

- 15/ We may require you to purchase updated property data for your Territory after you open your Franchised Business as the attributes of your initial property data within your Territory may change throughout the term of your franchise. However, we will not require you to purchase updated property data more than once per year. If we require you to purchase updated property data, and we decide to charge you a fee for it, we estimate the cost will be \$3,000.
- 16/ The marketing materials, forms, supplies, reports, and other items used in the operation of the Franchised Business will be supplied by SGE. You will pay SGE for such materials.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽²⁾	12,500	See Item 5	See Item 5	Us
Vehicles & Wrap ⁽³⁾	\$993 - \$3,431	As Agreed	As Incurred	Us or Outside Suppliers
Technology Equipment ⁽⁴⁾	\$1,769	As Agreed	As Incurred	Us and Outside Suppliers
Opening Inventory and Supplies (Supply Package)	\$3,800	As Agreed	As Incurred	Us
Initial Marketing Campaign Fee	\$15,000	As Agreed	See Item 5	Us or our Affiliate
Initial Property Data Fee ⁽⁵⁾	\$3,000	Lump Sum	At Training	Us or our Affiliate or Outside Supplier
Training Expenses	\$1,345	As Incurred	As Incurred	Outside Suppliers
Insurance ⁽⁶⁾	\$750 - \$1,250	As Arranged	As incurred and as needed	Outside Suppliers
3 Months' Rent ⁽⁷⁾	N/A	N/A	N/A	N/A
Business Licenses and Permits	\$100	As Arranged	As incurred	Government agencies
Professional fees (lawyer, accountant, etc.)	\$1,500	Lump Sum	As incurred	3 rd party professionals
Miscellaneous Opening Costs	\$195	As Incurred	As Incurred	Third Parties
Additional Funds - 3 months ⁽⁸⁾	\$3,500 - \$4,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT⁽⁹⁾	\$44,452 to \$47,890			

Explanatory Notes

- (1) Except where noted, these expenditures are non-refundable.

(2) As described in Item 5, you must pay an initial franchise fee of \$12,500 for a geographic territory containing up to 50,000 SFDUs. If you wish to obtain a geographic territory of more than 50,000 SFDUs, and we approve, you must pay us an additional fee of \$0.25 for each SFDU over 50,000 SFDUs. 50% of the initial franchise fee is due when you sign the Franchise Agreement, and the remainder is due before training. The initial franchise fee is non-refundable unless you attend training, but do not complete to our satisfaction. (See Item 5.)

(3) A production vehicle can be purchased from a third party with \$0 down and payments over 5 years, depending on your creditworthiness. If you were to purchase the production vehicle outright the total cost would approximately be \$26,350. Your initial costs will increase based on the amount of money you decide to put down when purchasing the production vehicle. The production vehicle must meet our standards and specifications and must be purchased from an approved supplier. Currently, production vehicles must be a 4x4 drive pick-up truck equipped with single wheels on the rear axle. With our approval, you may either purchase and install a basic decal package (\$993) or a full vehicle wrap (\$3,431).

(4) This amount includes the purchase of a smartphone, which we anticipate to be \$150, a tablet device and hard cover, which we anticipate to be \$520, and a desktop computer hardware and software system, which we anticipate to be \$1,000. You will also have to purchase a data plan for your smartphone and tablet device from a service provider, which will require you to enter into a service contract with the service provider. You must also acquire and maintain Microsoft Office 365, which is \$99 per year per user. The cost of the data plan varies by service provider, but we estimate that it will cost approximately \$60 per month. The amount in the Item 7 Table includes the first year for one Microsoft Office 365 license, the smartphone and tablet device, and desktop computer system.

(5) You must pay us, or our affiliate, a fee for our affiliate, SGE, to collect property data relevant for marketing within your Territory. You will pay us the fee incurred for your initial property data. Based on a Territory size of 50,000 SFDUs, we estimate the fee to be \$3,000 for a new Territory. The initial property data fee is non-refundable. (See Item 5.)

(6) You must, at all times during the term of the franchise, maintain in force at your sole expense comprehensive public, product, and motor vehicle liability insurance against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Franchised Business or otherwise in conjunction with the conduct of business by you under the Franchise Agreement. See Item 8 for detailed insurance requirements.

(7) You may operate a Franchised Business from a personal residence or, with our approval, from an existing commercial facility. This initial investment table does not reflect the potential cost of renting office or warehouse space, or the costs for any deposits for various utilities such as gas, electricity, sewer, water, telephone and garbage disposal, that you may need to make if you elect to rent office or warehouse space. If you participate in the Pet Industry Professional Program, you may already be renting office or warehouse space in connection with your existing Pet Industry business and any lease payments and costs associated with the renting of that office are not reflected in this initial investment table.

(8) During the initial phase of your operation, which we estimate to be 3 months, you will need capital to support ongoing expenses such as payroll (excluding your salary and draws), supplies, insurance, monthly third-party software fees (including our approved cloud-based computer backup solution and QuickBooks Online), royalties, and advertising to the extent these costs are not covered by the gross sales of the Franchised Business. Your working capital needs may vary widely from the working capital needs of other franchisees. Your costs will depend on factors such as the time of year you commence operations, how well you follow our methods and procedures, your management skill, your experience and business acumen, the local market for our services, the prevailing wage rate in your area, competition, and the sales level reached during your initial phase of operation. It is expected that new businesses will usually generate negative cash flow. There is no assurance that you will not need additional working capital. These amounts do not include funds necessary for your personal living expenses. The estimated figures shown are based primarily on the costs incurred by our affiliate, Chicagoland Scoopers, LLC, an Illinois limited liability company, which operates a Pet Butler Business. Estimated payments for debt service are not included. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

(9) Except for the Pet Butler Financing described in Item 10, we do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. This estimate does not include any finance charge, taxes, interest, or debt service obligation. We may also provide assistance to you in obtaining third-party financing.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

We have developed specifications, standards and operating procedures for certain vehicles, equipment, tablet/computer hardware and software, inventory and other items used in the operation of the Franchised Business, including as relates to the design, appearance, function, performance, reliability and serviceability of such items.

We include all of our specifications in the System Standards and in other written communications that we may periodically provide to you. We may modify these specifications on reasonable notice to you.

Purchases from Designated or Approved Suppliers

Franchised Businesses must utilize only services that are approved by us as having acceptable performance characteristics, quality, warranty, appearance and other characteristics determined to be relevant by us and shall purchase such products and services only from suppliers approved by us as meeting our criteria for quality and reliability of service, which may include us or our affiliates.