franchises; and pay the successor franchise fee.
d. Termination by franchisee	Not Applicable	Subject to state law, you have no right to terminate the Franchise Agreement.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 15.A	We may terminate your franchise if you or your owners commit one of several violations.
g. “Cause” defined - curable defaults	Section 15.A	You have 72 hours to cure health, safety, or sanitation law violations; ten days to cure monetary defaults and failure to maintain required insurance; and 30 days to cure operational defaults and other defaults not listed in (h) below.

Provision	Section in Franchise Agreement	Summary
h. “Cause” defined – non-curable defaults	Section 15.A	Non-curable defaults include: misrepresentation in acquiring the franchise; failure to open Franchised Business within prescribed timing; failure to complete training; abandonment; unapproved transfers; termination of another agreement with us or our affiliate (other than a Development Agreement); conviction of a felony; dishonest or unethical conduct or acts or omissions that adversely affect the Franchised Business’s reputation or the goodwill associated with the Marks; unauthorized use or disclosure of the Manual or other confidential information; failure to pay taxes; understating Gross Sales; repeated defaults (even if cured); relocation of the Franchised Business without our prior written consent; an assignment for the benefit of creditors; appointment of a trustee or receiver; violation of any anti-terrorism law; violation of System Standards concerning use of unauthorized equipment, services, technologies, products or disapproved suppliers.
i. Franchisee’s obligations on termination/non-renewal	Section 16	Obligations include paying outstanding amounts; completing deidentification; assigning telephone and other numbers; ceasing use of the Marks; and returning confidential information (also see (o) and (r) below).
j. Assignment of contract by franchisor	Section 13.A	No restriction on our right to assign; we may assign without your approval.
k. “Transfer” by franchisee – defined	Section 13.B	Includes transfer of Franchise Agreement, the Franchised Business, sale of Franchised Business assets, and ownership change in your owners.
l. Franchisor approval of transfer by franchisee	Section 13.C	No transfer without our prior written consent. We will consent to non-controlling ownership interest transfers if the proposed transferee and its owners are of good character and meet our then applicable standards (including no involvement with a competitive business), you provide us with written notice, and the transfer does not, through one or a series of transfers, transfer or create a controlling ownership interest as a result of the transfer.
m. Conditions for franchisor approval of transfer	Section 13.C	New franchisee qualifies; you pay us, our affiliates, and third-party vendors all amounts due and submit all required reports; no default during 60-day period before transfer request or during period between request and transfer’s proposed effective date; new franchisee (and its

Provision	Section in Franchise Agreement	Summary
		owners and affiliates) are not in a competitive business; training completed; lease transferred; you or transferee signs our then current franchise agreement and other documents as we require; transfer fee paid; sign general release; we approve material terms; you subordinate amounts due to you; you and transferring owners agree to not identify yourselves as current or former BarkSuds Businesses or otherwise use the Marks; you correct existing deficiencies of which we notify you on punch list; and transferee must agree to upgrade and remodel the Franchised Business within specified timeframe after transfer (also see (r) below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13.H	We may match any offer for your Franchised Business or an ownership interest in you.
o. Franchisor's option to purchase franchisee's business	Section 16.D	We may buy certain operating assets and equipment of the Franchised Business at the then current market value (or appraisal value as determined by arbitration) after the Franchise Agreement is terminated or expires (without the grant of a successor term).
p. Death or disability of franchisee	Section 13.F	Assignment of franchise or an ownership interest in you to approved party within nine months; we may manage Franchised Business if there is no qualified manager.
q. Non-competition covenants during the term of the franchise	Section 12.C	No diverting business; no ownership interest in, or performing services for, competitive business anywhere ("competitive business" means any dog grooming or wellness business (other than a BarkSuds Business operated under a franchise agreement with us), or any business granting franchises or licenses to others to operate such a business).
r. Non-competition covenants after the franchise is terminated or expires	Section 12.C	No direct or indirect ownership interest in, or performing services for, a competitive business for two years at Franchised Business's premises, within a 15 mile radius of the Franchised Business's premises or within a 15 mile radius of any other then-existing BarkSuds® Business (same restrictions apply after transfer).

Provision	Section in Franchise Agreement	Summary
s. Modification of the agreement	Section 19.A	No modifications generally, but we may change the Manual, and amend and restate Exhibit B to the Franchise Agreement to reflect the Protected Territory (if the location of the Franchised Business's premises is unknown when you sign the Franchise Agreement).
t. Integration/merger clause	Section 19.A	Only the terms of the Franchise Agreement are binding (subject to applicable federal and state law), except that nothing in the Franchise Agreement shall disclaim or require you to waive reliance on any representations made in this franchise disclosure document (including its exhibits) delivered to you or your representative. Any other promises made outside the franchise disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 18.E	We and you must arbitrate all disputes in Tampa, Florida (subject to state law).
v. Choice of forum	Section 18.G	Subject to arbitration requirement, litigation must be in courts in Tampa, Florida (subject to state law).
w. Choice of law	Section 18.F	Florida law applies (subject to applicable state law) except to the extent governed by the U.S. trademark laws.

Development Agreement

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 5	Expires on date when last Franchised Business under Development Schedule opens or is scheduled to open (whichever is earlier).
b. Renewal or extension of the term	Sections 5	You have no right to renew or extend the term.
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	Not Applicable	You may not terminate the DA (except for grounds permitted by applicable law).
e. Termination by franchisor without cause	Not Applicable	We may not terminate without cause.
f. Termination by franchisor with cause	Section 6	We may terminate if you commit one of several violations.
g. "Cause" defined – curable defaults	Not Applicable	You have no right to cure defaults.

Provision	Section in Development Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 6	Non-curable defaults are failure to meet Development Schedule, breach of any obligation, and termination of any franchise agreement with you or your Controlled Affiliate.
i. Franchisee's obligations on termination/ nonrenewal	Not Applicable	Not Applicable
j. Assignment of contract by franchisor	Section 7	No restriction on our right to assign or transfer ownership interests without your approval.
k. "Transfer" by franchisee defined	Section 7	Not Transferable
l. Franchisor approval of transfer by franchisee	Section 7	Not Transferable
m. Conditions for franchisor approval of transfer	Section 7	Not Transferable
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Not Applicable	There is no non-competition covenant under the Development Agreement, but the covenant under the Franchise Agreement applies.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	There is no non-competition covenant under the Development Agreement, but the covenant under the Franchise Agreement applies.
s. Modification of the agreement	Section 8	No modifications unless agreed to in writing.
t. Integration/merger clause	Section 8	Only the terms of Development Agreement are binding (subject to applicable federal and state law), except that nothing in the Development Agreement (including its exhibits) shall disclaim or require you to waive reliance on any representations made in this disclosure document delivered to you or your representative. Any representations or promises made outside the disclosure document and Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 8	We and you must arbitrate all disputes in Tampa, Florida (subject to state law).
v. Choice of forum	Section 8	Subject to arbitration requirement, litigation must be in courts in Tampa, Florida (subject to state law).

Provision	Section in Development Agreement	Summary
w.Choice of law	Section 8	Except for Federal Arbitration Act and other federal law, Florida law governs (subject to 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.

2024 AVERAGE ANNUAL GROSS SALES AND JANUARY – MARCH (“Q1”) 2025 AVERAGE QUARTERLY GROSS SALES FOR THREE COMPANY-OPERATED BARKSUDS BUSINESSES

The following table contains historic financial performance information concerning our three Company-Operated BarkSuds Businesses that were open and operating as of December 31, 2024 and that had been open and operating for at least one year and for the full period from January 1, 2024 to March 31, 2025. This table does not exclude any Company-Operated Businesses.

	2024 AVERAGE ANNUAL GROSS SALES	Q1 2025 AVERAGE QUARTERLY GROSS SALES
Average Gross Sales ¹	\$325,776	\$80,613
Range of Gross Sales	\$296,075 to \$371,039	\$67,435 - \$95,415
Median Gross Sales	\$296,075	\$78,990
Number and Percentage of Businesses that Met or Exceeded Average Gross Sales	1 / 33%	1 / 33%

**2024 AVERAGE ANNUAL GROSS SALES
Q1 2025 AVERAGE QUARTERLY GROSS SALES
FOR FIVE FRANCHISED BARKSUDS BUSINESSES**

The following table contains historic financial performance information concerning five franchised BarkSuds Businesses that were open and operating as of December 31, 2024 and that had been open and operating for at least one year and during the full period from January 1, 2024 to March 31, 2025. This table excludes the performance of six franchised BarkSuds Businesses that opened in 2024.

	2024 AVERAGE ANNUAL GROSS SALES	Q1 2025 AVERAGE QUARTERLY GROSS SALES
Average Gross Sales ¹	\$284,411	\$86,524
Range of Gross Sales	\$159,088 to \$391,925	\$47,437 - \$116,759
Median Gross Sales	\$260,072	\$77,426
Number and Percentage of Businesses that Met or Exceeded Average Gross Sales	2 / 40%	2 / 40%

NOTES

1. “Gross Sales” means the aggregate amount of all revenues generated from the sale of all products and services sold and all other income of every kind related to the operation of the BarkSuds Business, including all amounts received at or away from the business location.
2. The BarkSuds Businesses presented have operated for at least a full year. These BarkSuds Businesses offer products and services for sale that are substantially similar to the products and services that you will offer for sale in your BarkSuds Business. We compiled the Gross Sales of the Company-Operated BarkSuds Businesses on the basis of generally accepted accounting principles. All Company-Operated BarkSuds Businesses use the same accounting methods and system. The results for the franchised BarkSuds Businesses were derived from financial reports submitted by our franchisees. The information presented is unaudited.
3. Written substantiation for these financial performance representations will be made available to the prospective franchisee upon reasonable request.
4. The financial performance representation figures do not reflect all the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the sales, costs and expenses you are likely to experience in operating a BarkSuds Business. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.
5. **Some BarkSuds Businesses have earned this much. Your individual results may differ. There is no assurance that you will earn as much.**

Other than the preceding financial performance representations, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations 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 our Chief Executive Officer, Richard Landman at 813-323-0844, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20**OUTLETS AND FRANCHISEE INFORMATION****Table No. 1****Systemwide Outlet Summary
For years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	1	+1
	2023	1	5	+4
	2024	5	11	+6
Company-Owned	2022	1	2	+1
	2023	2	3	+1
	2024	3	3	+0
Total Outlets	2022	1	3	+2
	2023	3	8	+5
	2024	8	14	+6

*As of December 31 of each year.

Table No. 2**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021 to 2023**

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

*As of December 31 of each year.

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

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Nonrenewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
FL	2022	0	1	0	0	0	0	1
	2023	1	4	0	0	1	0	4
	2024	4	5	0	0	0	0	9

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Nonrenewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
TX	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
VA	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	0	1	0	0	0	0	1
	2023	1	5	0	0	1	0	5
	2024	5	6	0	0	0	0	11

Table No. 4

**Status of Company-Owned Outlets
For Years 2022 to 2024**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
FL	2022	1	1	0	0	0	2
	2023	2	0	1	0	0	3
	2024	3	0	0	0	0	3
Totals	2022	1	1	0	0	0	2
	2023	2	0	1	0	0	3
	2024	3	0	0	0	0	3

Table No. 5

Projected Openings As Of December 31, 2024

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets In Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
FL	7	3	0
GA	2	3	0
NC	1	3	0
TX	7	3	0
Total	17	12	0

Exhibit C contains a list of: (1) our franchisees and the addresses and telephone numbers of their BarkSuds Businesses (or their contact information if their BarkSuds Businesses are not yet open); and

(2) the name, city and state, and current business telephone number (or, if unknown, the last known home telephone or other contact number) of the franchisees whose franchises were terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement and Development Agreement during our last fiscal year ended December 31, 2024, or who have not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

We are not aware of any trademark-specific franchisee organizations associated with the BarkSuds System and no independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Exhibit D contains the audited financial statements of our affiliate, Barksuds Incorporated for the fiscal years ended December 31, 2022, December 31, 2023, and December 31, 2024, and unaudited financial statements as of March 31, 2025. Barksuds Incorporated absolutely and unconditionally guarantees to assume our duties and obligations under the Franchise Agreements identified in this disclosure document that we enter into with our franchisees, as amended, modified, or extended from time to time. See the Guarantee of Performance signed by Barksuds Incorporated included with its financial statements in Exhibit D.

ITEM 22

CONTRACTS

The following agreements are attached to this disclosure document:

- A Franchise Agreement
- B Development Agreement
- G State-Specific Addenda

ITEM 23

RECEIPT

Our and your copies of the Franchise Disclosure Document Receipt are located at the last two pages of this disclosure document.

EXHIBIT A
FRANCHISE AGREEMENT



BARKSUDS

FRANCHISE AGREEMENT

FRANCHISEE

EFFECTIVE DATE OF AGREEMENT

FRANCHISED BUSINESS ADDRESS

TABLE OF CONTENTS

	<u>Page</u>
1. GRANT OF FRANCHISE AND TERM.....	1
2. DEVELOPMENT AND OPENING OF THE FRANCHISED BUSINESS.	3
3. FEES.	7
4. TRAINING AND ASSISTANCE.	9
5. COMPUTER HARDWARE AND SOFTWARE.....	11
6. SYSTEM STANDARDS.....	12
7. MARKETING.	18
8. RECORDKEEPING AND REPORTS.	22
9. MARKS.	23
10. INSURANCE.....	24
11. YOUR ORGANIZATION AND MANAGEMENT.	26
12. CONFIDENTIAL INFORMATION AND COVENANTS.....	26
13. TRANSFER.	29
14. EXPIRATION OF THIS AGREEMENT.	35
15. TERMINATION OF AGREEMENT.	37
16. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.	39
17. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.	42
18. ENFORCEMENT.	44
19. CONSTRUCTION.....	47
20. NOTICES AND PAYMENTS.	49
21. COMPLIANCE WITH ANTI-TERRORISM LAWS.	49
22. ELECTRONIC MAIL.	50

EXHIBITS

- EXHIBIT A – OWNERSHIP INFORMATION
- EXHIBIT B – FRANCHISE INFORMATION
- EXHIBIT C – GUARANTY AND ASSUMPTION OF OBLIGATIONS
- EXHIBIT D – ACH AUTHORIZATION FORM
- EXHIBIT E - LEASE RIDER

BARKSUDS FRANCHISE AGREEMENT

THIS BARKSUDS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into by and between **BARKSUDS FRANCHISING, LLC**, a Florida limited liability company with a principal business address at 10430 N. Dale Mabry Highway, Tampa, Florida 33618 (“Franchisor,” “we,” “us,” or “our”) and the party identified on the signature page of this Agreement (“Franchisee,” “you,” or “your”) as of the date signed by us and set forth beneath our signature on this Agreement (the “Effective Date”).

RECITALS

A. We and our affiliates have developed (and continue to develop and modify) a proprietary system (“System”) related to the establishment, development and operation of retail stores offering essential care and grooming services for dogs and related services and products (“BarkSuds Businesses”).

B. The distinguishing features of the System include our distinctive decor, color scheme, equipment, and furnishings; uniform standards, specifications, and procedures for operations; consistency and uniformity of products and services offered; procedures for quality control and safety; training and assistance; customer membership programs, and advertising and promotional programs, all of which we may change, improve, and further develop from time to time.

C. We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols for the operation of BarkSuds Businesses including the name and mark BARKSUDS®, which have gained and will continue to gain public acceptance and goodwill, and may create, use, and license other trademarks, service marks, and commercial symbols for BarkSuds Businesses, all of which we may further improve and modify (collectively, the “Marks”).

D. You would like to obtain the right to establish and operate a franchised BarkSuds Business in full compliance with our proprietary operations manual (the “Manual”), which contains our mandatory and suggested specifications, standards, operating procedures, and rules (“System Standards”) that we periodically specify for the operation of a BarkSuds Business in order to maintain the high and consistent quality that is critical to attracting and keeping customers for BarkSuds Businesses.

NOW THEREFORE, in recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this Agreement, and they agree as follows:

1. GRANT OF FRANCHISE AND TERM.

A. Grant. Subject to the terms and conditions set forth in this Agreement, we grant you the non-exclusive right (the “Franchise”) and you undertake the obligation to establish and continuously operate a franchised BarkSuds Business (the “Franchised Business”) at the location identified in the attached **Exhibit B** (the “Approved Location”) and a license to use the Marks and the System solely in connection with the Franchised Business. (If the exact location of the Approved Location is unknown as of the Effective Date, the location will be determined in accordance with the procedures set forth in Section 2.B. below.) You may use the Approved Location only for the Franchised Business. You agree at all times faithfully, honestly, and diligently to perform your obligations under this Agreement and to use your best efforts to promote the Franchised Business.

B. Initial Term. Unless terminated sooner as provided in this Agreement, the initial term (“Term”) of this Agreement expires on the tenth (10th) anniversary of the Effective Date. Your right to seek a successor franchise agreement for an additional term is set forth in Section 14.

C. Territorial Rights. We describe the nonexclusive territory that is assigned to the Franchised Business (the “Protected Territory”) in Exhibit B. The Protected Territory is determined in our sole judgment considering a range of factors that we deem relevant, which might include geographic area, population density, character of the neighborhood, location, and number of competing businesses. You agree that our determination of the Protected Territory, as described on Exhibit B is final. Provided that you are in full compliance with this Agreement, then beginning on the Effective Date and continuing throughout the Term, we and our affiliates will not operate or grant a franchise for the operation of another BarkSuds Business the physical premises of which are located within the Protected Territory.

D. Our Reserved Rights. Except as expressly limited by Section 1.C., we and our affiliates retain all rights with respect to BarkSuds Businesses, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire. Specifically, but without limitation, we reserve the following rights:

(1) the right to operate, and to grant others the right to operate, BarkSuds Businesses the physical premises of which are located anywhere outside the Protected Territory under any terms and conditions we deem appropriate and regardless of proximity to the Approved Location;

(2) the right to establish and operate, and to grant to others the right to establish and operate, retail businesses offering dog care and grooming services and related services and products, or any similar or dissimilar products and services, that are not primarily identified by the Marks, both inside and outside the Protected Territory and on any terms and conditions we deem appropriate;

(3) the right to market, merchandise, and distribute products and services identified by the Marks at any location other than the Approved Location through any method or channel of distribution, including through e-commerce, catalogs, wholesale or retail stores, convenience stores, pet stores, grocery stores, club stores, and similar retail outlets;

(4) the right to market, merchandise, and distribute products and services that are similar to the products and services offered by BarkSuds Businesses under a different trademark or trademarks at any location, within or outside the Protected Territory;

(5) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at BarkSuds Businesses, and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including within the Protected Territory); and

(6) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at BarkSuds Businesses, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses (as defined in Section 12.C.(2)) in the Protected Territory.

E. Reasonable Business Judgment. We have the right to operate, develop and change the System and the System Standards in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in the best interests of us or our affiliates, BarkSuds Businesses generally, or the System

at the time our decision is made, without regard to whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision promotes our or our affiliates' financial or other individual interests. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated or completed actions that require our approval.

F. Forms of Agreement. You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and our affiliates and other franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

2. DEVELOPMENT AND OPENING OF THE FRANCHISED BUSINESS.

A. Your Responsibility. You assume all cost, liability, expense, and responsibility for constructing, equipping and operating the Franchised Business in accordance with our standards at the Approved Location. If the Approved Location has not been designated as of the Effective Date, then you must: (1) follow the site selection procedures set forth in Section 2.B. below; and (2) obtain our acceptance of a site and acquire a possessory or leasehold interest in the site within one hundred and eighty (180) days after the Effective Date ("Site Acceptance Deadline"). You must open the Franchised Business within nine (9) months after the Effective Date ("Opening Deadline"). Any failure by you to meet the Site Acceptance Deadline (if applicable) or the Opening Deadline shall be a default of this Agreement for which we can terminate this Agreement without providing you an opportunity to cure the default. **TIME IS OF THE ESSENCE.**

B. Site Selection

(1) We will provide you with our site selection criteria and, as you may request, a reasonable amount of consultation with respect to the site selection process. Periodically, we may change our site selection criteria, which may include population density and composition, leasing costs, parking, visibility, character of the neighborhood, competition from other businesses in the area, proximity to other businesses (including businesses operated or franchised by us or our affiliates), the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance, other physical characteristics and a site plan of the premises.

