

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
o. Franchisor's option to purchase franchisee's business	Section 17	We may, but are not required to, purchase your inventory and equipment at fair market value if your Franchise is terminated for any reason.
p. Death or disability of franchisee	Section 16	Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 days.
q. Non-competition covenants during the term of the franchise	Section 15	No involvement in competing business anywhere in US
r. Non-competition covenants after the franchise is terminated or expires	Sections 15	No competing business for 3 years (i) in the Territory or any other Franchisee's Territory; (ii) 100 miles of the Territory or any other Franchisee's Territory or (iii) 100 miles of any of our Affiliate owned All American Pet Resorts® Business
s. Modification of agreement	Sections 4 & 21	No modifications of Franchise Agreement during term generally, but Operations Manual subject to change. Modifications permitted upon the extension of your rights to separate All American Pet Resorts® Business.
t. Integration/merger clause	Section 21	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document or franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 20	Except for certain claims, all disputes must be arbitrated in Michigan, under the CPR Rules for Non-Administered Arbitration (subject to state law).
v. Choice of forum	Section 21	Arbitration or litigation must be in Michigan (subject to state law).
w. Choice of law	Section 21	Michigan law applies, except as provided in a State Specific Addendum.

## **ITEM 18 PUBLIC FIGURES**

We do not currently use any public figure to promote our franchise. We do use local personalities to promote All American Pet Resorts® but not to promote the purchase of a 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.

Section I of this Item 19 reflects the average revenue generated by the 9 All American Pet Resorts® businesses (each, a “**Business**” and collectively, the “**Businesses**”), that were open and in operation for the full year of each year for the time period beginning January 1, 2019 through December 31, 2023 (the “**Measurement Period**”) (with the exception of temporary closures in 2020 caused by the COVID-19 pandemic). One of the nine Businesses is operated by our affiliate but it is not materially different from franchised businesses. The information included in Section I was gathered from information provided to us by each franchisee and affiliate from their respective annual financial reports, which were provided to us by the franchisees and affiliate or their designated accounting representative.

Section II of this Item 19 reflects the resort revenue history for 2019 through 2023 by 9 Businesses that were open and in operation for the full year of each year for the Measurement Period (with the exception of temporary closures in 2020 caused by the COVID-19 pandemic). The information included in Section II below was gathered from information provided to us by each franchisee and affiliate from their respective financial records including monthly revenue reports and annual financial reports, which were provided to us by the franchisees and affiliate or their designated accounting representative.

Section III of this Item 19 reflects the distribution of the different types of services rendered in 2019 through 2020 at 5 of the Businesses, in 2021 at 8 of the Businesses, in 2022 and 2023 for the 9 Businesses that were open and in operation for the full year of each year in the Measurement Period (with the exception of temporary closures in 2020 caused by the COVID-19 pandemic) and use operations software that allows tracking of separate service types. The information included in Section III below was gathered from information provided to us by the franchisees from their respective annual financial reports, which were provided to us by the franchisees and affiliate or their designated accounting representative.

Section IV of this Item 19 reflects an estimated earnings history before interest, taxes, depreciation, and amortization (“EBITDA”) for 2019, 2020, 2021, 2022, and 2023 for each of the 9 Businesses that were open and in operation for at least one full year during the Measurement Period, adjusted to reflect our current standard Royalty Fee and Brand Fund Fee rates for new franchisees joining the All American Pet Resorts® System after the date of this FDD. The information included in Section IV below was gathered from information provided to us by each franchisee and affiliate from their respective annual financial reports, which were provided to us by the franchisees and affiliate or their designated accounting representative.

Section V of this Item 19 reflects an estimated earnings before interest, taxes, depreciation, and amortization (“EBITDA”) for 2023 for each of the 9 Businesses that were open and in operation for one full year during the Measurement Period, adjusted to reflect our current standard Royalty Fee and Brand Fund Fee rates for new franchisees joining the All American Pet Resorts® System after the date of this FDD. The information included in Section V below was gathered from information provided to us by each franchisee and affiliate from their respective annual

financial reports, which were provided to us by the franchisees and affiliate or their designated accounting representative.

