

	Provision	Section in Multi-Unit Developer Agreement	Summary
u.	Dispute resolution by arbitration or mediation	14.5; 14.3	Subject to state law, the parties must submit disputes to mediation and then, if needed, binding arbitration through the American Arbitration Association in the then-current County and State where our corporate headquarters is located, (currently, Union County, New Jersey) (except either party may pursue an action for injunctive relief).
v.	Choice of forum	14.2	Subject to the arbitration requirement and applicable state law, dispute resolution must be in state or federal court that has general jurisdiction in the then-current County and State where our corporate headquarters is located (currently, Union County, New Jersey).
w.	Choice of law	14.2	Except for the Federal Arbitration Act or applicable federal or state law, New Jersey law applies.

ITEM 18

PUBLIC FIGURES

We do not currently 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.

I. FOUNDER OWNED LOCATION

We have one (1) founder owned location that was operating as of December 31, 2025. The Founder resort has operated the K9 Resorts Luxury Pet Hotel in Fanwood NJ since January 2005. From January 2005 through June 2015, the resort occupied a 3,800 square foot freestanding facility. On June 22, 2015, the resort relocated to a new freestanding facility containing 6,674 square feet on an adjacent property in Fanwood NJ. In May 2023, an 8,326 square foot expansion opened, bringing the facility to 15,000 square feet.

	2021	2022	2023	2024	2025
Gross Revenues	\$2,210,847	\$2,510,309	\$3,783,295	\$4,179,978	\$4,038,148
Payroll (5)(6)	\$805,377	\$1,003,085	\$1,459,863	\$1,396,824	\$1,532,083

Dog Supplies	\$87,509	\$95,363	\$154,222	\$153,731	\$141,023		
Credit Card Processing	\$58,721	\$64,276	\$105,108	\$107,705	\$109,465		
Royalties (7)	\$132,651	\$150,619	\$226,262	\$250,799	\$236,289		
Brand Fund & Marketing (7)	\$75,109	\$113,616	\$108,394	\$103,088	\$77,967		
Rent, CAM, Real Estate Tax (8)	\$133,611	\$136,630	\$282,828	\$300,000	\$309,000		
Facility, Utilities, & Monthly Services	\$83,611	\$76,239	\$213,776	\$195,990	\$193,965		
Insurance	\$44,470	\$40,000	\$40,044	\$24,050	\$74,665		
			2021	2022	2023	2024	2025
Total Expenses	\$1,455,407	\$1,759,129	\$2,916,369	\$2,693,044	\$2,749,090	\$2,749,090	
EBITDA	\$777,440	\$771,180	\$1,170,969	\$1,616,167	\$1,309,010	\$1,309,010	
Dog Supplies			4%	3.8%	4.1%	3.7%	3.5%
Credit Card Processing			2.7%	2.6%	2.8%	2.6%	2.7%
Royalties (7)			6%	6%	6%	6%	6%
Brand Fund & Marketing (7)			3.4%	4.5%	2.9%	2.5%	1.9%
Rent, CAM, Real Estate Tax (8)			6%	5.4%	7.5%	7.2%	7.7%
Facility, Utilities, & Monthly Services			3.8%	3.0%	5.7%	4.7%	4.8%
Insurance			.5%	.8%	.5%	.6%	1.8%
General & Admin			2.1%	3.2%	1.2%	.7%	1.4%
Total Expenses			64.8%	69.3%	69.0%	61.3%	67.6%
EBITDA			35.2%	30.7%	31.0%	38.7%	32.4%

Notes to Tables:

- These results are unaudited.
- These results represent services and products that will be available for franchisees to sell.
- The above results do not include any expenses related to owner compensation.
- The above results do not include interest costs or debt service amounts.
- Our founder owned location has a full-time manager whose expenses are included in the payroll.
- Minimum wage in the state of New Jersey was \$12 in 2021, \$13 in 2022, \$14.13 in 2023 and \$15.13 in 2024. The minimum wage increase from 2021 to 2022 was 8.33% The minimum wage increase from 2022 to 2023 was 8.69%. The minimum wage increase from 2023 to 2024 was 7.08%.
- Founder does not operate under a franchise agreement. Accordingly, it does not pay franchise fees or other fees outlined in Item 6. The Royalty Fees are estimates of what our founder location would have been required to pay if it operated under a franchise agreement. The System Royalty Fee in effect during the period covered was 6%. Technology fees and Incite LMS fees have also been estimated and included in General Expense line item. Brand Fees have also been estimated.

8. Rents were adjusted to current fair market value rent as the location of Founder is owned by Steven and Jason Parker and rent charged was not fair market value.