(2) Within thirty (30) days after the Effective Date you must provide a site application to us including a complete site report and other materials and information we request for a suitable site located within the geographic area identified on Exhibit A ("Site Selection Area"). You should not make any binding commitments to acquire any interest in any site for the Franchised Business until we have accepted that site in writing.

(3) Within thirty (30) days after we receive your detailed site application, if we need to conduct a site visit, we or our designee will conduct an evaluation of the proposed site(s) and accept or reject your proposed sites. We will not unreasonably withhold our acceptance of a site that meets our site selection criteria. In determining whether to accept or reject a proposed site, we also may consider the site's proximity both to the Site Selection Area's boundaries and to other existing or potential sites for BarkSuds Businesses located outside the Site Selection Area. If we do not accept a proposed site in writing in this time period, we will be deemed to have rejected the site.

(4) You agree that our acceptance of a site for the Franchised Business and any information communicated to you regarding our site selection criteria for BarkSuds Businesses does not constitute a warranty or representation of any kind, express or implied, as to the suitability of any site for the Franchised Business or for any other purpose. Our acceptance of a site is not a representation or a promise by us that the Franchised Business at the site will achieve certain revenues or a certain level of profitability. Similarly, our acceptance of one or more sites and our rejection of other sites is not a representation or a promise that the accepted site will have higher revenues or be more profitable than a site that we rejected.

(5) You agree that your decision to develop and operate the Franchised Business at a site that we accept is based solely on your own independent investigation of the suitability of that site for a BarkSuds Business. We assume no liability or responsibility for: (1) evaluation of the soil of the site for hazardous substances; (2) inspection of any structure at the site for asbestos or other toxic or hazardous materials; (3) compliance with the Americans with Disabilities Act ("ADA"); or (4) compliance with any other applicable law. It is your sole responsibility to obtain satisfactory evidence and/or assurances that the site and any structures on the site are free from environmental contamination and in compliance with the requirements of the ADA.

C. Site Acquisition Period. If you propose to purchase the site for the Business, you must provide us with a copy of the deed or other evidence of ownership within thirty (30) days after we accept the site (the "Site Acquisition Period"). If you propose to lease or sublease the site, you must provide us with a copy of the fully executed lease or sublease for the site ("Lease") within the Site Acquisition Period. After you secure an ownership or leasehold interest in the site, we will insert its address into Exhibit B, and it will be the Approved Location. You hereby authorize us to deliver to you replacements for Exhibit B identifying the Approved Location, and upon our delivery to you of a revised Exhibit B, that Exhibit B shall be binding upon us and you as if we and you had signed that Exhibit B.

D. Lease Terms. We have the right to approve the terms of any Lease before you sign it. At our sole option, in the case of a lease or sublease, we may require that you and the landlord of the site sign a rider to the Lease in a form that we specify ("Lease Rider"), which Lease Rider shall be incorporated as part of the Lease upon execution. Our current form of Lease Rider is attached as Exhibit E. You must deliver to us a signed copy of each Lease and any amendment or renewal thereof, within seven (7) days after its execution, including the signed Lease Rider if we require it. Although we will not directly negotiate any Lease, a Lease must be in a form acceptable to us and must contain certain required terms and provisions (some or all of which may be covered by the Lease Rider if we require it), including:

(1) A provision reserving to us the right to receive an assignment of the Lease upon termination or expiration of this Agreement;

(2) A provision requiring the landlord concurrently to send us a copy of any written notice of a Lease default sent to you and granting us the right (but without any obligation) to cure any Lease default within fifteen (15) business days after the expiration of the cure period if you fail to do so;

(3) A provision evidencing your right to display the Marks according to the specifications that we prescribe (subject only to applicable law); and

(4) A provision that the site may be used only for the operation of a BarkSuds Business.

E. Development of the Franchised Business.

(1) You are responsible for developing the Franchised Business in accordance with the terms and conditions contained in this Agreement. We or our designees may, at any time and from time to time (but in no way limiting or affecting your responsibility for developing the Franchised Business), provide certain support and assistance in the development and start-up of the Franchised Business.

(2) We will give you mandatory and suggested specifications and layouts for a BarkSuds Business, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the ADA or similar rules governing public accommodations for persons with disabilities. It is your responsibility to prepare a site survey and all required construction plans and specifications to suit the Approved Location and to make sure that these plans and specifications comply with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions.

(3) You must send us construction plans and specifications for review before you begin constructing the Franchised Business and all revised or “as built” plans and specifications during construction. You are responsible for selecting the architect and/or general contractor to design and construct the Franchised Business. Because our review is limited to ensuring your compliance with our design requirements, it might not assess compliance with federal, state, or local laws and regulations, including the ADA, as compliance with these laws is your responsibility. We may inspect the Approved Location while you are developing the Franchised Business.

(4) You agree to take, at your own expense, all actions relating to the development of the Franchised Business at the Approved Location, including the following:

- (a) securing all financing required to develop and operate the Franchised Business;
- (b) obtaining all required building, utility, sign, health, sanitation, business, grooming, and other permits and licenses;
- (c) constructing all required improvements to the Approved Location and decorating the Franchised Business according to approved plans and specifications;
- (d) obtaining all necessary civil engineering and other services necessary in connection with the design and construction of the Franchised Business in accordance with this Agreement and applicable plans, specifications, permits, licenses, and regulations;
- (e) obtaining all customary contractors’ sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services;
- (f) purchasing or leasing, and installing, all required fixtures, furniture, signs, and equipment (including required or recommended computer hardware and software (as described in Section 5) (collectively, “Operating Assets”) for the Franchised Business; and

- (g) purchasing an opening inventory of authorized and approved products and supplies to operate the Franchised Business.

F. Operating Assets. You agree to use in the operation of the Franchised Business only those Operating Assets that we periodically approve for BarkSuds Businesses as meeting our specifications and standards for quality, design, appearance, function, and performance. You may not install or otherwise operate at the Approved Location any vending or lottery machines or other Operating Assets that we have not authorized. You agree to place or display at the Approved Location (interior and exterior) only the signs, emblems, lettering, logos, and display materials and products that we prescribe or otherwise approve from time to time. You agree to purchase or lease approved brands, types, or models of Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

G. Opening the Franchised Business. You agree not to open the Franchised Business until:

- (1) we notify you in writing that the Franchised Business meets our then-current standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the Franchised Business complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of our right to require continuing compliance with our requirements, standards, or policies);

- (2) your Operating Principal (as defined in Section 11.B) and your designated attendee(s) satisfactorily complete our initial training program;

- (3) you pay the Initial Franchise Fee (as defined in Section 3.A) and other amounts then due to us; and

- (4) you have obtained a certificate of occupancy;

- (5) you have obtained all necessary licenses and permits to operate the Franchised Business; and

- (6) we have been furnished with certificates of insurance and copies of all insurance policies or all other evidence of insurance coverage as we reasonably request.

- (7) The date upon which you begin operating the Franchised Business pursuant to this Section 2.G. and this Agreement shall be deemed the "Opening Date."

H. Relocation. You must not relocate the Franchised Business without our express prior written consent. Except as otherwise set forth in this Agreement, you may relocate the Franchised Business to a new location only upon the following conditions:

- (1) You must not be in default of any provision of this Agreement or the Lease for the former location;

- (2) You must deliver to us a current financial statement, including a profit and loss statement for your Franchised Business during the last twelve (12) months of operation at the former location and a copy of the proposed Lease for the new location;

- (3) You must comply with all required site selection and construction procedures;

- (4) The new location must be constructed, furnished, and equipped in accordance with our then-current design specifications and standards;
- (5) You must be current on all financial obligations to us and our affiliates;
- (6) You must give us written notice of the proposed relocation at least ninety (90) days before the relocation date; and
- (7) You must pay a relocation fee in the amount of Ten Thousand Dollars (\$10,000).
- (8) At our option, you must sign then-current form of franchise agreement; however, the term of the new franchise agreement will expire on the same date that this Agreement would have expired, and no new initial franchise fee will be required.
- (9) The Franchised Business must be open for business in the new location within thirty (30) days of the closing of the prior location, unless we consent, in our sole discretion, to an additional thirty (30) day extension. Your failure to relocate the Franchised Business within the required time period will be a material default under this Agreement, and we will have the right to terminate this Agreement.

3. FEES.

A. Initial Franchise Fee. You agree to pay us a non-recurring and non-refundable lump-sum initial franchise fee in the amount set forth on Exhibit A ("Initial Franchise Fee") when you sign this Agreement. The Initial Franchise Fee is paid for our costs of evaluating your credentials as a prospective franchisee and otherwise assisting you in the application process to acquire your Franchise and upfront costs associated with certain training, support and assistance in the location and development of the Franchised Business. The Initial Franchise Fee is fully earned by us when paid and is not refundable. Any Development Fees previously paid by you to us with respect to the Franchised Business shall be credited against the Initial Franchise Fee.

B. Royalty Fee.

(1) You agree to pay us, in the manner provided below (or as the Manual otherwise prescribes), a weekly royalty fee (the "Royalty") equal to six percent (6%) of the Gross Sales (as defined below) of the Franchised Business.

(2) As used in this Agreement, the term "Gross Sales" means the aggregate amount of all revenues generated from the sale of all products and services sold and all other income of every kind related to the operation of the Franchised Business, including all amounts that you receive at or away from the Approved Location, whether the sales method is permitted or not, and whether from cash, check, credit and debit card, mobile payment, barter exchange, trade credit, or other credit transactions. Gross Sales also includes all insurance proceeds received for loss of business due to a casualty or similar event. Gross Sales excludes all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; and shall be reduced by the amount of any documented refunds, credits, coupons, manager-authorized and/or customer loyalty program discounts, allowances, and charge-backs the Franchised Business in good faith gives to customers. Gift certificate, gift card, or similar program payments are included in Gross Sales when the gift certificate, gift card, or other instrument or applicable credit is redeemed. We reserve the right to modify our policies consistent with industry

practices regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from “Gross Sales” as circumstances, business practices, and technology change.

C. Brand Fund Contribution. You must make a non-refundable contribution to the Brand Fund in the amount that we specify from time to time (the “Brand Fund Contribution”) at the same time and in the same manner as the Royalties or in such other manner as we periodically specify.

D. Application of Payments. Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

E. Payment Method and Timing.

(1) Before the Franchised Business opens, you agree to sign and deliver to us the pre-authorized bank form attached as Exhibit D to this Agreement and all other documents we require to authorize us to debit your business checking account automatically for the Royalties, Brand Fund Contributions, and other amounts due under this Agreement and for certain specified purchases you make from us and/or our affiliates (the “Account”).

(2) You must pay the Royalties and Brand Fund Contribution by electronic debit from the Account on or before Friday of each week based on the Gross Sales of the Franchised Business during the prior week. As used in this Agreement, a “week” means the seven (7) consecutive calendar-day period beginning on Monday and ending at the close of the daily operations of the Franchised Business the following Sunday. We will debit the Account for these amounts on or after their due dates. You agree to ensure that funds are available in the Account to cover our withdrawals. If there are insufficient funds in the Account to cover any such amount owed, we will charge you a processing fee of One Hundred Dollars (\$100) to compensate us for our additional administrative expenses we incur in connection with your failure to maintain sufficient funds in the Account.

(3) We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit whenever we deem appropriate, and you agree to comply with our payment instructions. We have the right, at our sole option upon notice to you, to change from time to time the timing and terms for payment of the Royalties, Brand Fund Contributions, and other amounts payable to us under this Agreement.

F. Late Fees and Interest. If you fail to pay (or make available for withdrawal from your Account) any amounts you owe us for any reason, those amounts will bear interest accruing as of their original due date at one and one half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. We may debit your Account automatically for such interest. Any required report not timely received by us will also be considered late. We will assess a late fee of One Hundred Dollars (\$100) for any payment that is delinquent or report or item that is not timely received. You acknowledge that this Section 3.F is not our agreement to accept any payments or reports after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Franchised Business.

G. Other Funds Due. You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any monies that we have paid, or that we have become obligated to pay, on your behalf, by consent or otherwise under this Agreement.

4. TRAINING AND ASSISTANCE.

A. Initial Training – First Business. We will provide our initial training program only for the first BarkSuds Business that you or your affiliates operate. The initial training program includes the following:

(1) Before the Franchised Business opens for business, we will train your Operating Principal (who will serve as the general manager), assistant manager and any team members that would like to attend the training program on the material aspects of operating a BarkSuds Business. We will provide the initial training program at a designated training facility of our choice and/or at an operating BarkSuds Business. Our initial training program currently spans approximately two (2) days (excluding the pre-opening period during which one (1) or more of our representatives may assist in the opening of the Franchised Business, as further discussed below in Section 4.B). The initial training program consists of self-directed, computer-based training courses that your attendees will complete using our web portal at their own locations and/or at the training facility, classroom instruction that we conduct at our corporate offices or a designated training facility of our choice, and on-the-job training at an existing BarkSuds Business or other location we designate. We may modify any aspect of the initial training program at any time.

(2) You agree to pay for all travel and living expenses that your designated attendees incur and for their wages and workers' compensation insurance while they attend any training program.

(3) Your Operating Principal and designated attendees must complete the initial training program to our satisfaction before you open the Franchised Business for business. If we determine that your Operating Principal or your designated attendees cannot complete the initial training program to our satisfaction, we may terminate this Agreement.

(4) If you or your affiliates already operate a BarkSuds Business, you may request authorization to send new attendees to our initial training program and you will pay our then-current per diem training fees (which are \$500 as of the Effective Date).

B. Opening Assistance.

(1) When your first BarkSuds Business is ready to open for business, we will send one (1) of our representatives to the Franchised Business for a period of up to two (2) days to assist with its opening. The duration of this assistance will depend on our opinion of your ability, experience, and needs. Your Operating Principal, assistant manager, and your employees at the Franchised Business must successfully complete this final phase of the initial training program. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you agree to pay our then-applicable per diem training fees and other charges, including the travel and living expenses of the representative that we send to your Franchised Business.

(2) If you or your affiliates already operate a BarkSuds Business, you may request opening assistance for the Franchised Business. Subject to our availability, we may send a representative to the Franchised Business for a period of up to two (2) days to assist with the opening of the Franchised Business. The duration of the representative's assistance will depend on our opinion of your ability, experience, and needs. You must pay our then-applicable per diem training fees and other charges, including the travel and living expenses of the representative that we send to your Franchised Business.

C. Ongoing Training.

(1) We may require your Operating Principal and/or other previously trained and experienced employees to attend and satisfactorily complete various training courses that we periodically choose to provide at the times and locations that we designate. We may charge reasonable registration or similar fees for these courses. You agree to pay all travel and living expenses which your representatives incur during all training courses and programs. We may charge a reasonable tuition fees and fees for instruction and training materials.

(2) Besides attending these courses, you agree to send at least one (1) representative (who can be your Operating Principal) to attend any annual and/or regional conventions and meetings at locations that we designate. Attendance will not be required at a convention for more than three (3) days during any calendar year. We may charge reasonable registration fees for these conventions and meetings. You agree to pay all costs incurred by your representatives to attend the conventions and meetings.

(3) You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify at any time and from time to time.

(4) If we conduct an assessment and your Franchised Business does not meet our operating standards and requirements, then in addition to your agreement to remedy all of the deficiencies found, we will have the right to conduct additional assessments and to conduct additional training for you at your Franchised Business, and you agree to pay our then-current additional training fee for such training and the travel and living expenses of our representatives.

D. General Guidance.

(1) We will advise you, at any time and from time to time, regarding the operation of the Franchised Business based on your reports or our assessments and may guide you with respect to: (a) standards, specifications, and operating procedures and methods that BarkSuds Businesses use; (b) purchasing required and authorized Operating Assets, products, supplies, and other items; (c) advertising and marketing materials and programs; (d) supervisory employee training methods and procedures (although you are solely responsible for the terms and conditions of employment of all Franchised Business employees); and (e) administrative, bookkeeping, accounting, and inventory control procedures.

(2) We will guide you in our Manual; in bulletins, broadcast communications or other written materials; by electronic media; by telephone consultation; and/or at our office or the Franchised Business. If you request, and we agree to provide, additional or special guidance, assistance, or training, you agree to pay our then applicable charges, including our representatives' per diem charges and travel and living expenses.

E. Your Training Obligations. BarkSuds Businesses provide dog grooming services that require a thorough understanding of proper care and service processes in order to successfully meet our high-quality System Standards. To maintain a high level of quality standards in your Franchised Business, you must ensure that proper training is provided by you to each of your employees. If we implement a certification program for a particular employment position, then you must make sure that each employee becomes certified and remains in full compliance with all certification requirements.

F. The Manual.

(1) We agree to provide you with access to one (1) copy of our Manual before the starting date of the initial training program for the duration of the Term. The Manual could include audio/video recordings, other electronic media, and/or written materials, and contains the System Standards that we periodically specify for operating a BarkSuds Business and information on your other obligations under this Agreement. We may modify the Manual periodically to reflect changes in the System Standards.

(2) We and you agree that any materials or guidance that we provide with respect to employment-related policies or procedures, whether in the Manual or otherwise, are solely for your optional use. Any such materials or guidance do not form part of the System Standards. You will determine to what extent, if any, these materials or guidance should apply to your employees and Franchised Business operations. We and you recognize that we neither dictate nor control labor or employment matters for the Franchised Business or your employees and we are not responsible for the safety and security of your employees or customers. You are solely responsible for determining the terms and conditions of employment for your employees and for all decisions concerning the hiring, firing and discipline of your employees, and for all other aspects of the labor relations and employment practices of the Franchised Business.

(3) At our option, we may post some or all of the Manual on a restricted website or intranet to which you will have access. If we do so, you agree to monitor and access the website or intranet for any updates to the Manual or System Standards. We or our designee will periodically notify you electronically about updates, changes, or deletions to the content posted on the restricted website or intranet. Any passwords or other digital identifications necessary to access the Manual on a website or intranet will be deemed to be Confidential Information (as defined in Section 12.A).

(4) You agree to keep your copy of the Manual current and communicate all updates to your employees in a timely manner. You agree to keep all parts of the Manual in a secure location and restrict access to any passwords we provide to you or you develop for accessing the Manual. If there is a dispute over its contents, our master copy of the Manual controls. You agree that the Manual's contents are confidential and that you will not disclose the Manual to any person other than employees of the Franchised Business who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual without our prior written consent.

G. Delegation of Performance. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

5. COMPUTER HARDWARE AND SOFTWARE.

A. Computer System. You will, at your sole expense, purchase, use, maintain and update computer hardware and software systems we specify from time to time for use in the operation of your Franchised Business (collectively, the "Computer System"), and you will follow the procedures related thereto that we specify in the Manual or otherwise in writing. You will obtain and maintain the dedicated phone lines, high-speed internet connections, and other communication and transmission equipment and systems as are specified in the Manual or otherwise in writing. You will install and maintain telephone

answering systems and other telephonic devices and will operate all communication and transmission systems and devices as specified by us in the Manual or otherwise in writing.

B. POS System. The Computer System has various components, including designated computer hardware and software, a computerized point-of-sale system (the “POS System”), and related services, such as maintenance, service and support, billing and collection systems, internet access and data polling. You may be required to obtain some of these components and services directly from us, our affiliates or designated or approved suppliers.

C. Updates. You must maintain the Computer System in good working order at all times and upgrade, update or otherwise change the Computer System during the Term, as we require. Our modifications and specifications for components of the Computer System may require you to incur costs to purchase, lease or license new or modified computer hardware and software or to obtain service and support for the Computer System during the Term. You agree to comply with modifications to the Computer System within thirty (30) days after you receive notice of such modifications. You must install any other hardware or software for the operation of your Franchised Business that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. There is no contractual limitation on the frequency or cost of these obligations. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by BarkSuds Businesses.