Section VI of this Item 19 reflects average earnings before interest, taxes, depreciation, and amortization (“EBITDA”) for 2019 to 2023 for each of the 9 Businesses that were open and in operation for at least one full year during the Measurement Period, adjusted to reflect our current standard Royalty Fee and Brand Fund Fee rates for new franchisees joining the All American Pet Resorts® System after the date of this FDD. The information included in Section VI below was gathered from information provided to us by each franchisee and affiliate from their respective annual financial reports, which were provided to us by the franchisees and affiliate or their designated accounting representative.

Section VII of this Item 19 reflects average earnings before interest, taxes, depreciation, and amortization (“EBITDA”) for 2019 to 2023 by percent of sales for each of the 9 Businesses that were open and in operation for at least one full year during the Measurement Period, adjusted to reflect our current standard Royalty Fee and Brand Fund Fee rates for new franchisees joining the All American Pet Resorts® System after the date of this FDD. The information included in Section VII below was gathered from information provided to us by each franchisee and affiliate from their respective annual financial reports, which were provided to us by the franchisees and affiliate or their designated accounting representative.

Sections VIII, IX, X, and XI of this Item 19 reflect actual earnings before interest, taxes, depreciation, and amortization (“EBITDA”) for 2022, 2021, 2020, and 2019 respectively for each of the 9 Businesses that were open and in operation for at least one full year during the Measurement Period, adjusted to reflect our current standard Royalty Fee and Brand Fund Fee rates for new franchisees joining the All American Pet Resorts® System after the date of this FDD. The information included in Sections VIII, IX, X, and XI below was gathered from information provided to us by each franchisee and affiliate from their respective annual financial reports, which were provided to us by the franchisees and affiliate or their designated accounting representative.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. The characteristics of the Franchised Businesses and affiliate included in this Item 19 may differ materially from the outlet that will be offered to you.

#### I. Average Resort Revenue per Year

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Average*	\$1,319,967	\$818,676	\$1,371,375	\$1,585,976	\$1,730,288
Median	\$1,089,278	\$595,538	\$1,016,063	\$1,332,509	\$1,449,613
Highest	\$2,347,467	\$1,389,209	\$2,297,367	\$2,917,251	\$2,854,183
Lowest	\$644,933	\$438,169	\$816,059	\$912,276	\$1,010,394

#### Notes:

1. \*One of the outlets included in the calculations is a non-franchised, affiliate operated location.

## II. Resort Revenue History

<b>Outlet</b>	<b>Date Opened</b>	<b>No. of Suites<sup>1</sup></b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
1**	Feb. 2005	162	\$2,143,953	\$1,389,209	\$2,297,367	\$2,480,854	\$2,784,996
2	June 2008	293	\$2,347,467	\$1,343,659	\$2,203,672	\$2,917,251	\$2,854,183
3	Sept. 2008	67	\$862,692	\$533,151	\$816,059	\$912,276	\$1,010,394
4	Jan. 2010	132	\$644,933	\$438,169	\$845,875	\$1,006,542	\$1,135,228
5	Nov. 2012	80	\$947,464	\$589,560	\$970,872	\$1,050,164	\$1,219,304
6	Jan. 2013	77	\$953,643	\$445,710	\$955,819	\$1,332,509	\$1,353,871
7	Mar. 2013	113	\$1,751,194	\$1,194,790	\$1,751,036	\$1,762,300	\$2,102,554
8	Dec. 2013	100	\$1,089,278	\$595,538	\$1,016,063	\$1,242,351	\$1,449,613
9	Oct. 2017	112	\$1,139,083	\$838,299	\$1,485,613	\$1,569,541	\$1,662,446

Notes:

1. Sales reported by Franchised Business owners and affiliate.
2. \*\*Outlet No. 1 is a non-franchised, affiliate operated location.

## III. Service Revenue Distribution

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Boarding	71.1%	68.1%	68.2%	73.7%	72.9%
Daycare	14.8%	18.2%	17.4%	15.7%	13.5%
Other	14.1%	13.7%	14.4%	10.6%	13.6%

Notes:

1. This distribution percentage is based on 5 locations for 2019-2020, 8 locations for 2021, and 9 locations for 2022 - 2023 that utilize a specific operations software. Not all units are included.
2. Daycare revenue includes revenue associated with daycare packages.
3. The average boarding per stay is approximately 4 nights.