II. FRANCHISED LOCATIONS

We have Thirty-Seven (37) franchised locations that were operating as of December 31, 2025. Seventeen (17) of the thirty-seven (37) locations were open for a full twelve (12) months as of December 31, 2025. These seventeen locations all utilize the Luxury Pet Hotel model that we are currently offering. None of these locations operate our Boutique Pet Hotel model. The Luxury Pet Hotel model is defined by being between 7,500 and 10,000 square feet in size and having sixty (60) or more total accommodations. We separated these Resorts into five Cohorts based on number of years they were open as of the end of 2025. Year 1 Cohort resorts were open between one (1) and one and a half (1.5) years, Year 2 Cohort resorts have been open between one and a half (1.5) to two and one half (2.5) years, Year 3 Cohort resorts were open between two and one half (2.5) and three and one half (3.5) years, Year 4 Cohort resorts have been open between three and one half (3.5) and four and one half (4.5) years and the Legacy Cohort resorts have been open more than four and one half (4.5) years.

The below tables represent the results achieved in 2025 by the seventeen (17) representative franchisees.

Top Performer

	Year 1 Cohort	Year 2 Cohort	Year 3 Cohort	Year 4 Cohort	Legacy Cohort
Years Open	1.2	2.3	3.0	4.4	6.2
Square Feet	7,544	8,905	9,694	9,626	8,597
Gross Revenue	\$1,101,708	\$1,858,457	\$2,418,006	\$2,618,844	\$2,819,159
Revenue per Square Foot	\$146	\$209	\$249	\$272	\$328
EBITDA	(\$49,358)	\$271,258	\$590,139	\$810,657	\$819,431
EBITDA %	-4%	15%	24%	31%	29%

Average Performer

	Year 1 Cohort	Year 2 Cohort	Year 3 Cohort	Year 4 Cohort	Legacy Cohort
Years Open	1.2	2.1	2.8	4.1	6.0
Square Feet	8,642	9,007	9,057	8,408	8,363
Gross Revenue	\$1,077,055	\$1,143,935	\$1,849,661	\$2,260,035	\$2,466,623
Revenue per Square Foot	\$125	\$127	\$204	\$269	\$295
EBITDA	(\$82,536)	\$71,031	\$273,612	\$561,543	\$676,992
EBITDA %	-8%	6%	15%	25%	27%

Low Performer

	Year 1 Cohort	Year 2 Cohort	Year 3 Cohort	Year 4 Cohort	Legacy Cohort
Years Open	1.3	1.9	2.5	4.2	5.1
Square Feet	9,740	9,656	9,823	7,727	8,205
Gross Revenue	\$1,052,401	\$953,271	\$1,866,032	\$1,805,525	\$1,743,203
Revenue per Square Foot	\$108	\$99	\$190	\$234	\$212
EBITDA	(\$115,714)	(\$160,376)	\$65,419	\$213,135	\$454,046
EBITDA %	-11%	-17%	4%	12%	26%

Median Performer

	Year 1 Cohort	Year 2 Cohort	Year 3 Cohort	Year 4 Cohort	Legacy Cohort
Years Open	1.2	2.2	2.9	3.7	6.7
Square Feet	8,642	8,508	7,653	7,871	8,288
Gross Revenue	\$1,077,055	\$946,752	\$1,264,945	\$2,355,738	\$2,837,508
Revenue per Square Foot	\$125	\$111	\$165	\$299	\$342
EBITDA	(\$82,536)	\$74,419	\$165,277	\$660,837	\$757,500
EBITDA %	-8%	8%	13%	28%	27%

Notes to Franchised Locations Tables:

1. These results are unaudited.
2. These results represent services and products that will be available for franchisees to sell.
3. The above results do not include any expenses related to owner compensation.
4. The above results do not include interest costs or debt service amounts.
5. Income Statements shown are for full calendar years of operations.

General Notes:

“Gross Revenue” includes all income of any type or nature and from any source including, but not limited to, cash, services, in kind from barter and/or exchange, gift cards (when purchased not when redeemed) on credit or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses, including marketing expenses and taxes. Gross Revenue does not include sales tax that is collected from customers and actually transmitted to the appropriate

taxing authorities, or customer refunds or adjustments. Gross Revenue is calculated on a cash basis when a sale is made, not on an accrual basis.

“Rent, CAM, Real Estate Taxes” includes base rent, common area maintenance (CAM) charge, real estate taxes, and related property insurance.

“Facility, Utilities, & Monthly Services” represents expenses associated with normal repair and maintenance, telephone, IT, cable and internet, scent system, utilities (gas, electric and water), sprinklers, waste removal, equipment rental, fire and security monitoring. It does not include capital expenditures.

“EBITDA” (Earnings Before Interest, Taxes, Depreciation and Amortization) does not include a provision for income tax or non-cash expenses (depreciation and amortization). It also does not include a reserve for capital expenditures.

“General & Admin Expenses” includes the following: dues and subscriptions, computer and internet, annual licenses and permits, telephone, operating supplies, office supplies, postage and delivery, and professional fees and other miscellaneous expenses.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

Other than the preceding financial performance representation, K-9 Franchising LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Jason D. Parker, Franchise Department at 400 Connell Park Dr., Floor 5 Berkeley Heights, NJ 07922, (908) 889-PETS, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2023 to 2025**

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2023	17	24	+7
	2024	24	35	+11
	2025	35	37	+2