D. Connectivity. Your Computer System must be capable of connecting with our computer systems, performing the functions we designate for the Franchised Business, permitting us to review the results of your Franchised Business operations, and engaging in any e-commerce activities that we designate. We have the right to poll (via modem or otherwise) your Computer System in order to compile sales data, consumer trends, and other such financial and marketing information as we deem appropriate, and you acknowledge that we may distribute this data on a confidential basis to our network of franchisees. We will have independent, unlimited access to all information and data in your Computer System, including continuous independent access to all Customer Data (as defined in Section 6.I.). In addition to any access we may have to your Computer System, you must supply us with any and all codes, passwords, and information necessary to have access to your Computer System, and not change them without first notifying us, and not load or utilize any software on the Computer System that we have not specified or approved for use. You will continuously comply with each of our then-current terms of use and privacy policies (and all other requirements) regarding the Computer System, including (but not limited to) internet use.

E. Disclosure of Information from Computer System. You acknowledge and agree that we may include financial performance information concerning your Franchised Business in our franchise disclosure document (including providing prospective franchisees with such backup documentation as may be required by law), which we obtain from your Computer System, in related media claims, to existing franchisees, and as otherwise required or permitted by law.

6. SYSTEM STANDARDS.

A. Condition and Appearance of the Franchised Business. You agree that:

(1) you will maintain the condition, environment, appearance, Operating Assets, and the premises of the Franchised Business in accordance with our System Standards and consistent with the image of a BarkSuds Business as an efficiently operated business offering high quality products and services and observing the highest standards of cleanliness, sanitation, efficient, prompt, courteous service and pleasant ambiance. Accordingly, you will take, without limitation, the following actions during the term of this Agreement: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Franchised Business at intervals we prescribe;

(b) interior and exterior repair of the Franchised Business; and (c) repair or replacement of damaged, worn out or obsolete Operating Assets;

(2) you will place or display at the Approved Location (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we may at any time, and from time to time, approve;

(3) if at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Franchised Business or its fixtures, furnishings, equipment or signs does not meet our standards, we have the right to notify you and specify the action(s) you must take to correct the deficiency. If you do not initiate appropriate action(s) to correct such deficiencies within ten (10) days after you receive our notice, and then continue, in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, then we have the right, in addition to all other remedies, to enter the Franchised Business and perform any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand for any expenses we incur in that connection; and

(4) on notice from us, you agree to remodel, expand, redecorate, re-equip and/or refurbish the Franchised Business to reflect changes in the operations of BarkSuds Businesses that we prescribe and require of new franchisees. You will bear the entire cost of changes or additions, for any changes in, or additions of, equipment, furnishings, fixtures, lighting, flooring, painting, or taking of other actions we specify to satisfy our then-current standards for image, cleanliness, or appearance. You acknowledge and agree that the requirements to remodel and modernize your Franchised Business as set forth in this provision are reasonable and necessary to maintain uniformity among all BarkSuds Businesses, to update the image of BarkSuds Businesses and to avoid the deterioration of the appearance and operation of your Franchised Business. Other than general repairs and maintenance as needed, you will not be required to remodel and modernize your Franchised Business more than once every five (5) years during the Term.

(5) You will, at all times, maintain sufficient working capital to operate your Franchised Business and fulfill your obligations under this Agreement and will take steps to ensure the availability of capital to fulfill your obligations to maintain, remodel and modernize the premises and operations of the Franchised Business as required by this Agreement.

B. Franchised Business Services, Products, Specifications, Standards and Procedures. You agree that: (1) the Franchised Business will offer for sale all products and services that we specify from time to time, and will only use the products, service methods, including grooming methods, that we have periodically specified or approved; (2) the Franchised Business will offer and sell approved products and services only in the manner we have prescribed; (3) you will not offer for sale or sell at the Franchised Business, the Approved Location or any other location any products or services we have not approved; (4) all products will be offered and sold only at retail prices and from the Approved Location, and you will not offer or sell any products at wholesale prices; and (5) you will discontinue selling and offering for sale any products or services that we at any time decide (in our sole judgment) to disapprove in writing.

C. Approved Products and Suppliers.

(1) We have developed or may develop and periodically modify standards and specifications for types, models and brands of required Operating Assets, products, grooming tools, materials, signage, uniforms, and supplies. We reserve the right at any time and from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products

meeting those specifications, and if we require it, only from suppliers we have approved, which might include or be limited to us or our affiliates.

(2) We may designate a single supplier for any product, service, equipment, supply, or material and may approve a supplier only as to certain products, services, equipment, supplies, or materials. The designated supplier may be us, one of our affiliates, or a designated third party. We agree to limit any markup on products we sell to ten percent (10%) of our costs. Unless we specify otherwise, you agree to purchase from us, our affiliates, or our designated suppliers all products, supplies, grooming tools, equipment, technologies, and other consumer products used at, used by, or available for sale at the Franchised Business if we or they manufacture, distribute, or can otherwise provide such products.

(3) We and our affiliates may receive rebates, allowances and payments from suppliers on account of such suppliers' dealings with you and other BarkSuds Businesses, and may use any amounts so received without restriction and for any purpose we and our affiliates deem appropriate. We or our affiliates may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services, or for any other reason. Our approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time.

(4) If you would like to purchase any items we prescribe from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier. We may approve, or deny approval of, your request at our sole option, using our evaluation process, and will notify you of our approval or disapproval within ninety (90) days of our receipt of your written request. If you do not receive our approval within this time period, your request will be deemed to have been denied. We have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered, at our option, either directly to us or to any independent, certified laboratory that we designate for testing. Either you or the proposed supplier must pay us a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria. We also reserve the right to charge manufacturers or suppliers a royalty fee for the right to manufacture products for use in BarkSuds Businesses. If we approve any supplier you recommend from which you purchase or lease any items or other products or services, you agree that we are authorized to allow other BarkSuds Businesses to purchase or lease any items or other products or services from these suppliers, without limitation, and without compensation to you. Notwithstanding the foregoing, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated any exclusive source (which might be us or our affiliate) for a particular item or service or if we believe that doing so is in the best interests of the System.

D. Compliance With Laws and Good Business Practices.

(1) You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including government regulations relating to occupational hazards, health, environment, worker's

compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. The Franchised Business must in all dealings with its customers, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks, the System, and other BarkSuds Businesses.

(2) You will deliver to us, immediately upon your receipt, an exact copy of all: (a) notices of default received from the landlord of the Approved Location or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party; (b) notifications or other correspondence relating to any legal proceeding for any claim relating in any way to your Franchised Business; and (c) inspection reports or any other notices, warnings or citations from any governmental authority, including any health and safety, taxing, and/or licensing authorities. You will notify us in writing within five (5) days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting you and/or the operation of the Franchised Business. Within ten (10) days after receipt of a written request from us, you will provide us with a written summary of all written consumer complaints made since the date indicated in our request for this information. You will also provide all additional information requested by us relating to any of these matters.

E. Management of the Franchised Business/Conflicting Interests. Except as provided below, your Operating Principal must act as the general manager of the Franchised Business with responsibility for direct, on-premises supervision of the Franchised Business. You must keep us informed at all times of the identity of any supervisory employee(s) acting as assistant manager(s) of the Franchised Business. Your Operating Principal must devote full time and efforts to the management and supervision of the Franchised Business. However, if the Franchised Business is one of multiple BarkSuds Businesses that you (or your affiliates) own, or if we otherwise allow (in our sole judgment) upon your written request, then you may operate the Franchised Business under the direct on-premises supervision of a manager we have approved and who has completed our required initial training programs (including any replacement manager during the Term).

F. Pricing. You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the products and services (subject to applicable law) offered and sold at the Franchised Business under this Agreement. With respect to the sale of all such products and services, you will have sole discretion as to the prices to be charged to customers; provided, however, that we will have the right to set maximum or minimum prices on such items (subject to applicable law), to promote inter-brand competition. If we impose a maximum price on a particular item, then (subject to applicable law) you may charge any price for that item, up to and including the maximum price we have set. If we impose a minimum price on a particular item, then you may charge any price for that item (subject to applicable law), down to and including the minimum price that we have set.

G. Compliance with System Standards. You acknowledge and agree that operating and maintaining the Franchised Business according to our System Standards are essential to preserve the goodwill of the Marks and all BarkSuds Businesses. Therefore, you agree at all times to operate and maintain the Franchised Business according to all of our System Standards, however communicated to you in writing or another tangible form (for example, as presented in the Manual or via the System intranet or website) and as we periodically modify and supplement them, even if you believe that a System Standard, as originally issued or subsequently modified, is not in the best interests of the System or the Franchised Business. Although we retain the right to establish and periodically modify System Standards that you have agreed to maintain, you retain the right to and responsibility for the day-to-day management and

operation of the Franchised Business and implementing and maintaining System Standards at the Franchised Business. As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 6.A through 6.F above:

- (1) dog grooming and handling techniques;
- (2) inventory requirements for products and supplies so that the Franchised Business may operate at full capacity;
- (3) terms and conditions of the sale and delivery of, and terms and methods of payment for, products and services that you obtain from us and affiliated and unaffiliated suppliers, including your obligation to purchase and use, to the maximum extent possible, only products marketed under trademarks that we or our affiliates own (whether or not you acquire such branded products from us, our affiliates, a designated third party supplier, or a third party supplier you choose) as we may prescribe; and our right not to sell you any products, or to provide you with services, or to do so only on a “cash-on-delivery” or other basis, if you are in default under any agreement with us;
- (4) sales, marketing, advertising, customer relations, and promotional programs, including any materials and media used in these programs;
- (5) use and display of the Marks at the Franchised Business, price boards, labels, forms, products, and other supplies or services used at or by the Franchised Business;
- (6) participating in customer loyalty and marketing programs such as limited time offers, gift cards, gift certificates, coupons, loyalty programs, membership programs, reciprocity programs, membership transfer policies and programs and similar programs for members, customer relationship management and other programs, and paying for the costs associated with such programs;
- (7) maintaining a competent, conscientious staff and number of employees necessary to meet the anticipated volume of the Franchised Business;
- (8) manner of identifying the personnel of the Franchised Business and employee training, dress, and appearance. However, you have sole responsibility and authority for your labor relations, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, and working conditions. Your employees are under your day-to-day control at the Franchised Business. You must communicate clearly with your employees in your employment agreements, human resource manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of BarkSuds Businesses, are not their employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible. Any information we provide concerning employment-related policies and procedures, or relating to the terms and conditions of employment for BarkSuds Business employees, is for your optional use;
- (9) days and hours of operation, including restrictions and policies governing operation or temporary closing of the Franchised Business during periods of inclement weather;
- (10) participation in market research and testing and product and service development programs as well as participation in, and dues assessed for, advisory councils;

(11) accepting credit and debit cards, mobile application, electronic and other payment systems;

(12) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and giving us copies of tax returns and other operating and financial information concerning the Franchised Business;

(13) the provision of efficient, courteous, competent, prompt, and high-quality service to the public;

(14) customer service programs, reward programs, mystery shopper programs, and customer complaints and resolution programs (including reimbursing dissatisfied customers for their reasonable costs of patronage at the Franchised Business and participating in other customer-satisfaction programs in the manner we periodically specify);

(15) mobile application, point of sale, and Computer Systems; and

(16) any other aspects of operating and maintaining the Franchised Business that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and BarkSuds Businesses.

H. Customer Surveys. You will present to customers, which includes all prospects and members, any evaluation forms we require and will participate and/or request your customers to participate in any marketing surveys performed by or for us.

I. Data and Privacy.

(1) You must comply with any reasonable instructions by us regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of the names, addresses, telephone numbers, e-mail addresses, dates of birth, demographic or related information, and payment/credit card information of previous, current and prospective customers of the Franchised Business (“Customer Data”) and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Data. You must comply with all applicable laws governing the use, protection, and disclosure of Customer Data. If there is a suspected or actual breach of security or unauthorized access involving Customer Data, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Data was compromised or disclosed.

(2) Subject to any applicable state or federal laws, you acknowledge and agree that we may access at any time and from time to time all Customer Data and records for the Franchised Business located on the Computer System. You further acknowledge and agree that we are the sole owners of Customer Data and that you may not distribute or sell, in any form or manner, Customer Data to any third party without our prior written consent. We hereby license use of such Customer Data back to you, at no additional cost, solely for the Term and solely for your use in connection with the Franchised Business. We and our affiliates may use Customer Data in our and their business activities in any manner that we or they deem necessary or appropriate.

(3) In connection with any use of data in the Franchised Business, you agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information (“Privacy Laws”). You also agree to comply with our standards and policies pertaining

to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law.

J. Modification of System Standards. We periodically may modify the System Standards, which may accommodate regional or local variations, and these modifications may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs. You agree to implement any changes in the System Standards within the time period we request, whether they involve refurbishing or remodeling the Approved Location or any other aspect of the Franchised Business, buying new Operating Assets, adding new products and services, or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date.

K. Our Right to Conduct an Assessment of the Franchised Business. To determine whether you and the Franchised Business are complying with this Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect the Franchised Business; (2) photograph the Franchised Business and observe and record the operation of the Franchised Business for consecutive or intermittent periods we deem necessary; (3) remove samples of any products and supplies; (4) interview the personnel and customers of the Franchised Business; (5) inspect and copy any books, records, and documents relating to the operation of the Franchised Business; and (6) contact suppliers of products and services to the Franchised Business to obtain relevant information about the operations, inventory and materials usage of the Franchised Business. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the operation of the Franchised Business. Without limiting our other rights and remedies under this Agreement, you agree promptly to correct at your own expense all failures to comply with this Agreement (including any System Standards) that our agents or representatives note within the time period we specify following your receipt of our notice. We then may conduct one or more follow-up assessments to confirm that you have corrected these deficiencies and otherwise are complying with this Agreement and all System Standards. We may charge you an assessment fee to compensate us for our costs and expenses during any such follow-up assessment or any assessment that you request.

7. MARKETING.

A. Grand Opening Marketing. You must spend at least One Thousand Dollars (\$1,000) to advertise and promote the Franchised Business (the “Grand Opening Marketing Expense”) for a period of fifteen (15) days prior to opening through fifteen (15) days following the opening of the Franchised Business (the “Opening Period”). At least sixty (60) days prior to the opening of the Franchised Business, you must submit a marketing plan (“Grand Opening Marketing Plan”) to us outlining your proposal to advertise and promote the Franchised Business during the Opening Period. You may not implement the Grand Opening Marketing Plan unless and until we have consented to the Grand Opening Marketing Plan in writing. You agree to modify the Grand Opening Marketing Plan as requested by us and, thereafter, no substantial changes shall be made to the Grand Opening Marketing Plan without our advance written consent. Within ten (10) days after the end of the Opening Period, you must submit proof that you spent the Grand Opening Marketing Expense implementing the Grand Opening Marketing Plan.

B. Brand Fund.

(1) Recognizing the value of advertising and marketing to the goodwill and public image of BarkSuds Businesses, we have the right to establish a centralized Brand Fund (the “Brand Fund”) for the advertising, marketing, and public relations programs and materials we deem

appropriate. When established, you agree to contribute to the Brand Fund the amount that we periodically specify up to three percent (3%) of Gross Sales at the same time and in the same manner as the Royalties or in such other manner as we periodically specify. BarkSuds Businesses that we or our affiliates own will contribute to the Brand Fund on the same basis as franchised BarkSuds Businesses.

(2) We will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce website and/or related strategies; taxes on Brand Fund Contributions; administering regional, multi-regional and/or national marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

(3) We will account for the Brand Fund separately from our other funds and not use the Brand Fund for any of our general operating expenses. However, we may use the Brand Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, the Brand Fund's other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Fund Contributions.

(4) The Brand Fund will not be our asset. Although the Brand Fund is not a trust, we will hold all Brand Fund Contributions for the benefit of the contributors and use Brand Fund Contributions only for the purposes described in this Section 7.B. We do not owe any fiduciary obligation to you for administering the Brand Fund or any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year paid by all BarkSuds Businesses, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If the Brand Fund spends more than the total amounts available in a given year (regardless of when those amounts accrued), the Brand Fund may repay the difference plus reasonable interest to us (or another entity that covered the deficit) using Contributions received by the Brand Fund in the following or later year. We will use all interest earned on Contributions to pay costs before using the Brand Fund's other assets.

(5) We will prepare an annual, unaudited statement of Fund collections and expenses and give you the statement upon written request. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate, in which case the successor entity will have all of the rights and duties specified in this Section 7.B.

(6) We intend for the Brand Fund to maximize recognition of the Marks and patronage of BarkSuds Businesses. Although we will try to use the Brand Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, in a manner that will benefit all BarkSuds Businesses, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to contributions made by BarkSuds Businesses operating in that geographic area, or that any individual BarkSuds Business benefits directly (or in proportion to its contribution) from the development of advertising and marketing materials and/or the placement of advertising and marketing.

(7) We have the right, but no obligation, to use collection agents and institute legal proceedings to collect contributions at the Brand Fund's expense. We also may forgive, waive, settle, and compromise any claims by or against the Brand Fund. Except as expressly provided in this Section 7.B, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

(8) We may at any time defer or reduce contributions of a BarkSuds Business and, upon thirty (30) days' prior written notice to you, reduce or suspend contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will distribute all unspent monies to our franchised and company/affiliate owned BarkSuds Businesses, in proportion to their and our respective contributions during the preceding twelve (12) month period.

C. Local Marketing.

(1) You agree to promote the Franchised Business actively and aggressively within your Protected Territory. You are required to spend at least 3% of monthly Gross Sales on local advertising directly related to your Franchised Business. You agree to prepare for our review and approval an annual plan for your local marketing expenditure. You agree to implement the plan that we have approved and agree that any changes to the plan will be subject to our prior written approval.

(2) As used in this Agreement, the term "local marketing" will consist only of the direct costs of purchasing and producing marketing materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of "marketing" you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying. "Local marketing" does not include costs or expenses incurred by or on your behalf in connection with any of the following: salaries and expenses of any of your employees, independent contractors, and/or agents, including salaries or expenses for attendance at advertising meetings or activities, or incentives provided or offered to such employees, including discount coupons; charitable, political, sponsorship or other contributions or donations; the value of discounts provided to consumers; and specialty items (e.g., banners, t-shirts, and premiums), unless such items are a part of a market-wide advertising and sales promotion program but only to the extent that the cost of such items is not recovered by the promotion. You must also prominently display franchise brochures, that we will provide to you at our cost, at your Franchised Business to solicit prospective franchisees. We reserve the right to audit your local marketing expenditures, at any time.

(3) Your local marketing must follow our brand guidelines. All marketing and promotional materials that you develop for the Franchised Business must contain notices of our website's domain name in the manner we designate. You may not develop, maintain, or authorize any website that mentions or describes you or the Franchised Business or displays any of the Marks. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. If you are not using approved marketing materials that we provide to you, then before you use them, you agree to send us or our designated agency, for our or its approval, physical samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written approval within fifteen (15) days after we or our designated agency receives the materials, they are deemed to be disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

D. Cooperative Advertising Programs.

(1) We have the right to designate any geographic area or set of common characteristics for purposes of establishing a regional marketing cooperative (“Cooperative”). If a Cooperative is applicable to your Franchised Business you must become a member and contribute to up to one percent (1%) of monthly Gross Sales to the Cooperative, as determined by the Cooperative. We (or our affiliates, as the case may be) will become a member of any Cooperative that is applicable to a BarkSuds business owned by us or our affiliates. Any Cooperative contributions will count toward your local marketing expenditure requirement. If you fail or refuse to contribute to the Cooperative, the Cooperative may suspend your voting rights and other privileges relating to the Cooperative until you begin contributing your dues and pay all past-due dues.