#### IV. Resort EBITDA History

Outlet	2019 EBITDA	2020 EBITDA	2021 EBITDA	2022 EBITDA	2023 EBITDA
1	\$396,170	\$52,560	\$561,092	\$574,825	\$759,987
2	\$475,167	(\$152,269)	\$453,018	\$850,842	\$465,147
3	\$153,967	\$30,503	\$105,131	\$185,469	\$85,933
4	(\$4,911)	(\$90,304)	(\$91,973)	(\$17,712)	\$118,329
5	\$216,113	\$85,771	\$188,056	\$194,222	\$212,909
6	\$300,360	(\$24,757)	\$264,078	\$415,365	\$288,372
7	\$525,671	\$22,525	\$332,837	\$548,776	\$524,848
8	(\$46,462)	(\$118,127)	\$89,203	\$114,219	\$138,133
9	\$137,784	(\$76,183)	(\$98,589)	\$243,109	\$161,484

Notes:

1. Total Gross Sales represent revenue that royalties are paid on and as defined in Item 6 "Other Fees" Note (1).
2. Cost of Goods Sold includes grooming supplies, kennel supplies & expenses, general supplies, and price adjustments.
3. Payroll Expenses include direct/indirect wages, employee benefits, payroll taxes, payroll expenses. This does not include any expenses related to owner compensation/distribution.
4. Rent expense includes the cost of the rent payment only.
5. Fixed Expenses include expenses associated with advertising, office expenses, professional fees & uniforms.
6. Property Expenses include security, utilities, building maintenance, building repairs, telephone, internet, water & sewer expenses related to the property.
7. Variable Expenses include expenses associated with bank & credit card fees, insurance, personal property taxes, real estate taxes, licenses, permits, penalties, fines & workers compensation.
8. Royalty Fees collected from these locations are not uniform. The Royalty Fee figures reflected in the chart above have been adjusted to reflect a standard 7% royalty rate.
9. Brand Fund Fees collected from these locations are not uniform. The Brand Fund Fee figures reflected in the chart above have been adjusted to reflect a standard 2% brand fund rate.

## V. 2023 Resort EBITDA

Outlet	1	2	3	4	5	6	7	8	9
Total Gross Sales1	\$2,784,996	\$2,854,183	\$1,010,394	\$1,135,228	\$1,219,304	\$1,353,871	\$2,102,554	\$1,449,613	\$1,662,446
Cost of Goods Sold2	\$73,358	\$203,316	\$27,228	\$52,279	\$40,358	\$60,745	\$47,531	\$123,223	\$94,850
Payroll Expenses3	\$1,010,692	\$1,051,478	\$578,744	\$568,171	\$455,644	\$478,366	\$683,763	\$685,089	\$834,022
Rent Expense4	\$300,000	\$0	\$61,632	\$64,200	\$166,500	\$102,086	\$330,000	\$185,000	\$72,000
Fixed Expenses5	\$159,214	\$291,585	\$36,225	\$96,199	\$86,590	\$140,898	\$65,161	\$58,324	\$115,808
Property Expense6	\$98,297	\$122,389	\$72,504	\$71,956	\$57,246	\$76,477	\$111,422	\$60,112	\$116,663
Variable Expenses7	\$132,798	\$463,392	\$57,192	\$61,923	\$90,320	\$85,079	\$150,599	\$69,267	\$117,999
Royalty Fees8	\$194,950	\$199,793	\$70,728	\$79,466	\$85,351	\$94,771	\$147,179	\$101,473	\$116,371
Brand Fund Fees9	\$55,700	\$57,084	\$20,208	\$22,705	\$24,386	\$27,077	\$42,051	\$28,992	\$33,249
Total Expenses	\$2,025,009	\$2,389,036	\$924,460	\$1,016,899	\$1,006,395	\$1,065,499	\$1,577,706	\$1,311,480	\$1,500,962
Total % of Expenses	72.7%	83.7%	91.5%	89.6%	82.5%	78.7%	75.0%	90.5%	90.3%
EBITDA (\$)	\$759,987	\$465,147	\$85,933	\$118,329	\$212,909	\$288,372	\$524,848	\$138,133	\$161,484
EBITDA (%)	27.3%	16.3%	8.5%	10.4%	17.5%	21.3%	25.0%	9.5%	9.7%

### Notes:

1. Total Gross Sales represent revenue that royalties are paid on and as defined in Item 6 "Other Fees" Note (1).
2. Cost of Goods Sold includes grooming supplies, kennel supplies & expenses, general supplies, and price adjustments.
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9. Brand Fund Fees collected from these locations are not uniform. The Brand Fund Fee figures reflected in the chart above have been adjusted to reflect a standard 2% brand fund rate.

VI. Average EBITDA by Resort for the Period 2019 through 2023

Outlet	1	2	3	4	5	6	7	8	9
Total Gross Sales <sup>1</sup>	\$2,219,276	\$2,333,246	\$826,914	\$814,149	\$955,473	\$1,008,310	\$1,712,375	\$1,078,569	\$1,338,996
Cost of Goods Sold <sup>2</sup>	\$61,494	\$172,245	\$25,119	\$48,552	\$34,876	\$41,997	\$43,492	\$106,710	\$77,236
Payroll Expenses <sup>3</sup>	\$895,702	\$810,860	\$441,197	\$459,545	\$344,944	\$308,264	\$579,994	\$456,004	\$696,144
Rent Expense <sup>4</sup>	\$290,000	\$35,508	\$61,118	\$63,285	\$131,700	\$96,492	\$297,600	\$192,400	\$78,400
Fixed Expenses <sup>5</sup>	\$85,642	\$214,562	\$27,709	\$84,684	\$59,198	\$96,645	\$71,116	\$71,546	\$105,431
Property Expense <sup>6</sup>	\$87,610	\$130,896	\$43,182	\$64,377	\$54,080	\$61,175	\$77,230	\$58,727	\$95,284
Variable Expenses <sup>7</sup>	\$130,167	\$340,802	\$41,967	\$37,749	\$65,268	\$64,305	\$97,898	\$60,717	\$92,470
Royalty Fee <sup>8</sup>	\$155,349	\$163,327	\$57,884	\$56,990	\$66,883	\$70,582	\$119,866	\$75,500	\$93,730
Brand Fund Fee <sup>9</sup>	\$44,386	\$46,665	\$16,538	\$16,283	\$19,109	\$20,166	\$34,247	\$21,571	\$26,780
Total Expenses	\$1,750,349	\$1,914,866	\$714,714	\$831,464	\$776,059	\$759,627	\$1,321,444	\$1,043,176	\$1,265,475
Total Expenses	78.9%	82.1%	86.4%	102.1%	81.2%	75.3%	77.2%	96.7%	94.5%
<b>EBITDA (\$)</b>	\$468,927	\$418,381	\$112,201	\$(17,314)	\$179,414	\$248,683	\$390,931	\$35,393	\$73,521
<b>EBITDA (%)</b>	21.1%	17.9%	13.6%	-2.1%	18.8%	24.7%	22.8%	3.3%	5.5%

Notes:

1. Total Gross Sales represent revenue that royalties are paid on and as defined in Item 6 "Other Fees" Note (1).
2. Cost of Goods Sold includes grooming supplies, kennel supplies & expenses, general supplies, and price adjustments.
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**VII. Average EBITDA by Resort for the Period 2019 through 2023 as a Percent of Sales**