(2) Each Cooperative will be organized for the exclusive purpose of developing, administering and executing advertising programs for the members of the Cooperative. Each Cooperative will adopt a Cooperative agreement governing the organization and operation of the Cooperative, subject to our approval. If the members of the Cooperative do not sign an agreement within a reasonable time, you agree to sign our recommended form of Cooperative Agreement. We reserve the right to change the form of organization, governing documents, and manner of operation of any Cooperative, and you and the other members agree to implement any such change promptly after notice from us. No changes in the bylaws or other governing documents of a Cooperative may be made without our prior written consent. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval pursuant to Section 7.C.(3) above. We and our designated agents will have the right to examine and copy, at our expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative. We will also have the right, at any time, to have an independent audit made of the books of any Cooperative.

E. Internet Advertising/Sales. We or one or more of our designees may establish a website or series of websites for System to advertise, market and promote Barksuds Businesses, the amenities and other products and services they offer, the BarkSuds franchise opportunity, to facilitate the operations of BarkSuds Businesses, and/or for any other purposes that we determine are appropriate (collectively, the “System Website”). You agree that:

(1) We have the exclusive right to conduct and manage all marketing on the Internet or other electronic medium, including all websites and “social media” marketing related to the System. You may not conduct such marketing, or establish any website or social media presence independently, except as we may specify and only with our written consent. We retain the right to approve any linking to or other use of our website.

(2) If we include information about your Franchised Business on the System Website, then you must give us the information and materials that we periodically request concerning your Franchised Business and otherwise participate in the System Website in the manner that we periodically specify. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party’s rights. You must notify us whenever any information about you or your Franchised Business on the System Website changes or is not accurate.

(3) We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all

subsidiary websites, the log of “hits” by visitors, and any personal or business data that visitors (including you and your personnel) supply. We may implement and periodically modify System standards relating to the System Website and, at our option, may discontinue the System Website, or any services offered through the System Website, at any time.

(4) You may not develop, maintain, or authorize any website, online presence, or other electronic medium (such as mobile applications and other interactive properties or technology-based programs) that mention or describe you or your Franchised Business or displays any of the Marks. You may not conduct commerce or offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or using any other technology-based program without our approval. If anything happens that would allow us to terminate this Agreement, we may instead temporarily remove information concerning your Franchised Business from the System Website and/or stop your or the Franchised Business’ participation in any other programs or benefits offered on or through the System Website.

8. RECORDKEEPING AND REPORTS.

A. Recordkeeping and Reports.

(1) You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we specify from time to time. We may require you to use the Computer System to maintain certain sales data, Customer Data and other information and to report such information to us via a website or other means. You agree to give us in the manner and format that we prescribe from time to time:

(a) on or before Friday of each week, a report on the Gross Sales of the Franchised Business during the week ending on the preceding Sunday, should we so request, in lieu of extracting such data from your POS System;

(b) within fifteen (15) days after the end of each calendar month, the operating statements, financial statements, statistical reports, purchase records, and other information we request regarding you and the Franchised Business covering the previous calendar month and the fiscal year to date;

(c) within ninety (90) days of the completion of your fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for the Franchised Business as of the end of the prior fiscal year; and

(d) within ninety (90) days of the completion of your fiscal year, exact copies of federal and state income tax returns and sales tax returns compiled by an independent certified public accounting firm and signed by you attesting that the statement is true and correct, and any other forms, records, books, and other information we periodically require regarding you and the Franchised Business. We may require you to have audited financial statements prepared annually during this Agreement’s Term if we reasonably deem it necessary for purposes of verifying your compliance with this Agreement.

(2) You agree to verify and sign each report and financial statement in the manner we periodically specify. We may disclose data derived from these reports, although we will not without your consent (unless required by law) disclose your identity in any materials that we circulate publicly. Moreover, we may, as often as we deem appropriate (including on a daily basis),

access the Computer System (including the POS System) and retrieve all information relating to the operation of the Franchised Business, which may include all Customer Data or financial information available on the Computer System.

(3) You agree to preserve and maintain all records in a secure location at the Franchised Business for at least seven (7) years after the end of the fiscal year to which such records relate, or for such time as required by applicable law (including sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers).

B. Our Right to Audit. To determine whether you and the Franchised Business are complying with this Agreement, we may at any time during your business hours, and without prior notice to you, examine your and the Franchised Business's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of the Gross Sales of the Franchised Business, you agree to pay us, within fifteen (15) days after receiving the examination report, the Royalties and Brand Fund Contributions due on the amount of the understatement, plus our interest in the amount of one and one-half percent (1.5%) per month (or prorated, as applicable) on the understated amounts from the date originally due until the date of payment. Furthermore, if an audit or other similar examination (collectively, for purposes of this paragraph, an "examination") is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of fees owed exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

9. MARKS.

A. Ownership and Goodwill of the Marks. We hereby grant you a license to use the Marks in operating the Franchised Business in accordance with the terms and conditions of this Agreement. Your right to use the Marks is derived only from this Agreement and is limited to your operating the Franchised Business according to this Agreement and all System Standards we prescribe during its Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our, our affiliate's and/or licensor's rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our and their benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Franchised Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this Agreement's Term contest or assist any other person in contesting the validity, or our and our affiliate's ownership, of the Marks.

B. Limitations on Use of the Marks.

(1) You agree to use the Marks as the sole identification of the Franchised Business, except that you agree to identify yourself as its independent owner in the manner we prescribe. You may not use any Mark in any of the following ways: (a) as part of any corporate or legal business name (including any acronyms); (b) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (c) in selling any unauthorized services or products; (d) as part of any domain name, homepage, electronic address,

or otherwise in connection with a website; or (e) in any other manner that we have not expressly authorized in writing.

(2) You may not use any Mark in advertising the transfer, sale, or other disposition of the Franchised Business or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the Franchised Business and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

C. Notification of Infringements and Claims. You agree to notify us immediately in writing of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark (or any identical or confusingly similar trademark) or claim of unfair competition relating to any Mark. You agree not to communicate with any person other than us and our affiliates, their respective attorneys, and your attorneys regarding any infringement, challenge or claim. We and our affiliates may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our (or our affiliate's) attorneys, are necessary or advisable to protect and maintain our (and our affiliate's) interests in any litigation or U.S. Patent and Trademark Office or other proceeding or otherwise to protect and maintain our (and our affiliate's) interests in the Marks. We will reimburse you for your costs of taking any action that we have asked you to take.

D. Discontinuance of Use of the Marks. If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for any of your expenses in complying with these directions (such as the costs of changing the signs of the Franchised Business), for any loss of revenue due to any modified or discontinued Mark, or for any of your expenses of promoting a modified or substitute trademark or service mark. Our rights in this Section 9.D apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

10. INSURANCE

A. Procurement of Insurance. You shall be responsible for all loss or damage arising from or related to your development and operation of the Franchised Business, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Business. You must maintain in full force and effect throughout the term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Business which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 10.B. and the Manual. We, and any entity with an insurable interest designated by us, shall be an additional insured in all liability policies (except workers compensation) to the extent each has an insurable interest.

B. Minimum Insurance Requirements. All insurance policies shall be written by an insurance company or companies satisfactory to us, in compliance with the standards, specifications, coverages and limits set forth in the Manual or otherwise provided to you in writing. We may reasonably increase the minimum required coverage and require different or additional kinds of insurance to reflect inflation,

changes in standards of liability, higher damage awards or other relevant changes in circumstances and such changes will be identified in the Manual. We will notify you in writing of such modifications and you agree to secure the additional coverage or higher policy limits within thirty (30) days. These policies shall include, at a minimum, the types and levels of coverage that are included in Exhibit A.

C. General Insurance Requirements. The following general requirements shall apply to each insurance policy that you are required to maintain under this Agreement:

(1) Each insurance policy shall be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. The applicable limits of each insurance policy shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to us. The workers compensation policy shall include a waiver of subrogation in favor of us. In the event payments are required to be made under our own insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by you are exhausted, you agree to reimburse, hold harmless and indemnify us and our insurers for such payments;

(2) No insurance policy shall contain a provision that in any way limits or reduces coverage for you in the event of a claim by us or our affiliates;

(3) Each insurance policy shall extend to, and provide indemnity for, all of your obligations and liabilities to third parties and all other items for which you are required to indemnify us under this Agreement; and

(4) Each insurance policy shall be written by an insurance company that has received and maintains an "A+" or better rating by the latest edition of Best's Insurance Rating Service or a replacement rating service that we specify in the Manual.

D. Proof of Insurance. No later than the commencement of construction of your Franchised Business, and on each policy renewal date thereafter, you must submit to us a certificate of insurance, or other evidence of satisfactory insurance as required by this Section 10 and proof of payment therefor. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least ten (10) days' prior written notice to us. Upon request, you also shall provide copies of any policies and policy amendments and riders to us.

E. No Representations. You acknowledge and agree that no requirement for insurance contained in this Agreement constitutes advice or a representation by us that only such policies, in such amounts, are necessary or adequate to protect you from losses in connection with the Franchised Business. Maintenance of this insurance, and the performance by you of your obligations under this Section 10, shall not relieve you of liability under the indemnification provisions of this Agreement.

F. Procurement of Insurance by Us. Should you, for any reason, fail to procure or maintain at least the insurance required by this Section 10, as revised from time to time pursuant to the Manual or otherwise in writing, we shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to you. You must reimburse us for all out-of-pocket costs incurred by us in obtaining such insurance on your behalf immediately within ten (10) days after your receipt of our invoice.

11. YOUR ORGANIZATION AND MANAGEMENT.

A. Entity Documents and Ownership. If you are at any time a corporation, limited liability company, or other business legal entity (collectively, an “Entity”), you agree and represent that:

(1) You are duly qualified and authorized to do business in the jurisdiction where your Franchised Business is located;

(2) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed, validly existing and in good standing under the laws of the state of your incorporation or formation;

(3) You will provide us with a copy of your organizational documents, operating agreement, or partnership agreement, as applicable, which shall recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement’s restrictions;

(4) Exhibit A to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

(5) Subject to our rights and your obligations under Section 13, you and your owners agree to sign and deliver to us a revised Exhibit A to reflect any permitted changes in the information that Exhibit A contains; and

(6) The Franchised Business and other BarkSuds Businesses, if applicable, will be the only businesses you operate (although your owners may have other, non-Competitive Business interests).

B. Operating Principal. You will appoint one (1) of your owners to be your “Operating Principal” that will be responsible for overseeing and supervising the operation of the Franchised Business. The Operating Principal as of the Effective Date is identified in Exhibit A. You may not change the Operating Principal without our prior written consent. Any replacement Operating Principal must attend and successfully complete our initial training program at your sole cost and expense.

C. Guaranty. Each of your owners during the Term and their spouses will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. You acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not corporations, limited liability companies or other entities) sign the guaranty. Accordingly, if any owner is not an individual, we shall have the right to require individuals who have only an indirect ownership interest in you to sign the guaranty. (By way of example, if an owner is a corporation, we have the right to require individuals who have an ownership interest in that corporation to sign the guaranty.)

12. CONFIDENTIAL INFORMATION AND COVENANTS.

A. Confidential Information.

(1) We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law, relating to developing and operating BarkSuds Businesses (“Confidential Information”), including:

- (a) site selection criteria;
- (b) training and operations materials and manuals;
- (c) contracts, agreements, documents, correspondence, and other materials relating to the System or the operation of BarkSuds Businesses;
- (d) methods, formats, specifications, standards, systems, procedures, products, forms, document terms, sales and marketing techniques, knowledge, and experience used in developing and operating BarkSuds Businesses;
- (e) marketing and advertising programs for BarkSuds Businesses;
- (f) knowledge of specifications for and suppliers of Operating Assets, products, services, supplies and equipment;
- (g) any computer software or similar technology which is proprietary to us or the System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- (h) knowledge of the operating results and financial performance of BarkSuds Businesses other than the Franchised Business;
- (i) graphic designs and related intellectual property; and
- (j) other non-public information relating to the BarkSuds franchise opportunity that was disclosed to you on a confidential basis, or under a confidentiality agreement with us, our affiliates, or a designated third party, prior to the Effective Date of this Agreement.

(2) You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Franchised Business during the Term, and that Confidential Information is proprietary, includes our and our affiliates' trade secrets, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you:

- (a) will not disclose or use Confidential Information in any other business or capacity;
- (b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the Term and then thereafter for as long as the item is not generally known in the pet grooming and care industry;
- (c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;
- (d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure only to those personnel providing services to customers at the Franchised Business and otherwise administering certain operations at the Franchised Business

(collectively, “Franchised Business personnel”) and others having a need to know such Confidential Information and using non-disclosure agreements with those having access to Confidential Information. We have the right to regulate the form of agreements that you use and to be a third party beneficiary of those agreements with independent enforcement rights; and

(e) will not sell, trade or otherwise profit in any way from Confidential Information, except during the Term in accordance with this Agreement.

(3) Confidential Information does not include information, knowledge, or know-how that: (a) you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; or (b) at the time we disclosed it to you, already had lawfully become generally known in the pet grooming and care industry through publication or communication by others (without violating an obligation to us or our affiliates); or (c) after we disclose it to you, lawfully becomes generally known through publication or communication by others (without violating an obligation to us or our affiliates). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

B. Innovations. All ideas, concepts, inventions, techniques, information, or materials relating to a BarkSuds Business (“Innovations”), whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property and part of the System. These Innovations include improvements to products and services that you, we, or designated third parties make during the Term and any and all Customer Data. By this paragraph, you assign ownership of any Innovations, and all related rights to that Innovation, to us and agree to take whatever action (including signing assignment, foreign or domestic registrations, applications, or notifications, or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in such Innovations. You may not use any Innovation in operating the Franchised Business or otherwise without our prior approval.

C. Covenants.

(1) You acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us with respect to the products and services that BarkSuds Businesses offer. You therefore agree that, during the Term and for a two (2) year period following the expiration, transfer or termination of this Agreement or the date on which all persons restricted by this Section 12.C begin to comply with this Section 12.C, whichever is later, neither you, nor any of your owners, nor any of your or your owners’ spouses will:

(a) have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that equity ownership of less than two percent (2%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(c) divert or attempt to divert any actual or potential business or customer of the Franchised Business or any other BarkSuds Business to a Competitive Business; and/or

(d) engage in any other activity which might injure the goodwill of the Marks and System.

(2) The term “Competitive Business” means: (a) any dog grooming or wellness business (other than a BarkSuds Business operated under a franchise agreement with us); or (b) any business granting franchises or licenses to others to operate any dog grooming or wellness business.

(3) During the Term of this Agreement, there is no geographical limitation on these restrictions. During the two (2) year period following the expiration, transfer or termination of this Agreement or the date on which all persons restricted by this Section 12.C begin to comply with this Section 12.C, whichever is later, this restriction shall apply to any Competitive Business located at the Approved Location or within a fifteen (15) mile radius of the Approved Location and any Competitive Business located within a fifteen (15) mile radius of any then-existing BarkSuds Business.

(4) If you or any person restricted by this Section 12.C refuses voluntarily to comply with these obligations, the two (2)-year compliance period for you or that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that any person restricted by this Section 12.C. possesses skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 12.C will not deprive any person restricted by this Section 12.C. of their personal goodwill or ability to earn a living.

(5) We have the right, in our sole discretion, to reduce the scope of any restriction in Section 12.C by giving you written notice and you agree to comply with any covenant so modified, which shall be fully enforceable notwithstanding the provisions of Section 19.A. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 12.C.

D. Our Right to Injunctive Relief. You acknowledge that your violation of the terms of this Section 12 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of this Section 12. Injunctive relief will be in addition to any other remedies we may have.

13. TRANSFER.

A. By Us. You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

B. By You.

(1) You understand and acknowledge that the rights and duties this Agreement creates are personal to your owners and that we have granted you the Franchise in reliance upon our perceptions of your owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval:

- (a) this Agreement (or any interest in this Agreement);
- (b) the Franchised Business (or any right to receive all or a portion of the profits or losses of the Franchised Business or capital appreciation related to the Franchised Business);
- (c) substantially all of the assets of the Franchised Business;
- (d) any ownership interest in you (regardless of its size); or
- (e) any ownership interest in any of your owners (if such owners are legal entities).

(2) A transfer of the Franchised Business's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect. We will not unreasonably withhold, condition, or delay our approval of a proposed transfer that meets all of the requirements of Section 13 of this Agreement (including, without limitation, the conditions for our approval of transfer contained in Section 13.C below). In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, and including the following events:

- (a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;
- (b) merger or consolidation or issuance of additional securities or other forms of ownership interest;
- (c) any sale of a security convertible to an ownership interest;
- (d) transfer of an interest in you, this Agreement, the Franchised Business or substantially all of its assets, or your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;
- (e) if any of your owners or an owner of one of your owners dies, a transfer of an interest in you, this Agreement, the Franchised Business or substantially all of its assets, or your owner(s) by will, declaration of or transfer in trust, or under the laws of intestate succession; or
- (f) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security, foreclosure upon the Franchised Business, or your transfer, surrender, or loss of the possession, control, or management of the Franchised Business. You may grant a security interest

(including a purchase money security interest) in the assets of the Franchised Business (not including this Agreement) to a lender that finances your acquisition, development, and/or operation of the Franchised Business without having to obtain our prior written approval, provided that you give us ten (10) days' prior written notice.

C. Conditions for Approval of Transfer.

(1) If you (and your owners) are fully complying with this Agreement, then, subject to the other provisions of this Section 13, we will approve a transfer that meets all of the requirements in this Section 13.C, which approval we will not unreasonably withhold, condition, or delay.

(2) Your owners may transfer a non-controlling ownership interest (as described in Section 19.F.(5) below) in you or your owners (determined as of the date on which the proposed transfer will occur) if: (a) the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and otherwise meet our then applicable standards for BarkSuds Business franchise owners (including no ownership interest in or performance of services for a Competitive Business); and (b) you give us prior written notice of the transfer.

(3) For any proposed transfer of this Agreement (or any interest in this Agreement), the Franchised Business (or any right to receive all or a portion of the profits or losses of the Franchised Business or the capital appreciation related to the Franchised Business), substantially all of the assets of the Franchised Business, or a controlling ownership interest (as described in Section 19.F.(5) below) in you or a transfer that is one of a series of transfers (regardless of the time period over which these transfers take place), which in the aggregate transfer a controlling ownership interest in you, all of the following conditions must be met before or concurrently with the effective date of the transfer:

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

(b) you have paid all amounts owed to us, our affiliates, and third party vendors; have submitted all required reports and statements; and have not violated any provision of this Agreement, the Lease, or any other agreement with us or our affiliates during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;

(c) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(d) the transferee's Operating Principal satisfactorily completes our initial training program;

(e) your landlord allows you to transfer the Lease or sublease the Approved Location to the transferee;

(f) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you), sign our then-current

form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalties, Brand Fund Contribution, and local marketing expenditures; provided, however, that the term of the new franchise agreement shall expire on the expiration date of this Agreement and with such successor term as may be provided in this Agreement;

(g) you or the transferee pays us a transfer fee of Fifteen Thousand Dollars (\$15,000). (The transferee will also be obligated to pay our then-current fees for the initial training program and/or additional training programs that we may require its personnel to complete, as applicable, in accordance with the preceding subparagraph (d)). We will reduce the transfer fee to Two Thousand Five Hundred Dollars (\$2,500) if the transferee is an existing franchisee of ours in good standing under all agreements with us and our affiliates;

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

(i) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Franchised Business;

(j) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay the Royalties, Brand Fund Contributions, and other amounts due to us, our affiliates, and third party vendors and otherwise to comply with this Agreement;

(k) you have corrected any existing deficiencies of the Franchised Business of which we have notified you on a punchlist or in other communications, and/or the transferee agrees (if the transfer is of this Agreement) to upgrade, remodel, and refurbish the Franchised Business in accordance with our then-current requirements and specifications for BarkSuds Businesses within the time period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken);

(l) you and your transferring owners (and your and your transferring owners' spouses) will not, for two (2) years beginning on the transfer's effective date, engage in any of the competitive activities proscribed in Section 12.C above; and

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

(n) We may review all information regarding the Franchised Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or that we have made regarding the Franchised Business.

D. Transfer to a Wholly-Owned Corporation or Limited Liability Company. Notwithstanding Section 13.C above, if you are fully complying with this Agreement, you may transfer this Agreement to an Entity which conducts no business other than the Franchised Business and, if applicable, other BarkSuds Businesses in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the assets of the Franchised Business are owned, and the business of the Franchised Business is conducted, only by that single Entity. The transferee Entity must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the Entity are subject to Section 13.C. You agree to remain personally liable under this Agreement as if the transfer to the Entity did not occur.

E. Transfer upon Death or Disability. Upon your Operating Principal's death or disability, your Operating Principal's executor, administrator, conservator, guardian, or other personal representative must transfer your Operating Principal's ownership interest in you to a third party (which may be the Operating Principal's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 13. A failure to transfer your Operating Principal's ownership interest in you within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent the Operating Principal from supervising the management and operation of the Franchised Business.

F. Operation upon Death or Disability.

(1) Upon your Operating Principal's death or disability, your Operating Principal's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed thirty (30) days from the date of death or disability, appoint a manager for the Franchised Business whom we approve. The manager must complete a training program that we specify at your expense. A new Operating Principal acceptable to us also must be appointed for the Franchised Business, and that new Operating Principal must complete our then applicable initial training program (and other training we may specify) within six months (6) months after the date of death or disability.

(2) If, in our judgment, the Franchised Business is not being managed properly at any time after your Operating Principal's death or disability, we may, but need not, assume the management of the Franchised Business (or appoint a third party to assume its management). All funds from the operation of the Franchised Business while it is under our (or the third party's) management will be kept in a separate account, and all expenses will be charged to this account. We may charge you (in addition to the Royalties, Brand Fund Contributions, and other amounts due under this Agreement) Five Hundred Dollars (\$500) per day, plus our (or the third party's) direct out-of-pocket costs and expenses, if we (or a third party) assume the management of the Franchised Business under this Section 13.F.(2). We (or a third party) have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the Franchised Business incurs, or to any of your creditors for any products, other assets, or services the Franchised Business purchases, while we (or a third party) manage it. If we assume the management of the Franchised Business (or appoint a third party to assume its management), we will operate the Franchised Business for up to ninety (90) days. We will periodically evaluate whether or not you, the Operating Principal, or an alternative approved manager is capable of

resuming the operation of the Franchised Business and will periodically discuss the status of the Franchised Business with you or, if applicable, your Operating Principal's heirs or personal representative.

G. Effect of Consent to Transfer. Our consent to a transfer of this Agreement and the Franchised Business, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Franchised Business or the transferee, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

H. Our Right of First Refusal.

(1) If you (or any of your owners) at any time determine to sell or transfer for consideration a controlling interest in this Agreement and the Franchised Business, or a controlling ownership interest in you (except to or among your current owners, which is not subject to this Section 13.H), in a transaction that otherwise would be subject to Sections 13.B and 13.C above, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement and the Franchised Business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

(2) The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 13.B and 13.C above and therefore may not proceed. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

(3) We may, by written notice delivered to you or your selling owner(s) within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(a) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(b) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(c) we will have an additional forty-five (45) days to prepare for closing after notifying you of our election to purchase; and

(d) we must receive, and you and your owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including representations and warranties regarding: (1) ownership and condition of and title to ownership interests and/or assets; (2) liens and encumbrances relating to ownership interests and/or assets; and (3) validity of contracts and the liabilities,

contingent or otherwise, of the entity whose assets or ownership interests are being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Franchised Business or your business prior to the closing date.

(4) If we exercise our right of first refusal, you and your selling owner(s) agree that, for two (2) years beginning on the closing date, you and they will be bound by the non-competition covenant contained in Section 12.C. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 13.H.

(5) If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 13.B and 13.C above. This means that, even if we do not exercise our right of first refusal (whether or not it is properly triggered as provided above), if the proposed transfer otherwise would not be allowed under Sections 13.B and 13.C above, you (or your owners) may not move forward with the transfer at all.

(6) If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (about which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the thirty (30)-day period following either the expiration of the sixty (60)-day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

14. EXPIRATION OF THIS AGREEMENT.

A. Your Right to Acquire a Successor Franchise. If you meet certain conditions and would like to acquire a successor franchise, then you will have the option to acquire a successor franchise term of ten (10) years. The qualifications and conditions for acquiring a successor franchise term are described below.

(1) You will have the option to acquire two successor franchise terms of ten (10) years each following the expiration of this Agreement:

(a) if you (and each of your owners) have substantially complied with this Agreement during its Term;

(b) if you (and each of your owners) are, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Section 14.B.(1)) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System Standards;

(c) provided that, at your option (a) you maintain possession of and agree (regardless of cost) to remodel and/or expand the Franchised Business, add or replace improvements and Operating Assets, and otherwise modify the Franchised Business as we require to comply with System Standards then applicable for new BarkSuds Businesses, or (b) you secure a substitute site that we approve, and you develop the approved site according to System Standards then applicable for BarkSuds Businesses; and

(d) if we are then offering new franchise opportunities for BarkSuds Businesses.

(2) You must give us notice of your intention to acquire a successor franchise at least six (6) months but not more than twelve (12) months before this Agreement expires. You agree to sign our then-current form of franchise agreement we use to grant franchises for BarkSuds Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement.

(3) You agree to pay us a successor franchise fee for the successor franchise term in the amount of twenty-five percent (25%) of our then-current initial franchise fee subject to a minimum payment of Eleven Thousand Two Hundred and Fifty Dollars (\$11,250).

(4) If you (and each of your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise and on the date on which the term of the successor franchise commences, in full compliance with this Agreement and all System Standards, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its Term under Section 15.A.

B. Grant of a Successor Franchise.

(1) If you are eligible for a successor franchise, you agree to give us written notice of your election to acquire a successor franchise no more than twelve (12) months and no less than six (6) months before this Agreement expires. We agree to give you written notice ("Notice"), not more than one hundred eighty (180) days after we receive your notice, of our decision:

(a) to grant you a successor franchise;

(b) to grant you a successor franchise on the condition that you correct existing deficiencies of the Franchised Business or in your operation of the Franchised Business; or

(c) not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during the Term or were not in full compliance with this Agreement and all System Standards on the date you gave us written notice of your election to acquire a successor franchise.

(2) If applicable, our Notice will describe the remodeling, expansion, improvements, and/or modifications required to bring the Franchised Business into compliance with then applicable System Standards for new BarkSuds Businesses and state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

(3) If we elect not to grant you a successor franchise, our Notice will describe the reasons for our decision. If we elect to grant you a successor franchise, your right to acquire a successor franchise is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in our Notice.

(4) If our Notice states that you must cure certain deficiencies of the Franchised Business or its operation as a condition to our granting you a successor franchise, we will give you

written notice of our decision not to grant a successor franchise based upon your failure to cure those deficiencies at least ninety (90) days before this Agreement expires; provided, however, that we need not give you this ninety (90) days' notice if we decide not to grant you a successor franchise due to your breach of this Agreement during the one hundred eighty (180) day period before it expires. If we fail to give you (a) notice of deficiencies in the Franchised Business, or in your operation of the Franchised Business, within ninety (90) days after we receive your timely election to acquire a successor franchise (if we elect to grant you a successor franchise); or (b) notice of our decision not to grant a successor franchise at least ninety (90) days before this Agreement expires, if this notice is required, then we may extend this Agreement's Term for the time period necessary to give you either reasonable time to correct deficiencies or the ninety (90) days' notice of our refusal to grant a successor franchise. If you fail to notify us of your election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise.

C. Agreements/Releases. If you satisfy all of the other conditions for a successor franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for BarkSuds Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective shareholders, officers, directors, employees, agents, successors, and assigns. We will consider your or your owners' failure to sign these agreements and releases and to deliver them to us for acceptance and execution within thirty (30) days after their delivery to you to be an election not to acquire a successor franchise.

15. TERMINATION OF AGREEMENT.

A. By Us. We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

- (1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the Franchise or operating the Franchised Business;
- (2) you fail to meet the Site Acceptance Deadline or the Opening Deadline;
- (3) your Operating Principal and/or your designated attendee(s) fail to satisfactorily complete the initial training program;
- (4) you abandon or fail actively to operate the Franchised Business for ten (10) or more consecutive business days, unless you temporarily close the Franchised Business during periods of inclement weather that reasonably render the operation of the Franchised Business impractical or dangerous, or you otherwise close the Franchised Business for a purpose we approve of or because of casualty or government order;
- (5) you (or your owners) make or attempt to make any transfer in violation of Section 13;
- (6) you (or any of your owners) are or have been convicted of, or plead or have pleaded either guilty or no contest to, a felony, or to another crime or lesser offense that may adversely affect your reputation, the reputation of the Franchised Business or the goodwill associated with the Marks;

(7) you fail to maintain the insurance we require and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(8) you (or any of your owners) engage in any dishonest or unethical conduct or in any acts or omissions which, in our opinion, adversely affects the reputation of the Franchised Business or the goodwill associated with the Marks;

(9) any other franchise agreement or other agreement between us (or any of our affiliates) and you (or any of your owners or affiliates), other than a development agreement, is terminated before its term expires, regardless of the reason;

(10) you (or any of your owners) knowingly make any unauthorized use or disclosure of any part of the Manual or any other Confidential Information;

(11) you violate any health, safety, or sanitation law, ordinance, or regulation, or operate the Franchised Business in an unsafe manner, and do not begin to cure the violation immediately, and do not correct the violation within seventy-two (72) hours, after you receive notice from us or any other party;

(12) you fail to pay us (or our affiliates) any amounts due and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

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

(14) you understate the Gross Sales of the Franchised Business three (3) times or more during this Agreement's Term or by more than five percent (5%) on any one occasion;

(15) you (or any of your owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(16) you relocate the Franchised Business without our prior written consent;

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

(18) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; or

(19) you, any of your owners, or any of your personnel use any equipment, services, processes or products at the Franchised Business or that otherwise violate System Standards and/or that you acquire through suppliers that we have not approved or that we have disapproved; or

(20) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you.

B. Assumption of Management.

(1) We (or a third party designated by us) may assume the management of the Franchised Business under the following circumstances: (a) if you abandon or fail actively to operate the Franchised Business; (b) if you fail to comply with any provision of this Agreement or any System Standard and do not cure the failure within the time period we specify in our notice to you; or (c) if this Agreement expires or is terminated and we are deciding whether to exercise our option to purchase the Franchised Business under Section 16.D below. If we exercise our rights under subsections (a) or (b) above, that will not affect our right to terminate this Agreement under Section 15.A above.

(2) We have the right (but not the obligation), under the circumstances described below, to enter the Approved Location and assume the management of the Franchised Business (or to appoint a third party to assume its management) for an initial period of time not to exceed ninety (90) days, which ninety (90)-day period may be subsequently renewed for a total cumulative period of one (1) year following our assumption of management responsibilities if you do not sufficiently cure the default(s) in the operation or management of the Franchised Business to our satisfaction. If we (or a third party) assume the management of the Franchised Business under Section 15.B.(1)(a) or (b) above, you agree to pay us (in addition to the Royalties, Brand Fund Contributions, and other amounts due under this Agreement) Five Hundred Dollars (\$500) per day, plus our (or the third party's) direct out-of-pocket costs and expenses, for up to ninety (90) days after we assume management (and during any subsequent ninety (90)-day renewal period, or portion thereof).

(3) If we (or a third party) assume the management of the Franchised Business, you acknowledge that we (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the Franchised Business incurs, or to any of your creditors for any supplies, products, or other assets or services the Franchised Business purchases, while we (or the third party) manage it. If we (or a third party) assume the management of the Franchised Business, we or they will periodically discuss the operational status of the Franchised Business with you (or your owners, as applicable).

16. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

A. Payment of Amounts Owed to us and Early Termination Damages.

(1) You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us, the Royalties, Brand Fund Contributions, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

(2) If you default on your obligations and we terminate this Agreement prior to the expiration of the Term, it is hereby agreed by the parties that the amount of damages which we

would incur for any such termination of this Agreement would be difficult, if not impossible, to accurately ascertain. Accordingly, within thirty (30) days following such termination, you and your guarantors shall pay to us an amount equal to: (a) the average weekly Royalty that you owed during the one (1) year period prior to termination (or, if the Franchised Business was open for less than one (1) year, the average weekly Royalty owed by you for the number of weeks that the Franchised Business was in operation); (b) multiplied by the lesser of one hundred fifty six (156) weeks or the number of weeks (including any partial week) remaining in the term of this Agreement. These early termination damages shall constitute liquidated damages, are not to be construed as a penalty, and shall be the joint and several liability of you and your guarantors. The parties acknowledge and agree that: (a) the early termination damages are a reasonable estimation of the damages that we would incur resulting from or arising out of the premature termination of this Agreement; and (b) your payment of such early termination damages is intended to fully compensate us only for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of our claim for other damages and/or equitable relief arising out of your breach of this Agreement.

B. Obligations. When this Agreement expires or is terminated:

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

(2) you agree to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(3) you agree to deliver to us within thirty (30) days all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a BarkSuds Business that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the premises and remove these items from the Franchised Business;

(4) if we do not have or do not exercise an option to purchase the Franchised Business under Section 16.D, you agree promptly and at your own expense to make the alterations we specify in our Manual (or otherwise) to distinguish the Franchised Business clearly from its former appearance and from other BarkSuds Businesses in order to prevent public confusion;

(5) you agree to notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone or other numbers and directory listings associated with any Mark; to authorize the transfer of these numbers and directory listings to us or at our direction; and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events; and

(6) you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

C. Confidential Information. You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or

similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the System) or Customer Data in any business or otherwise and return to us all copies of the Manual and any other confidential materials to which we have provided you access.

D. Our Right to Purchase the Franchised Business.

(1) Upon termination of this Agreement, or upon expiration of this Agreement without the grant of a successor term, we shall have the right and option (directly or we may assign this right to a third party), but not the obligation, to purchase the Franchised Business, including the Approved Location (if the Approved Location is not owned by you, then you agree to assign the Lease for the Approved Location to us) and all Operating Assets, equipment, and any other assets then having value from, or used in the operation of, the Franchised Business at a purchase price equal to its then-current fair market value, which shall exclude (or otherwise be reduced by) any value attributable to goodwill in the Marks or the BarkSuds brand. If we elect to exercise this option, we will deliver written notice to you of our election within thirty (30) days after the date of termination or expiration of this Agreement. We will have the right to inspect the Franchised Business at any time during this thirty (30)-day period. If we elect to purchase the Franchised Business, we will be entitled to, and you must provide, all customary warranties and representations relating to any assets or other items related to the Franchised Business, including representations and warranties as to the maintenance, function and condition of the equipment and your good title to the equipment (including that you own the equipment free and clear of any liens and encumbrances).

(2) If you and we cannot agree on the then fair market value of the Franchised Business (less any goodwill in the Marks or the brand), then we and you acknowledge and agree that the purchase price of the Franchised Business shall be appraised and finally determined by an appraisal process conducted by one (1) independent appraiser that you and we mutually agree to and appoint within fifteen (15) days after we deliver notice of our election to exercise our purchase option. If we and you cannot agree on a mutually acceptable appraiser within fifteen (15) days after we deliver our notice, then we will provide you with a list of three (3) independent appraisers and you must select one (1) of those choices to act as the designated appraiser that will determine the purchase price. We and you will share equally the appraiser's fees and expenses. Within ten (10) days after the appraiser is selected, we and you each must submit to the appraiser our and your respective calculations of the purchase price, prepared in accordance with the terms and conditions of this Section 16.D and with such detail and supporting information as the appraiser requires. Within twenty (20) days after the deadline for submitting such purchase price calculations, the appraiser must decide whether our proposed purchase price or your proposed purchase price most accurately reflects the fair market value of the Franchised Business, determined in accordance with this Section 16.D. The appraiser has no authority to compromise between the two (2) proposed purchase prices, but instead is authorized to choose only one or the other. The appraiser's choice shall be the purchase price and shall be final and binding on us and you.

E. Continuing Obligations. All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

17. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. Independent Contractors.

(1) You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. We are not the employer or joint employer of the employees of the Franchised Business. You are solely responsible for the management and operation of the Franchised Business and the supervision of the employees of the Franchised Business. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Franchised Business personnel, and others as the owner of the Franchised Business under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

(2) We will not exercise direct or indirect control over the working conditions of Franchised Business personnel, except to the extent that such indirect control is related to our legitimate interest in protecting the quality of our services or brand. We do not share or codetermine the terms and conditions of employment of the employees of the Franchised Business and do not affect matters relating to the employment relationship between you and the employees of the Franchised Business, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints and working conditions. To that end, you agree to notify Franchised Business employees that you are their employer and that we, as the franchisor of BarkSuds Businesses, are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

(3) You acknowledge and agree that:

(a) you are the only party that employs your staff (even though we may provide you with advice, guidance, and training);

(b) we are not the employer of any of your staff, and we will not play any role in decisions regarding their engagement (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

(c) any guidance that we provide and requirements under which you will operate are intended to promote and protect the value of the brand and the Marks;

(d) when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including but not limited to our System and the requirements under this Agreement); and

(e) you have made (and will remain responsible at all times for) all of the organizational and basic decisions about establishing and forming your Entity, operating your business (including but not limited to adopting our standards as

your standards), and hiring employees and employment matters employment (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal) engaging professional advisors, and all other facets of your operation.

B. No Liability for Acts of Other Party. We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is anything other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business or the business you conduct under this Agreement.

C. Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or the Franchised Business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

D. Indemnification and Defense of Claims.

(1) You agree to indemnify and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, representatives, successors and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all Losses (as defined below) directly or indirectly arising out of or relating to: (a) the operation of the Franchised Business; (b) the business you conduct under this Agreement; (c) your breach of this Agreement; (d) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the construction, design or operation of the Franchised Business, and including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees; or (e) claims alleging either intentional or negligent conduct, acts or omissions by you (or your contractors or any of your or their employees, agents or representatives), or by us or our affiliates (or our or their contractors or any of our or their employees, agents or representatives), subject to Section 17.D.(3). "Losses" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that an Indemnified Party incurs, including accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

(2) You agree to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Section 17.D.(1)(a) through (e) above (collectively, "Proceedings"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct and/or willful wrongful omissions. Each Indemnified Party may at your expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section 17.D (instead of having you defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible, subject to Section 17.D.(3). An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you, and you agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from

you under this Section 17.D. Your obligations in this Section 17.D will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

(3) Despite Sections 17.D.(1) and (2), you have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses (including costs of defending any Proceeding under Section 17.D.(2)) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or employment), joint employer liability or our failure to compel you to comply with this Agreement, which are claims for which we are entitled to indemnification under this Section. However, nothing in this Section 17.D.(3) limits your obligation to defend us and the other Indemnified Parties under Sections 17.D.(1) and (2).

18. ENFORCEMENT.

A. Severability and Substitution of Valid Provisions.

(1) Except as expressly provided to the contrary in this Agreement (including in Section 18.E), each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

(2) If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

(3) If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits that is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

B. Waiver of Obligations.

(1) We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

(2) We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its Term expires) because of any custom or practice that varies from this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other BarkSuds Businesses; the existence of franchise agreements for other BarkSuds Businesses that contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check, payment reference, or similar item given to either us or you will be a waiver, compromise, settlement, or accord and satisfaction. We and you, upon receipt, are authorized to remove any legend or endorsement, which then will have no effect.

(3) Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (a) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (b) fire, flood, accident, hurricane or other calamity or act of nature; (c) strikes, embargoes, war, civil disturbance, acts of terrorism or similar events, or riot; or (d) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of the Royalties, Brand Fund Contributions, or other fees due afterward.

C. Costs and Attorneys' Fees. If we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, whether or not we initiate a formal legal proceeding, to reimburse us for all of the costs and expenses that we incur, including reasonable accounting, attorneys', arbitrators', and related fees.