Outlet	1	2	3	4	5	6	7	8	9
Total Gross Sales <sup>1</sup>	\$2,219,276	\$2,333,246	\$826,914	\$814,149	\$955,473	\$1,008,310	\$1,712,375	\$1,078,569	\$1,338,996
Cost of Goods Sold <sup>2</sup>	2.8%	7.4%	3.0%	6.0%	3.7%	4.2%	2.5%	9.9%	5.8%
Payroll Expenses <sup>3</sup>	40.4%	34.8%	53.4%	56.4%	36.1%	30.6%	33.9%	42.3%	52.0%
Rent Expense <sup>4</sup>	13.1%	1.5%	7.4%	7.8%	13.8%	9.6%	17.4%	17.8%	5.9%
Fixed Expenses <sup>5</sup>	3.9%	9.2%	3.4%	10.4%	6.2%	9.6%	4.2%	6.6%	7.9%
Property Expense <sup>6</sup>	3.9%	5.6%	5.2%	7.9%	5.7%	6.1%	4.5%	5.4%	7.1%
Variable Expenses <sup>7</sup>	5.9%	14.6%	5.1%	4.6%	6.8%	6.4%	5.7%	5.6%	6.9%
Royalty Fee <sup>8</sup>	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Brand Fund Fee <sup>9</sup>	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Total Expenses	78.9%	82.1%	86.4%	102.1%	81.2%	75.3%	77.2%	96.7%	94.5%
<b>EBITDA (%)</b>	21.1%	17.9%	13.6%	-2.1%	18.8%	24.7%	22.8%	3.3%	5.5%

**Notes:**

1. Total Gross Sales represent revenue that royalties are paid on and as defined in Item 6 "Other Fees" Note (1).
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9. Brand Fund Fees collected from these locations are not uniform. The Brand Fund Fee figures reflected in the chart above have been adjusted to reflect a standard 2% brand fund rate

### VIII. 2022 Actual EBITDA by Resort

Outlet	1	2	3	4	5	6	7	8	9
Total Gross Sales <sup>1</sup>	\$2,480,854	\$2,917,251	\$912,276	\$1,006,542	\$1,050,164	\$1,332,509	\$1,762,300	\$1,242,351	\$1,569,541
Cost of Goods Sold <sup>2</sup>	\$74,210	\$210,875	\$23,870	\$47,696	\$34,386	\$59,756	\$43,506	\$121,084	\$97,706
Payroll Expenses <sup>3</sup>	\$994,097	\$815,068	\$435,005	\$617,352	\$382,616	\$396,279	\$580,317	\$551,819	\$691,356
Rent Expense <sup>4</sup>	\$300,000	\$0	\$61,632	\$68,400	\$144,000	\$100,027	\$168,000	\$156,000	\$72,000
Fixed Expenses <sup>5</sup>	\$71,899	\$193,176	\$27,702	\$100,628	\$60,774	\$95,532	\$102,031	\$54,556	\$110,566
Property Expense <sup>6</sup>	\$95,351	\$150,723	\$47,684	\$61,432	\$63,751	\$75,967	\$79,676	\$68,781	\$92,807
Variable Expenses <sup>7</sup>	\$147,195	\$434,014	\$48,809	\$38,157	\$75,901	\$69,657	\$81,387	\$64,080	\$120,738
Royalty Fee <sup>8</sup>	\$173,660	\$204,208	\$63,859	\$70,458	\$73,511	\$93,276	\$123,361	\$86,965	\$109,868
Brand Fund Fee <sup>9</sup>	\$49,617	\$58,345	\$18,246	\$20,131	\$21,003	\$26,650	\$35,246	\$24,847	\$31,391
Total Expenses	\$1,906,029	\$2,066,409	\$726,807	\$1,024,254	\$855,943	\$917,144	\$1,213,524	\$1,128,132	\$1,326,432
Total Expenses (%)	76.8%	70.8%	79.7%	101.8%	81.5%	68.8%	68.9%	90.8%	84.5%
<b>EBITDA (\$)</b>	\$574,825	\$850,842	\$185,469	\$(17,711)	\$194,221	\$415,365	\$548,776	\$114,219	\$243,109
<b>EBITDA (%)</b>	23.2%	29.2%	20.3%	-1.8%	18.5%	31.2%	31.1%	9.2%	15.5%

#### Notes:

1. Total Gross Sales represent revenue that royalties are paid on and as defined in Item 6 "Other Fees" Note (1).

2. Cost of Goods Sold includes grooming supplies, kennel supplies & expenses, general supplies, and price adjustments.
3. Payroll Expenses include direct/indirect wages, employee benefits, payroll taxes, payroll expenses. This does not include any expenses related to owner compensation/distribution.
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9. Brand Fund Fees collected from these locations are not uniform. The Brand Fund Fee figures reflected in the chart above have been adjusted to reflect a standard 2% brand fund rate.