D. Rights of Parties are Cumulative. Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

E. Arbitration.

(1) We and you agree that all controversies, disputes, or claims between us and our affiliates, and our and their respective owners, shareholders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, affiliates, and your or their respective owners, shareholders, officers, directors, agents and/or employees) arising out of or related to: (a) this Agreement or any other agreement between you and us or our affiliates; (b) our (or any of our affiliates') relationship with you; (c) the scope and validity of this Agreement or any other agreement between you and us (or any of our affiliates) or any provision of such agreements (including the validity and scope of the arbitration obligations under this Section 18.E, which you and we acknowledge is to be determined by an arbitrator and not a court); or (d) any aspect of the System or any System Standard must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "AAA"). The arbitration proceedings will be conducted by a single arbitrator with franchise law experience and, except as this Section 18.E otherwise provides, according to the then-current commercial arbitration rules of the AAA. If the parties fail to agree on the selection of the arbitrator, then the arbitrator shall be appointed by the

AAA. All proceedings will be conducted at a suitable location chosen by the Panel in the metropolitan area in which we have our headquarters when the arbitration is commenced, which as of the Effective Date is Tampa, Florida. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law.

(2) The arbitrator has the right to award or include in the award any relief which the arbitrator deems proper, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 18.H, award any punitive or exemplary damages against either party (we and you hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 18.H, any right to or claim for any punitive or exemplary damages against the other). The award of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(3) We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 18.C.

(4) We and you agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between us and our affiliates, and our and their respective shareholders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, affiliates, and your and their respective owners, officers, directors, agents and/or employees) may not be consolidated with any other arbitration proceeding between us and any other person. Notwithstanding the foregoing or anything to the contrary in this Section 18.E or Section 18.A, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 18.E, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 18 (excluding this Section 18.E).

(5) Despite our and your agreement to arbitrate, we and you each have the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit our dispute for arbitration on the merits as provided in this Section 18.E.

(6) The provisions of this Section 18.E are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

F. Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the state of Florida, without regard to its conflict of laws rules, except that any Florida law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

G. Consent to Jurisdiction. Subject to Section 18.E above and the provisions below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction in the district where we have our headquarters when the action is commenced, which as of the Effective Date is Tampa, Florida, and you (and each owner) irrevocably submit to the jurisdiction of those courts and waive any objection you (or the owner) might have to either the jurisdiction of or venue in those courts. Nonetheless, you and your owners agree that we may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which you are domiciled or the Franchised Business is located.

H. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.**

(1) **EXCEPT FOR PUNITIVE, EXEMPLARY AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER SECTION 17.D, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

(2) **SUBJECT TO OUR AND YOUR ARBITRATION OBLIGATIONS, WE AND YOU (AND YOUR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.**

I. Binding Effect. This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

J. Limitations Of Claims. Except for claims arising from your non-payment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or our (or any of our affiliates') relationship with you will be barred unless a legal proceeding (in the required or permitted forum) is commenced within eighteen (18) months from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

19. CONSTRUCTION.

A. Entire Agreement. This Agreement, together with the preambles and exhibits to it, constitutes the entire agreement between us and you, and there are no other oral or written understandings

or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or the Franchised Business (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). This Agreement may be modified only by written agreement signed by both you and us, except that we may modify the Manual at any time and amend and restate Exhibit B to reflect the Protected Territory pursuant to Section 1.C if the exact location of the Approved Location is unknown as of the Effective Date. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that we made in our most recent franchise disclosure document (including its exhibits and amendments) that we delivered to you or your representative.

B. Policies. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

C. No Third Party Beneficiaries. Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

D. Approvals. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval.

E. Headings. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

F. References.

(1) References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal.

(2) The term “affiliate” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us.

(3) References to “control” mean the power to direct or cause the direction of management and policies.

(4) References to “owner” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and the Franchised Business or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or the Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. If two (2) or more persons are at any time the owners of the Franchise and the Franchised Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

(5) References to a “controlling ownership interest” in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a controlling ownership interest is involved must be made as of both immediately before

and immediately after the proposed transfer to see if a “controlling ownership interest” will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer). References to a “non-controlling ownership interest” mean an ownership interest that is not a controlling ownership interest (as evaluated both before and after any proposed transfer and as otherwise described above).

(6) References to a “person” mean any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

(7) The words “include,” “including,” and words of similar import, whenever used in this Agreement, mean “including, by way of example, but without limitation,” and the terms following such words shall not be interpreted as representing an exclusive or exhaustive list of the appropriate subject matter.

(8) Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

(9) The term “Franchised Business” includes all of the assets of the BarkSuds Business you operate under this Agreement, including its revenue and the Lease.

G. Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Agreement.

20. NOTICES AND PAYMENTS.

A. Notices. Any and all notices that are required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or mailed via overnight courier providing proof of delivery, or by other means that affords the sender evidence of delivery, of rejected delivery, or attempted delivery to the respective parties at the addresses shown on the signature page of this Agreement (unless and until a different address has been designated by written notice to the other party). Any notices sent by personal delivery, next day delivery service or by electronic means shall be deemed given on the next business day after transmittal. Any notices sent by certified mail shall be deemed given on the third business day after the date of mailing. Any change in the foregoing addresses shall be made effective by giving fifteen (15) days written notice of such change to the other party. We may provide you with routine information, invoices, updates to the Manuals, System Standards and other System requirements and programs, including any modifications thereto, by regular mail or by e-mail, or by making such information available to you on the Internet, an extranet, or other electronic means.

B. Payments and Reports. Any required payment or report which we do not actually receive during regular business hours on the date due will be deemed delinquent.

21. COMPLIANCE WITH ANTI-TERRORISM LAWS.

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (as defined below). In connection with that compliance, you and

your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 15.A.(18) above.

22. ELECTRONIC MAIL.

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates (“Official Senders”) to you during the Term of this Agreement. You further agree that: (1) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (2) you will cause your officers, directors, and employees to give their consent to Official Senders’ transmission of e-mails to them; (3) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (4) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term of this Agreement.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISOR:

BARKSUDS FRANCHISING, LLC,
a Florida limited liability company

By: _____
Print Name: _____
Title: _____
DATED*: _____

(*Effective Date of this Agreement)

Our Notice Address:
10430 N. Dale Mabry Hwy.
Tampa, Florida 33618
Attn: Chief Executive Officer
Email: _____

FRANCHISEE:

IF AN ENTITY:

[INSERT FRANCHISEE ENTITY],
a _____

By: _____
Print Name: _____
Title: _____
DATED: _____

IF AN INDIVIDUAL:

[INSERT NAME],
a resident of _____

DATED: _____

Your Notice Address:

Attn: _____
Email: _____

EXHIBIT A
TO THE BARKSUDS FRANCHISE AGREEMENT

OWNERSHIP INTERESTS

Franchisee: _____

Form of Ownership. Franchisee is a _____ incorporated or formed on _____ in the state of _____.

Owners. The following list includes the full name of each person who is an owner of a legal or beneficial interest in Franchisee, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Name	Home Address	Percentage of Ownership Interest

[IF FRANCHISEE CONSISTS OF INDIVIDUALS, DELETE THE ABOVE AND USE THE BELOW:]

Franchisee Names and Home Addresses:

Name	Home Address

Identification of Operating Principal. Your Operating Principal as of the Effective Date is _____ (must be one of the individuals listed in above).
You may not change the Operating Principal without prior written approval.

EXHIBIT B
TO THE BARKSUDDS FRANCHISE AGREEMENT

FRANCHISE INFORMATION

1. The **Approved Location** of the Franchised Business: _____

2. **Initial Franchise Fee.** The Initial Franchise Fee for the Franchised Business:_____.

[Drafting Note: Select Fee and delete this note: \$46,500 – first Franchise Agreement; \$40,000 – second Franchise Agreement; \$32,000 – third Franchise Agreement; \$25,000 – fourth and additional Franchise Agreements.]

[Add if applicable. A credit in the amount of \$ _____ from a Development Agreement shall be applied to the Initial Franchise Fee and you will pay \$ _____ upon execution of this Franchise Agreement.]

3. The **Protected Territory** for the Franchised Business shall be: _____

4. **Site Selection Area** (if applicable): _____

5. **Minimum Insurance Requirements as of the Effective Date:**

TYPE OF INSURANCE POLICY	COVERAGE REQUIREMENTS
Commercial General Liability including contractual liability, broad form property damage, personal injury, advertising injury, product liability, employee liability, completed operations and independent contractors coverage, and fire damage coverage	Each occurrence – \$1,000,000 General Aggregate Limit - \$2,000,000
Business Income	100% or Actual Loss Sustained
Workers Compensation	As required in your state
Employers Liability	\$1,000,000 each accident / \$1,000,000 each employee / \$1,000,000 each policy limit
Employment Practices	\$1,000,000 each claim / \$1,000,000 aggregate limit / Retroactive Date
Umbrella Policy	\$1,000,000 each occurrence /\$1,000,000 aggregate

EXHIBIT C
TO THE BARKSUDS FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (“Guaranty”) is given by each of the undersigned in consideration of, and as an inducement to, the execution of that certain BarkSuds Franchise Agreement (the “Agreement”) referenced below by BARKSUDS FRANCHISING, LLC (“us,” “we,” or “our”) with the franchisee referenced below (“Franchisee”).

Each of the undersigned personally and unconditionally (1) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that Franchisee will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), including (a) monetary obligations, (b) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, and transfer requirements, and (c) the enforcement and other provisions in Sections 18, 20, and 21 of the Agreement, including the arbitration provision.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (1) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned’s execution of and performance under this Guaranty, for the express purpose that none of the undersigned shall be deemed a “creditor” of Franchisee under any applicable bankruptcy law with respect to Franchisee’s obligations to us; (2) all rights to require us to proceed against Franchisee for any payment required under the Agreement, proceed against or exhaust any security from Franchisee, take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guaranty, or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (3) any benefit of, any right to participate in, any security now or hereafter held by us; and (4) acceptance and notice of acceptance by us of his, her or its undertakings under this Guaranty, all presentments, demands, and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protests, notices of dishonor, and notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable

defenses to which he, she or it may be entitled. We shall have no present or future duty or obligation to the undersigned under this Guaranty, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to us. Without affecting the obligations of the undersigned under this Guaranty, we may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release, or compromise any claims against Franchisee or any other guarantor, make advances for the purpose of performing any obligations of Franchisee under the Agreement, assign the Agreement or the right to receive any sum payable under the Agreement, and the undersigned each hereby jointly and severally waive notice of same. The undersigned expressly acknowledge that the obligations hereunder survive the expiration or termination of the Agreement.

In addition, the undersigned each waive any defense arising by reason of any of the following: (1) any disability or any counterclaim or right of set-off or other defense of Franchisee, (2) any lack of authority of Franchisee with respect to the Agreement, (3) the cessation from any cause whatsoever of the liability of Franchisee, (4) any circumstance whereby the Agreement shall be void or voidable as against Franchisee or any of Franchisee's creditors, including a trustee in bankruptcy of Franchisee, by reason of any fact or circumstance, (5) any event or circumstance that might otherwise constitute a legal or equitable discharge of the undersigned's obligations hereunder, except that the undersigned do not waive any defense arising from the due performance by Franchisee of the terms and conditions of the Agreement, (6) any right or claim of right to cause a marshaling of the assets of Franchisee or any other guarantor, and (7) any act or omission of Franchisee.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Subject to the arbitration obligations and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in the state or federal court of general jurisdiction in the district where we have our headquarters at the time the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. EACH OF THE UNDERSIGNED IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, ARISING UNDER OR RELATING TO THIS GUARANTY OR ITS ENFORCEMENT.

[Signatures follow on next page.]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTORS:

Date: _____

Print Name: _____

Home Address: _____

Date: _____

Print Name: _____

Home Address: _____

EXHIBIT D
TO THE BARKSUDS FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

BARKSUDS BUSINESS ADDRESS: _____

DEPOSITOR (NAME OR LEGAL ENTITY): _____

The undersigned depositor ("Depositor") hereby authorizes Barksuds Franchising, LLC to initiate debit entries and credit correction entries to Depositor's checking or savings account indicated below and Depositor hereby authorizes the depository designated below ("Bank") to debit or credit such account pursuant to instructions from Barksuds Franchising, LLC instructions. This authorization is to remain in full force and effect until 60 days after Barksuds, Inc has received written notification from Depositor of its termination.

DEPOSITOR INFORMATION

Depositor Name:
Mailing Address:
City/ State/ Zip Code:
Telephone:
Email:

DEBITING BANK ACCOUNT INFORMATION

Bank Name:
City / State / Zip Code:
Branch:
Account Number to Debit:
Routing Number (9 digit #):
Account Name:

The undersigned representative of Depositor represents and warrants to Barksuds Franchising, LLC and the Bank that the person executing this ACH Authorization Form is an authorized signatory on the account referenced above and all information regarding the account is true and accurate.

FRANCHISEE/DEPOSITOR

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

EXHIBIT E
TO THE BARKSUDS FRANCHISE AGREEMENT

LEASE ADDENDUM

THIS ADDENDUM is executed as of _____, by and between _____ (“Franchisee”) and _____ (“Landlord”), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein, dated as of _____ (“Lease”) for the premises located at _____ (“Premises”).

Franchisee has entered into a BarkSuds Franchise Agreement (“Franchise Agreement”) with Barksuds Franchising, LLC (“Franchisor”) for the development and operation of a franchised Barksuds business at the Premises, and as a requirement thereof, the lease for the Premises must contain the provisions contained in this Addendum.

Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease.

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord shall deliver to Franchisor (at 10430 N. Dale Mabry Highway, Tampa, Florida 33618, Attn: Chief Executive Officer) or such other address as Franchisor shall specify by written notice to Landlord) a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee. Franchisee hereby consents to that exchange of information by Landlord to Franchisor. Franchisor will have the irrevocable and unconditional right, but not the obligation, to cure any breach of the Lease (within fifteen (15) business days after the expiration of the period in which Franchisee had to cure any such default should Franchisee fail to do so) upon giving written notice of its election to Franchisee and Landlord, and, if so stated in the notice, to also succeed to Franchisee’s rights, title and interests thereunder without further action or consent of the Franchisee.
2. Franchisee hereby assigns to Franchisor, without further action or consent required by the Franchisee, and with Landlord’s irrevocable and unconditional consent, all of Franchisee’s rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal; (b) Franchisor has exercised its option to purchase the assets of the BarkSuds business from Franchisee under the Franchise Agreement; and (c) Franchisor notifies Franchisee and Landlord in writing on not less than thirty (30) days’ notice that Franchisor assumes Franchisee’s obligations under the Lease.
3. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor’s prior written consent.
4. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing.
5. If Franchisor assumes the Lease, Franchisor may, without Landlord’s prior consent, further assign the Lease to a franchisee or affiliate of Franchisor to operate the BarkSuds business at the Premises provided such assignee meets Franchisor’s then current net worth and eligibility requirements to acquire a BarkSuds

business franchise. Upon such assignment to a franchisee of Franchisor, Franchisor shall be released from any further liability under the terms and conditions of the Lease.

6. In event the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Premises as a BarkSuds business. If Franchisee fails to do so, Landlord agrees to permit Franchisor, its employees or agents, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any trademarks, designs or logos owned by Franchisor within thirty (30) days of expiration (without renewal) or termination of the Franchise Agreement, provided Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof.

7. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum. All parties shall cooperate with the above terms and provide such further assurances as may be reasonably requested.

WITNESS the execution hereof under seal.

FORM DO NOT SIGN WITH FRANCHISE AGREEMENT

LANDLORD: _____

FRANCHISEE: _____

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Subscribed and sworn to before me this ____ day
of _____, ____.

Subscribed and sworn to before me this ____
day of _____, ____.

Notary Public
My Commission expires: _____

Notary Public
My Commission expires: _____

EXHIBIT B

DEVELOPMENT AGREEMENT



BARKSUDS

DEVELOPMENT AGREEMENT

DEVELOPER

EFFECTIVE DATE OF AGREEMENT

DEVELOPMENT AREA DESCRIPTION

TABLE OF CONTENTS

	<u>Page</u>
1. GRANT OF DEVELOPMENT AND TERRITORIAL RIGHTS.	1
2. DEVELOPMENT FEE.	2
3. DEVELOPMENT OBLIGATIONS AND REQUIREMENTS.	3
4. NO SUBLICENSING OR OTHER RIGHTS.	4
5. TERM.	5
6. TERMINATION.	5
7. TRANSFER.	5
8. INCORPORATION OF OTHER TERMS.	5

EXHIBIT A – DEVELOPMENT INFORMATION

BARKSUDS DEVELOPMENT AGREEMENT

THIS BARKSUDS DEVELOPMENT AGREEMENT (the “Agreement”) is made and entered into by and between **BARKSUDS FRANCHISING, LLC**, a Florida limited liability company with a principal place of business address at 10430 N. Dale Mabry Highway, Tampa, Florida 33618 (“Franchisor,” “we,” “us,” or “our”), and the party identified on the signature page of this Agreement (“Developer,” “you,” or “your”) as of the date signed by us and set forth beneath our signature on this Agreement (the “Effective Date”).

RECITALS

A. We and our affiliates have developed (and continue to develop and modify) a proprietary system (“System”) related to the establishment, development and operation of retail stores offering essential care and grooming services for dogs and related services and products (“BarkSuds Businesses”).

B. We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols for the operation of BarkSuds Businesses including the name and mark BARKSUDS®, which have gained and will continue to gain public acceptance and goodwill, and may create, use, and license other trademarks, service marks, and commercial symbols for BarkSuds Businesses, all of which we may further improve and modify (collectively, the “Marks”).

C. We and you are signing this Agreement because you would like the right to develop and operate BarkSuds Businesses within a certain geographic area over a certain period of time, and we are willing to grant you such rights if you comply with this Agreement’s terms.

D. Concurrently with signing this Agreement, we and you or your Controlled Affiliate (as defined in Section 1.A) have signed a franchise agreement for the operation of a BarkSuds Business (the “Current Franchise Agreement”).

1. GRANT OF DEVELOPMENT AND TERRITORIAL RIGHTS.

A. Grant of Development Rights. Subject to the terms of this Agreement, and provided that you are in full compliance with this Agreement, we grant you (and/or any of your Controlled Affiliates) the right to develop the number of BarkSuds Businesses specified on **Exhibit A** to this Agreement according to the mandatory development schedule identified on **Exhibit A** to this Agreement (the “Development Schedule”), within the geographic area described on **Exhibit A** to this Agreement (the “Development Area”). In this Agreement, the term “Controlled Affiliate” means any corporation, limited liability company or other business entity of which you or one or more of your majority owners owns at least fifty-one percent (51%) of the total authorized ownership interests, as long as you or such owner(s) have the right to control the entity’s management and policies, and in each case approved by us.

B. Territorial Rights. Provided you and your Controlled Affiliates are in full compliance with this Agreement and all other agreements between you (or any of the Controlled Affiliates) and us (or any of our affiliates), including the Current Franchise Agreement, then, during this Agreement’s term only, except as otherwise provided in this Agreement, neither we nor our affiliates will operate, or authorize any other party to operate, a BarkSuds Business the physical premises of which are located within the Development Area.

C. Reservation of Rights. Except as expressly limited by Section 1.B, we and our affiliates retain all rights with respect to BarkSuds Businesses, the Marks, the sale of similar or dissimilar products

and services, and any other activities we deem appropriate whenever and wherever we desire. During this Agreement's term, we reserve the following rights:

(1) the right to operate, and to grant others the right to operate, BarkSuds Businesses the physical premises of which are located anywhere outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to the Development Area;

(2) the right to establish and operate, and to grant to others the right to establish and operate, retail businesses offering dog care and grooming services and related services and products, or any similar or dissimilar products and services, that are not primarily identified by the Marks, both inside and outside the Development Area and on any terms and conditions we deem appropriate;

(3) the right to market, merchandise and distribute products and services identified by the Marks at any location both inside and outside the Development Area through any method or channel of distribution, including through e-commerce, catalogs, wholesale or retail stores, convenience stores, pet stores, grocery stores, club stores, and similar retail outlets;

(4) the right to market, merchandise, and distribute products and services that are similar to the products and services offered by BarkSuds Businesses under a different trademark or trademarks at any location, within or outside the Development Area;

(5) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at BarkSuds Businesses, and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Development Area); and

(6) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at BarkSuds Businesses, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses (as defined in the Current Franchise Agreement) in the Development Area.

(7) After this Agreement expires or is terminated (regardless of the reason), we and our affiliates may engage, and allow others to engage, in any activities we desire within and outside the Development Area without any restrictions whatsoever, subject only to your (or any Controlled Affiliate's) rights under franchise agreements with us then in effect.

2. DEVELOPMENT FEE.

Simultaneously with signing this Agreement, you must pay us a "Development Fee" in the amount set forth in **Exhibit A** to this Agreement, which is Five Thousand Dollars (\$5,000) multiplied by the number of BarkSuds Businesses that you agree to develop under the Development Schedule. The Development Fee is fully earned by us when this Agreement is signed and is non-refundable. The Development Fee paid for each BarkSuds Business shall be credited against your Initial Franchise Fee, which is payable pursuant to each Franchise Agreement executed pursuant to the terms hereof; however, the aggregate amount of such credits shall not exceed the Development Fee.

3. DEVELOPMENT OBLIGATIONS AND REQUIREMENTS.

A. Development Obligations. To maintain your rights under this Agreement, you (and/or your Controlled Affiliates) must sign franchise agreements for, develop, and open for business the agreed-upon number of BarkSuds Businesses within the Development Area by the dates set forth on the Development Schedule. You or a Controlled Affiliate will operate each BarkSuds Business under a separate franchise agreement (and related documents) with us. The franchise agreement (and related documents) that you or your Controlled Affiliate will sign for each BarkSuds Business will be our then-current form of franchise agreement and related documents, including, without limitation, personal guarantees (collectively, the “Franchise Documents”), any or all of the terms of which may differ substantially from the terms contained in the Current Franchise Agreement.

B. Site Selection. If you do not have a location for one (1) or more of the BarkSuds Businesses you (and/or your Controlled Affiliates) must develop, open and operate pursuant to this Agreement, then this Section 3.B. will govern the site selection process.

(1) We will provide you with our site selection criteria and, as you may request, a reasonable amount of consultation with respect to the site selection process. Periodically, we may change our site selection criteria, which may include population density and composition, leasing costs, parking, visibility, character of the neighborhood, competition from other businesses in the area, proximity to other businesses (including businesses operated or franchised by us or our affiliates), the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance, other physical characteristics and a site plan of the premises.

(2) You must provide a site application to us including a complete site report and other materials and information we request for a suitable site located within the Development Area. You should not make any binding commitments to acquire any interest in any site for the BarkSuds Business until we have accepted that site in writing.

(3) Within thirty (30) days if we need to conduct a site visit) after we receive your detailed site application, we or our designee will conduct an evaluation of the proposed site(s) and accept or reject your proposed sites. We will not unreasonably withhold our acceptance of a site that meets our site selection criteria. In determining whether to accept or reject a proposed site, we also may consider the site’s proximity both to the Development Area’s boundaries and to other existing or potential sites for BarkSuds Businesses located outside the Development Area. If we do not accept a proposed site in writing in this time period, we will be deemed to have rejected the site.

(4) You agree that our acceptance of a site for the BarkSuds Business and any information communicated to you regarding our site selection criteria for BarkSuds Businesses does not constitute a warranty or representation of any kind, express or implied, as to the suitability of any site for the BarkSuds Business or for any other purpose. Our acceptance of a site is not a representation or a promise by us that the BarkSuds Business at the site will achieve certain revenues or a certain level of profitability. Similarly, our acceptance of one or more sites and our rejection of other sites is not a representation or a promise that the accepted site will have higher revenues or be more profitable than a site that we rejected.

(5) You agree that your decision to develop and operate the BarkSuds Business at a site that we accept is based solely on your own independent investigation of the suitability of that site for a BarkSuds Business. We assume no liability or responsibility for: (1) evaluation of the soil of the site for hazardous substances; (2) inspection of any structure at the site for asbestos or other toxic or hazardous materials; (3) compliance with the Americans with Disabilities Act (“ADA”); or (4) compliance with any other applicable law. It is your sole responsibility to obtain satisfactory evidence and/or assurances that the

site and any structures on the site are free from environmental contamination and in compliance with the requirements of the ADA.

C. Site Acquisition Period. If you propose to purchase the site for the Business, you must provide us with a copy of the deed or other evidence of ownership within thirty (30) days after we accept the site (the "Site Acquisition Period"). If you propose to lease or sublease the site, you must provide us with a copy of the fully executed lease or sublease for the site ("Lease") within the Site Acquisition Period. Neither you nor your Controlled Affiliate may sign any Lease or purchase agreement for a site without our pre-approval of your (or your Controlled Affiliate's) financial and operational ability to develop and operate the BarkSuds Business at such site.

D. Lease Terms. We have the right to approve the terms of any Lease before you sign it. At our sole option, in the case of a lease or sublease, we may require that you and the landlord of the site sign a rider to the Lease in a form that we specify ("Lease Rider"), which Lease Rider shall be incorporated as part of the Lease upon execution. Our current form of Lease Rider is attached to the Current Franchise Agreement. You must deliver to us a signed copy of each Lease and any amendment or renewal thereof, within seven (7) days after its execution, including the signed Lease Rider if we require it. Although we will not directly negotiate any Lease, a Lease must be in a form acceptable to us and must contain certain required terms and provisions (some or all of which may be covered by the Lease Rider if we require it), including:

(1) A provision reserving to us the right to receive an assignment of the Lease upon termination or expiration of this Agreement;

(2) A provision requiring the landlord concurrently to send us a copy of any written notice of a Lease default sent to you and granting us the right (but without any obligation) to cure any Lease default within fifteen (15) business days after the expiration of the cure period if you fail to do so;

(3) A provision evidencing your right to display the Marks according to the specifications that we prescribe (subject only to applicable law); and

(4) A provision that the site may be used only for the operation of a BarkSuds Business.

E. Franchise Documents. Within thirty (30) days after you (or your Controlled Affiliate) sign a Lease or purchase agreement for a site at which to develop and operate a BarkSuds Business, you or your Controlled Affiliate (and your or its owners) must sign Franchise Documents for the BarkSuds Business to be developed at that site. If you or your Controlled Affiliate (and such owners) do not do so, then we may withdraw our approval for such site. After you (or your Controlled Affiliate) sign Franchise Documents for a particular BarkSuds Business, the terms and conditions of the Franchise Documents will control the further development and operation of that BarkSuds Business.

4. NO SUBLICENSING OR OTHER RIGHTS.

This Agreement does not grant you any right to license others to operate BarkSuds Businesses. Only you or your Controlled Affiliates may open and operate BarkSuds Businesses pursuant to this Agreement and only under Franchise Documents with us. This Agreement is not a franchise agreement and does not grant you the right to engage in the business of offering, selling or distributing goods and services under the Marks, or to use the Marks in any manner. These rights are granted only by franchise agreements signed by you or your Controlled Affiliates, and us. Subject to Section 6(b) below, any and all Franchise Documents are independent of this Agreement.

5. TERM.

This Agreement's term begins on the Effective Date and ends on the date when (a) the final BarkSuds Business under the Development Schedule opens for business, or (b) this Agreement otherwise is terminated.

6. TERMINATION.

We may terminate this Agreement and your right to develop additional BarkSuds Businesses within the Development Area at any time, effective upon delivery of written notice of termination, if: (a) you fail to satisfy either your development obligations under the Development Schedule or any other obligation under this Agreement, which defaults you have no right to cure; or (b) the Current Franchise Agreement or any Franchise Documents between us and you (or any Controlled Affiliate) for a BarkSuds Business is terminated by us or you (or the Controlled Affiliate) for any reason.

7. TRANSFER.

You (and each of your owners) acknowledge that we are granting you the rights under this Agreement because of our perception of your (and your owners') individual and collective character, skill, business acumen, financial capability and ability to operate BarkSuds Businesses according to our standards. These rights are personal to you and your owners. Therefore, you and your owners may not transfer (as defined in the Current Franchise Agreement) this Agreement or any of your ownership interests (whether directly or indirectly). We may transfer this Agreement or any of our ownership interests without restriction.

8. INCORPORATION OF OTHER TERMS.

Section 12 of the Current Franchise Agreement, entitled "Confidential Information and Covenants," and Sections 17 through 22 of the Current Franchise Agreement, entitled "Relationship of the Parties/Indemnification," "Enforcement," "Construction," "Notices and Payments," "Compliance with Anti-Terrorism Laws" and "Electronic Mail," respectively, including, without limitation, the arbitration obligations under Section 18.E of the Current Franchise Agreement, are incorporated by reference in this Agreement and will govern all aspects of this Agreement and your and our relationship as if fully restated within the text of this Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in our most recent franchise disclosure document that we delivered to you or your representative.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISOR:
BARKSUDS FRANCHISING, LLC,
a Florida limited liability company

By: _____
Print Name: _____
Title: _____
DATED*: _____

(*Effective Date of this Agreement)

Our Notice Address:
10430 N. Dale Mabry Highway
Tampa, Florida 33618
Attn: Chief Executive Officer
Email: _____

DEVELOPER:

IF AN ENTITY:

[INSERT DEVELOPER ENTITY],
a _____

By: _____
Print Name: _____
Title: _____
DATED: _____

IF AN INDIVIDUAL:

[INSERT NAME],
a resident of _____

DATED: _____

Your Notice Address:

Attn: _____
Email: _____

EXHIBIT A TO THE DEVELOPMENT RIGHTS AGREEMENT

DEVELOPMENT INFORMATION

1. **Development Area.** The Development Area is defined as the entire territory encompassed by _____ in the State of _____. If the Development Area is identified by city or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement, notwithstanding any political reorganization or change to the boundaries. The Development Area is depicted on the map attached to this Exhibit A. However, if there is an inconsistency between the language in this Exhibit A and the attached map, the language in this Exhibit A shall control. All street boundaries will be deemed to end at the street center line unless otherwise specified.
2. **Development Schedule.** You agree to open _____ () BarkSuds Businesses within the Development Area, including the BarkSuds Business developed or to be developed under the Current Franchise Agreement, according to the following Development Schedule:

BarkSuds Business Number	Opening by (Date)	Cumulative Number of BarkSuds Businesses To Be Opened and Operating No Later Than the Opening Date (in Previous Column)
		1
		2
		3
		4
		5

3. **Development Fee.** The Development Fee paid by Developer: \$_____.

MAP OF DEVELOPMENT AREA

EXHIBIT C
FRANCHISEE LISTS

BARKSUDS INCORPORATED

LIST OF FRANCHISED BUSINESSES AS OF DECEMBER 31, 2024

Franchisee	BarkSuds Business Address	City	State	Zip	Phone
Barksuds NT LLC Kenny Anaje	2030 Badlands Dr.	Brandon	FL	33511	813-588-6080
Rover Industries of Florida LLC Greg Margliano	1495 Main St.	Dunedin	FL	34698	727-931-804
Rover Industries of Florida LLC Greg Margliano	5642 Fishhawk Crossings Blvd.	Lithia	FL	33547	813-315-9988
Bark Spaz LLC Michael Scott	4114 Little Road	New Port Richey	FL	34655	727-484-6116
Rover Industries of Florida LLC Greg Margliano	1001 Lockwood Blvd. #1	Oviedo	FL	32765	321-765-4346
Rover Industries of Florida LLC Greg Margliano	10801 Starkey Rd. Suite 106	Seminole	FL	33777	727-598-6800
BS Central SP LLC Demelys Oremas and Lazaro Morales	6331 4th St. N.	St. Petersburg	FL	33702	656-203-7529
Macallan Management LLC Kate Trimpert	4644 W. Gandy Blvd.	Tampa	FL	33611	813-727-2320
Rover Industries of Florida LLC Greg Margliano	761 S. Orlando Ave., #6	Winter Park	FL	32789	321-972-3269
Kina Pets LLC Emily Hope	2211 Rayford Rd., Ste 105	Spring	TX	77386	832-990-6641
Belanger Logistics LLC Robert and Bernie Fulk	6426 Brandon Ave.	Springfield	VA	22150	703-817-5312

LIST OF FRANCHISEES THAT HAVE SIGNED A FRANCHISE AGREEMENT BUT THE FRANCHISED BUSINESS IS NOT YET OPEN AS OF DECEMBER 31, 2024

Franchisee	Business Address (If Known)	City	State	Phone
Barksuds LLC Sandra Frances and Rehan Nasim	1517 17 th Street NW	Washington	DC	571-426-2228
Rover Industries of Florida LLC	TBD	Lakeland	FL	813-315-9988
Rover Industries of Florida LLC	13145 US Highway 301	Riverview	FL	813-284-5988
TD Dog Express, LLC Drew Strauch	TBD	The Villages	FL	813-482-6306
Vesta Lewis Holdings LLC Kim and Richard Lewis*	4651 Woodstock Rd, Suite 490	Roswell	GA	470-288-9100
Shelaylee LLC Shelley Ward*	1249 NW Maynard Rd	Cary	NC	984-345-0004
JBS Ventures Corporation Briana Schoffman*	18101 State Hwy 71, Suite 140	Austin	TX	512-663-685

Franchisee	Business Address (If Known)	City	State	Phone
Fluff and Puff, LLC Heather Chapa and Tristen Gonzales	TBD	Cypress	TX	832-368-3147
Barksuds Dallas LLC Latasha Eldridge	TBD	Dallas/Fort Worth	TX	214-621-8555
Fluff and Puff, LLC Heather Chapa and Tristen Gonzales	TBD	Katy	TX	832-368-3147
BarkSuds Magnolia LLC Troy Pike and Liz Fagan*	4849 FM 1488	Magnolia	TX	346-819-9355
Bark Suds Woodforest LLC Troy Pike and Liz Fagan*	900 New Day Ave, Suite 1000	Woodforest	TX	832-773-4780
BarkSuds of Houston Inc. Dabrina and Nathan Hovanec	18721 University Blvd	Sugar Land	TX	713-248-6013
Kina Pets LLC Emily Hope	TBD	The Woodlands	TX	832-990-6641

*Opened in 2025

LIST OF FRANCHISEES THAT CLOSED, TRANSFERRED OR HAD A FRANCHISE AGREEMENT TERMINATED OR NOT RENEWED IN 2024

Franchisee	City	State	Phone
David Stannard* (Business never opened)	Los Gatos	CA	410-530-0658

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

EXHIBIT D
FINANCIAL STATEMENTS

BARKSUDS INCORPORATED

FINANCIAL STATEMENTS

For the Years Ended December 31, 2024, 2023 and 2022

BARKSUDS INCORPORATED

FINANCIAL STATEMENTS

For the Years Ended December 31, 2024, 2023 and 2022

Contents	Page
Independent Auditor's Report.....	1 -2
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Stockholder's Equity	5
Statements of Cash Flow	6
Notes to Financial Statements.....	7 – 12



201 E. Kennedy Boulevard, Suite 715
Tampa, FL 33602-5828
(813) 229-2090 | Fax (813) 223-7104
www.laplantrainey.com

INDEPENDENT AUDITOR'S REPORT

To the Stockholder of
BarkSuds Incorporated
Tampa, FL

Opinion

We have audited the accompanying balance sheets of BarkSuds Incorporated (a Florida corporation) which comprise the balance sheets as of December 31, 2024, 2023 and 2022, and the related statements of operations, changes in stockholder's equity and cash flows for the years ended December 31, 2024, 2023 and 2022 and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of BarkSuds Incorporated as of December 31, 2024, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of this 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 a financial statements that is 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 BarkSuds Incorporated's ability to continue as a going concern within one year after the date that the financial statements were 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 is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 procedure 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 BarkSuds Incorporated'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about BarkSuds Incorporated'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.

A handwritten signature in black ink, reading "Michael A. Rooney, CPA". The signature is stylized with a large, looped "M" and "R".

Tampa, FL
April 17, 2025

BARKSUDDS INCORPORATED
BALANCE SHEETS

AS OF DECEMBER 31, 2024, 2023 and 2022

	2024	2023	2022
CURRENT ASSETS			
Cash	\$ 7,763	\$ 427	\$ 333
Account receivable	25,000	-	10,000
Total Current Assets	32,763	427	10,333
PROPERTY AND EQUIPMENT, net	268,018	273,428	298,165
OPERATING RIGHT OF USE ASSETS	177,476	272,658	166,679
OTHER ASSETS			
Rent deposits	5,550	5,550	5,550
Goodwill	60,378	60,378	-
Other Assets	65,928	65,928	5,550
TOTAL ASSETS	<u>\$ 544,185</u>	<u>\$ 612,441</u>	<u>\$ 480,727</u>
CURRENT LIABILITIES			
Accounts payable-trade	\$ -	\$ 2,733	\$ -
Credit card payable	11,749	41,833	710
Current maturities of operating lease liabilities	74,358	95,180	49,324
Current maturities of notes payable	5,302	14,350	-
Total Current Liabilities	91,409	154,096	50,034
LONG TERM LIABILITIES			
Operating lease liabilities, net of current maturities	103,118	177,478	117,355
Contract liabilities	66,868	27,829	10,884
Advance from stockholder			10,087
Notes payable, net of current maturities	30,348	35,650	-
Total Long Term Liabilities	200,334	240,957	138,326
Total Liabilities	291,743	395,053	188,360
STOCKHOLDER'S EQUITY			
Common stock - \$.001 par value; 10,000 shares authorized, issued, and outstanding	10	10	10
Additional paid in capital	310,890	310,890	310,890
Retained earnings (Accumulated deficit)	(58,458)	(93,512)	(18,533)
Total Stockholder's Equity	252,442	217,388	292,367
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>\$ 544,185</u>	<u>\$ 612,441</u>	<u>\$ 480,727</u>

BARKSUDS INCORPORATED
STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
REVENUES			
Franchise sales	\$ 419,492	\$ 403,699	\$ 183,342
Service revenue, net	1,016,374	846,597	850,602
Royalties	<u>127,281</u>	<u>39,250</u>	<u>-</u>
Total Revenues	1,563,147	1,289,546	1,033,944
OPERATING EXPENSES	<u>1,215,732</u>	<u>976,085</u>	<u>908,405</u>
INCOME FROM OPERATIONS	<u>347,415</u>	<u>313,461</u>	<u>125,539</u>
OTHER INCOME (EXPENSES)			
Interest expense	(2,985)	(17,483)	(5,902)
Other income	1,225	-	-
Depreciation expense	<u>(28,554)</u>	<u>(28,677)</u>	<u>(25,208)</u>
Total Other Income (Expenses)	<u>(30,314)</u>	<u>(46,160)</u>	<u>(31,110)</u>
NET INCOME	<u>\$ 317,101</u>	<u>\$ 267,301</u>	<u>\$ 94,429</u>

BARKSUDS INCORPORATED
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 and 2022

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total Stockholder's Equity</u>
Balance, December 31, 2021	\$ 10	\$ 310,890	\$ (112,962)	\$ 197,938
Net income for the year	<u>-</u>	<u>-</u>	<u>94,429</u>	<u>94,429</u>
Balance, December 31, 2022	10	310,890	(18,533)	292,367
Net income for the year			267,301	267,301
Distributions to the stockholder	<u>-</u>	<u>-</u>	<u>(342,280)</u>	<u>(342,280)</u>
Balance, December 31, 2023	10	310,890	(93,512)	217,388
Net income for the year			317,101	317,101
Distributions to the stockholder	<u>-</u>	<u>-</u>	<u>(282,047)</u>	<u>(282,047)</u>
Balance, December 31, 2024	<u>\$ 10</u>	<u>\$ 310,890</u>	<u>\$ (58,458)</u>	<u>\$ 252,442</u>

BARKSUDS INCORPORATED
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net income	\$ 317,101	\$ 267,301	\$ 94,429
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	28,554	28,677	25,208
Changes in operating assets and liabilities account balances:			
Accounts receivable	(25,000)	10,000	(10,000)
Accounts payable	(2,733)		
Credit card payable	(30,084)	41,122	(6,930)
Contract liabilities	39,039	18,801	9,159
Other accrued expenses	-	-	(32)
Total Adjustments	<u>9,776</u>	<u>98,600</u>	<u>17,405</u>
Net Cash Provided by Operating Activities	<u>326,877</u>	<u>365,901</u>	<u>111,834</u>
 CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	<u>(23,144)</u>	<u>(3,440)</u>	<u>(123,664)</u>
Net Cash Used in Investing Activities	<u>(23,144)</u>	<u>(3,440)</u>	<u>(123,664)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on long term debt	(14,350)	(10,000)	-
Distributions to stockholder	(282,047)	(342,280)	-
Proceeds (payments) on stockholder note	<u>-</u>	<u>(10,087)</u>	<u>10,087</u>
Net Cash Provided by (Used in) Financing Activities	<u>(296,397)</u>	<u>(362,367)</u>	<u>10,087</u>
 NET INCREASE (DECREASE) IN CASH	7,336	94	(1,743)
CASH, BEGINNING OF YEAR	<u>427</u>	<u>333</u>	<u>2,076</u>
CASH, END OF YEAR	<u><u>\$ 7,763</u></u>	<u><u>\$ 427</u></u>	<u><u>\$ 333</u></u>

Supplemental Cash Flow Information:

Cash paid for interest	\$ 2,985	\$ 17,483	\$ 5,902
Acquisition of operating leases ROU assets	<u>\$ -</u>	<u>\$ 158,358</u>	<u>\$ 206,000</u>

BARKSUDS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2024, 2023 and 2022

NOTE 1 - BACKGROUND INFORMATION

BarkSuds Incorporated (the “Company”) was incorporated in the State of Florida in 2020. The Company provides a revolutionary spin on the traditional dog grooming salon. They offer a membership based routine maintenance grooming program at a fixed amount per dog per month. The Company currently has three corporate-owned salons within the Tampa Bay area and is actively marketing and selling franchises nationally of the unique re-occurring income model, which offers investors a recession proof, high-margin business concept with consistent and predictable income streams.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, Revenue from Contracts with Customers. The standard’s core principle is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It prescribes a five-step process to accomplish this core principle, including:

- Identification of the contract with the customer;
- Identification of the performance obligation(s) under the contract;
- Determination of the transaction price;
- Allocation of the transaction price to be identified performance obligation(s); and
- Recognition of revenue as (or when) an entity satisfies the identified performance obligations(s).

Consequently, the Company recognizes revenue when services are performed, persuasive evidence of an arrangement exists, the price is fixed and collection is reasonably assured in accordance with ASC 606.

Services - The Company is in the business of selling monthly membership for grooming dogs (i.e., baths, ear cleaning, teeth brushing). Fees are recognized when monthly memberships are purchased and renewed. Fees are also recognized for any “add on” services rendered, like haircuts.

Franchise Fees – The Company adopted ASU 2021-02, Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient in recognizing franchise fee revenue. The Company accounts for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list. These distinct services include assistance in the selection of a site, assistance in obtaining facilities and

BARKSUDS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2024, 2023 and 2022

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

preparing the facilities for their intended use, training of the franchisee's personnel, bookkeeping, information technology and advisory services and inspection, testing and other quality control programs.

The Company has elected a policy to account for the pre-opening services as a single performance obligation. Management has determined that 95% of the franchise fee relates to pre-opening services. The remaining 5% of the franchise fee is recorded as a contingent liability and is recognized as revenue over the term of the franchise license/ agreement.

Royalties – The Company collects royalties at 6% (as stipulated in the franchise agreement) from the gross revenue collected at the stores.

Property and Equipment

Property and equipment are recorded at acquisition cost and depreciated over their estimated useful lives on the straight-line method. Expenditures for maintenance and repairs are generally charged to expense as incurred, whereas expenditures for renewal and betterments are capitalized.

Fair Value of Financial Instruments

The carrying value of cash, receivables, credit cards payable and accounts payable approximates fair value due to the short maturity of these instruments. The carrying values of short-term debt approximate fair value based on discounting the projected cash flows using market rates available for similar maturities. None of these financial instruments are held for trading purposes

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures about contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Goodwill

The Company accounts for goodwill in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 350, "Goodwill and Other Intangible Assets," which states that goodwill with definite lives should not be amortized, but instead tested for impairment at least annually at the reporting unit level. If impairment exists, a write-down to fair value is recorded.

BARKSUDS INCORPORATED
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2024, 2023 and 2022

NOTE 3 – RECENTLY ISSUED ACCOUNTING STANDARDS UPDATE

Allowance for Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” which introduced an expected credit loss model for the impairment of financial assets measured at amortized cost. The model replaces the probable, incurred loss model for those assets and broadens the information an organization must consider in developing its expected credit loss estimate for assets measured at amortized cost. On January 1, 2023, the Company adopted ASU No. 2016 – 13 with no material impact to the financial condition, result of operations or cash flow. The impact of the adoption resulted only in new/enhanced disclosures.

Leases

The Company adopted ASU 2016-02 and its related amendments (collectively known as “ASC 842”) on January 1, 2022 using the optional transition method in ASU 2018-11. The Company determines if an arrangement is a lease, or contains a lease, at inception. The lease term begins on the commencement date, which is the date the Company takes possession of the property and may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. The lease term is used to determine lease classification as an operating or finance lease and is used to calculate straight-line expense for operating leases. The Company elected the package of practical expedients permitted under the transition guidance within ASU 2016-02 to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. Right-of-use (“ROU”) assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Since the Company’s leases do not typically provide an implicit rate, the Company uses its incremental borrowing rate based upon the information available at commencement date for both real estate and equipment leases. The Company elected the short-term lease recognition exemption for all leases that qualify. Therefore, leases with an initial term of 12 months or less are not recorded on the balance sheet; instead, lease payments are recognized as lease expense on a straight-line basis over the lease term.

NOTE 4 – FRANCHISES

The Company sold the following number of franchises by year:

2021	1 franchise
2022	4 franchises
2023	7 franchises
2024	8 franchises

A franchise sold in a previous year was relinquished at a cost of \$4,000 in 2024.

BARKSUDS INCORPORATED
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2024, 2023 and 2022

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 81,810	\$ 81,810	\$ 77,870
Leasehold improvements	260,937	237,793	237,793
Signage	<u>12,346</u>	<u>12,346</u>	<u>12,346</u>
	355,093	331,949	328,009
Less accumulated depreciation	<u>(87,075)</u>	<u>(58,521)</u>	<u>(29,844)</u>
Property and equipment, net	<u>\$268,018</u>	<u>\$273,428</u>	<u>\$298,165</u>

NOTE 6 – INCOME TAXES

Income taxes for federal purposes have not been provided because the stockholder elected to be treated as an S Corporation for income tax purposes as provided in Section 1362(a) of the Internal Revenue Code. As such, the Company's income is included in the stockholder's individual income tax return.

The Company has adopted FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*. The Company will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Company's evaluation on December 31, 2024, 2023 and 2022 revealed no uncertain tax positions that would have a material impact on the financial statements.

NOTE 7 – BUSINESS PURCHASE AGREEMENT/GOODWILL

In November 2023, the Company entered into an agreement with the owners of one of the sold franchises to purchase the existing assets and assume certain liabilities of their company for \$60,000. The existing assets were valued at \$500 for equipment on the premises and the liabilities assumed totaled \$2,734. This resulted in goodwill of \$60,378 being recorded, when also recording the write-off of the remaining existing franchise fee contingent liability.

The Company performed the required impairment test of goodwill and determined that there was no impairment.

BARKSUDDS INCORPORATED
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2024, 2023 and 2022

NOTE 8 – OPERATING LEASES

The Company currently has three operating leases in place (risk and return do not get transferred to lessee as they decide to lease the assets) with terms longer than 12 months. The leases are real estate/branch locations. As of December 31, 2024, 2023 and 2022, the right-of-use assets and lease liabilities related to the operating leases are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating lease ROU assets	<u>\$177,476</u>	<u>\$272,658</u>	<u>\$166,679</u>
Operating lease liabilities:			
Current maturities of operating lease liabilities	\$ 74,358	\$ 95,180	\$ 49,324
Operating lease liabilities, net of current maturities	<u>103,118</u>	<u>177,478</u>	<u>117,355</u>
	<u>\$177,476</u>	<u>\$272,658</u>	<u>\$166,679</u>

The future payments due under operating leases as of December 31, 2024 is as follows:

2025	\$ 83,867
2026	85,943
2027	<u>21,816</u>
	191,626
Less effects of discounting	<u>(14,150)</u>
Lease liability recognized	<u>\$177,476</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2024:

Weighted Average Remaining Operating leases	2.3 years
Weighted Average Incremental Borrowing Rate Operating leases	5.50%

The following rent expense is associated with these operating leases:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Fixed rent expense	<u>\$127,331</u>	<u>\$77,831</u>	<u>\$53,843</u>

BARKSUDS INCORPORATED
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2024, 2023 and 2022

NOTE 9 – LONG TERM DEBT AND SUBSEQUENT EVENT

Long term debt consists of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Note payable to an individual. 60 monthly payments of \$221, balloon payment of \$7,220 in January 2029, non-interest bearing. Unsecured.	\$17,825	\$25,000
 Note payable to an individual. 60 monthly payments of \$221, balloon payment of \$7,220 in January 2029, non-interest bearing. Unsecured.	 <u>17,825</u>	 <u>25,000</u>
	35,650	50,000
Less current maturities	<u>(5,302)</u>	<u>(14,350)</u>
	<u>\$30,348</u>	<u>\$35,650</u>

The following is a summary of the maturities of the notes payable:

Year ended December 31:

2025	\$ 5,302
2026	5,302
2027	5,302
2028	5,302
2029	5,302
Thereafter	<u>9,140</u>
	<u>\$35,650</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

Relatives of the stockholder currently manage two of the three corporate-owned salons.

NOTE 11 – SUBSEQUENT EVENTS

On December 18, 2024, BarkSuds Franchising, LLC was incorporated. Starting in 2025, this company will operate the activity of the sales of the BarkSuds franchises.

In February 2025, one of the corporate owned locations was sold to an existing franchisee. The business purchase agreement includes the sale of the tangible and intangible assets related to the location at 3307 W. Bay to Bay Blvd. The site lease was also assigned to the buyer.

BARKSUDS INCORPORATED
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2024, 2023 and 2022

NOTE 11 – DATE OF MANAGEMENT’S REVIEW

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through April 17, 2025, which is the date the financial statements were available to be issued.

UNAUDITED FINANCIAL STATEMENTS

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

BARKSUDDS INCORPORATED
BALANCE SHEET

As of March 31, 2025

ASSETS

CURRENT ASSETS

Cash	\$ 515
Accounts receivable	25,000
Total Current Assets	<u>25,515</u>

PROPERTY AND EQUIPMENT, net 126,964

OPERATING RIGHT OF USE ASSETS 159,524

OTHER ASSETS

Rent deposits	5,550
Goodwill	60,378
Other Assets	<u>65,928</u>

TOTAL ASSETS \$ 377,931

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Credit cards payable	\$ 14,101
Contingent liabilities	66,869
Current maturities of operating lease liabilities	74,358
Current maturities of notes payable	5,302
Total Current Liabilities	<u>160,630</u>

LONG-TERM LIABILITIES

Operating lease liabilities, net of current maturities	85,166
Notes payable, net of current maturities	29,022
Total Long Term Liabilities	<u>114,188</u>
Total Liabilities	<u>274,818</u>

STOCKHOLDER'S EQUITY

Common stock	10
Additional paid in capital	310,890
Retained earnings (Accumulated deficit)	<u>(207,787)</u>
Total Stockholder's Equity	<u>103,113</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY \$ 377,931

BARKSUDS INCORPORATED
STATEMENT OF OPERATIONS AND CHANGES IN RETAINED EARNINGS
(ACCUMULATED DEFICIT)

For the three months ended March 31, 2025

REVENUES	
Franchise sales	\$ 45,000
Royalties	59,431
Service revenue, net	<u>214,807</u>
Total Revenues	<u>319,238</u>
OPERATING EXPENSES	<u>247,325</u>
INCOME FROM OPERATIONS	<u>71,913</u>
OTHER INCOME (EXPENSES)	
Interest expense	(886)
Other income	18,962
Loss on sale	<u>(3,554)</u>
Total Other Income (Expenses)	<u>14,522</u>
NET INCOME	86,435
RETAINED EARNINGS (ACCUMULATED DEFICIT), BEGINNING OF PERIOD	(58,458)
DISTRIBUTIONS TO THE STOCKHOLDER	<u>(235,764)</u>
RETAINED EARNINGS (ACCUMULATED DEFICIT), END OF PERIOD	<u>\$ (207,787)</u>

GUARANTEE OF PERFORMANCE

For value received, Barksuds Incorporated, a Florida corporation (the "**Guarantor**"), located at 10430 N. Dale Mabry Highway, Tampa, Florida 33618, absolutely and unconditionally guarantees to assume the duties and obligations of BarkSuds Franchising, LLC (the "**Franchisor**"), located at 10430 N. Dale Mabry Highway, Tampa, Florida 33618, under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its Franchise Disclosure Document issued May 22, 2025, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, which ever occurs first. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor executes this guarantee at Clearwater, Florida, on the 23rd day of May, 2025.

Guarantor: Barksuds Incorporated

By: Richard Landman

Print Name: Richard Landman

Print Title: Chief Executive Officer

EXHIBIT E

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov	NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov	NEW YORK New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Director of Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT F

MANUAL TABLE OF CONTENTS

Table of Contents

Welcome to the Pack! Pg.2

- 1. Understanding the BarkSuds Brand. Pg. 5**
 - 1.1 Bath's Paw at BarkSuds**
 - 1.2 Dapper Dog at BarkSuds Pg.8**
 - 1.3 All Over Rover at BarkSuds Pg. 11**
- 2. BarkSuds Franchisee Support & Training Manual- For New Franchise Locations Pg.15**
 - 2.1 Phase 1: Pre-opening**
 - 2.2 Phase 2: Initial Training**
 - 2.3 Phase 3: Launch Support Pg. 16**
 - 2.4 Phase 4: Ongoing Franchise Support Pg. 17**
 - 2.5 Phase 5: Growth and Expansion**
- 3. Operational Essentials Pg.18**
 - 3.1 Getting Started with DaySmart Pet**
 - 3.2 Inventory Requirements Pg. 21**
 - 3.3 Mixing Process or Shampoo Pg. 23**
 - 3.4 Time Keeping and Payroll on ADP Run Pg. 25**
 - 3.5 Creating a Schedule with Hot Schedules Pg. 27**
- 4. BarkSuds Dog Handling and Safety Pg.32**
 - 4.1 Dog Handling Procedures**
 - 4.2 Dog Behavior: What to look for Pg. 33**
 - 4.3 Grooming Safety Precautions Pg. 34**
 - 4.4 Handling Special Cases Pg.35**
- 5. Guide to Excellent Customer Service Pg. 36**
- 6. Marketing and Community Engagement Pg. 37**

EXHIBIT G

STATE SPECIFIC ADDITIONAL FDD DISCLOSURES

Virginia

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

In recognition of the Virginia Retail Franchising Act, the Franchise Disclosure Document for BarkSuds Franchising, LLC for use in the Commonwealth of Virginia shall be amended to include the following:

Termination, Item 17. The following is added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Additional Disclosure, Item 22. The following is added to Item 22:

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 Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to these Additional Disclosures.

EXHIBIT H
STATE SPECIFIC AGREEMENT ADDENDA
Virginia

**ADDENDUM TO THE BARKSUDS FRANCHISE AGREEMENT
REQUIRED FOR VIRGINIA FRANCHISEES**

This Addendum to the BarkSuds Franchise Agreement dated _____ (“Franchise Agreement”) between **BARKSUDS FRANCHISING, LLC**, a Florida limited liability company (“Franchisor”) and the party identified on the signature page of this Agreement (“Franchisee”) as of the date signed by us and set forth beneath our signature on this Addendum (“Effective Date”).

1. The following language is added to the end of Section 19 of the Franchise Agreement:

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
4. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum as of the Effective Date.

FRANCHISOR:
BARKSUDS FRANCHISING, LLC,
a Florida limited liability company

By: _____
Print Name: _____
Title: _____
DATED*: _____

(*Effective Date of this Addendum)

FRANCHISEE:

IF AN ENTITY:

[INSERT FRANCHISEE ENTITY],
a _____

By: _____
Print Name: _____
Title: _____
DATED: _____

IF AN INDIVIDUAL:

[INSERT NAME],
a resident of _____

DATED: _____

**ADDENDUM TO THE BARKSUDS DEVELOPMENT AGREEMENT
REQUIRED FOR VIRGINIA FRANCHISEES**

This Addendum to the BarkSuds Development Agreement dated _____ (“Franchise Agreement”) between **BARKSUDS FRANCHISING, LLC**, a Florida limited liability company (“Franchisor”) and the party identified on the signature page of this Agreement (“Developer”) as of the date signed by us and set forth beneath our signature on this Addendum (“Effective Date”).

1. The following language is added to the end of Section 8 of the Development Agreement:

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
3. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.
4. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum as of the Effective Date.

FRANCHISOR:
BARKSUDS FRANCHISING, LLC,
a Florida limited liability company

By: _____
Print Name: _____
Title: _____
DATED*: _____

(*Effective Date of this Addendum)

DEVELOPER:

IF AN ENTITY:

[INSERT FRANCHISEE ENTITY],
a _____

By: _____
Print Name: _____
Title: _____
DATED: _____

IF AN INDIVIDUAL:

[INSERT NAME],
a resident of _____

DATED: _____

EXHIBIT I

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
Virginia	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 J

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If BarkSuds Franchising, LLC offers you a franchise, it must provide this disclosure document to you 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.

If BarkSuds Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit E.

The issuance date of this Franchise Disclosure Document is May 22, 2025.

BarkSuds Franchising, LLC authorizes the respective state agents identified on Exhibit E to receive service of process on its behalf in the particular states.

The names, principal business addresses, and telephone numbers of each franchise seller offering the franchise are as follows: Richard Landman, Chief Executive Officer, BarkSuds Franchising LLC, 813-323-0844, 10430 N. Dale Mabry Highway, Tampa, Florida 33618 and _____.

I received a disclosure document dated May 22, 2025 that included the following Exhibits:

- A. Franchise Agreement
- B. Development Agreement
- C. Franchisee Lists
- D. Financial Statements
- E. List of State Administrators and Agents for Service of Process
- F. Manual Table of Contents
- G. State Specific Additional FDD Disclosures
- H. State Specific Agreement Addenda
- I. State Effective Dates
- J. Receipts

Date Received

Prospective Franchise Owner [Print Name]

Prospective Franchise Owner [Signature]

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If BarkSuds Franchising, LLC offers you a franchise, it must provide this disclosure document to you 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.

If BarkSuds Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit E.

The issuance date of this Franchise Disclosure Document is May 22, 2025.

BarkSuds Franchising, LLC authorizes the respective state agents identified on Exhibit E to receive service of process on its behalf in the particular states.

The names, principal business addresses, and telephone numbers of each franchise seller offering the franchise are as follows: Richard Landman, Chief Executive Officer, BarkSuds Franchising LLC, 813-323-0844, 10430 N. Dale Mabry Highway, Tampa, Florida 33618 and _____.

I received a disclosure document dated May 22, 2025 that included the following Exhibits:

- A. Franchise Agreement
- B. Development Agreement
- C. Franchisee Lists
- D. Financial Statements
- E. List of State Administrators and Agents for Service of Process
- F. Manual Table of Contents
- G. State Specific Additional FDD Disclosures
- H. State Specific Agreement Addenda
- I. State Effective Dates
- J. Receipts

Date Received

Prospective Franchise Owner [Print Name]

Prospective Franchise Owner [Signature]