SCENTHOUND EDITION



FRANCHISE OWNERSHIP AS AN INVESTMENT

The Smart Money Guide to Franchise Ownership

How franchise ownership compares to stocks, real estate, bonds, and crypto, and why the wealthiest investors keep most of their money in businesses they control. Plus a snapshot of the Scenthound opportunity.

Research: IFA / Oxford Economics 2026

FBA Whitepaper: Franchising as an Investment

Presented by the Franchise Brokers Association. This guide is educational. It is not an offer to sell a franchise; offers are made only through a franchisor's Franchise Disclosure Document (FDD). Individual results vary.

Franchise Brokers Association

PART 1 · THE CASE FOR OWNERSHIP

Where the Wealthy Actually Keep Their Money

Most people know a little about stocks, bonds, and real estate. Almost nobody is told about the investment the wealthiest households lean on hardest: businesses they own and control. Corporate professionals, who spend careers building management skill, rarely evaluate it for themselves. This guide is that evaluation.

20 yrs
sooner entrepreneurs hit $1M vs. employee-savers[1]

70%+
of billion-dollar portfolios held in business interests[2]

99.9%
of U.S. businesses are small businesses (SBA)

Why franchising, specifically

A franchise is the one investment where you partner with an experienced operator whose interests align with yours, and you still control the local business. The franchisor has already run this exact business for years, in different markets and conditions, and has documented what works. You execute a proven plan rather than inventing one.

1.4×
Franchises report sales 1.4× as large as non-franchised businesses[3]

64%
of franchisees say their franchise is the first business they've owned[3]

30%
would not own a business at all if not for franchising[3]

The thesis in one line: potential returns from business ownership are multiples of other options, and the factor that may matter most is control. When you own the business, you don't depend on a board, a landlord's market, or a rate decision. Your success is largely determined by you.

[1] Tom Corley, 5-year study of 233 millionaires (Rich Habits). [2] Denver Nowicz, "The Modern Family Dynasty," cited in FBA, Franchising as an Investment (2024). [3] IFA Foundation / Oxford Economics, The Value of Franchising (Jan 2026), citing the 2023 Census Annual Business Survey and IFA franchisee survey.

The Two Advantages No Other Asset Offers

Control over the outcome

If a stock you own falters, your only move is to sell. If a bond issuer's credit slips, you hold or sell. A franchise owner has near-total control over operations within the franchise agreement, and a franchisor partner working with you on the strategy. When performance dips, you can act on pricing, staffing, marketing, and service. You are not a spectator.

Real estate offers control too, but it introduces collection risk, tenant-favoring occupancy law, and months of illiquidity. A franchise's control is over a living operation you can improve every week.

Visibility before you buy

U.S. law requires every franchisor to give you a Franchise Disclosure Document before you invest. It discloses the franchisor's history and litigation, audited financials, every fee, an itemized investment estimate, territory rules, training, and often actual unit performance (Item 19).

Then comes the part that is almost unheard of in investing: **validation**. You receive a list of current and former owners and are encouraged to call them. Try asking a public company's shareholders how it's really going.

What you'll find in an FDD

1. Franchisor background, executives, and litigation history
2. Audited financial statements of the franchisor
3. Initial fee, royalties, and every other fee
4. Itemized estimated initial investment (Items 5 & 7)
5. Territory rights and restrictions
6. Training and ongoing support programs
7. Your obligations as an owner, including marketing
8. Renewal and termination terms
9. Financial performance representations (Item 19), if provided
10. Contact list of current and former owners (validation)

> **Read the franchise agreement with a franchise attorney.** It governs the relationship and is written for the bad-case scenarios you hope never happen. You may not change much, but you must understand exactly what you're committing to. An FBA consultant will walk through it with you.

You Don't Need All the Capital in Cash

Borrowing against stocks means margin calls. Borrowing against crypto means high rates and liquidation risk. Borrowing to buy bonds rarely pencils. Business ownership is different: a whole lending ecosystem exists to help qualified buyers acquire a franchise with a fraction of the purchase price in cash. The most common paths:

SBA Loans

Government-guaranteed loans through approved banks with favorable terms. Ask whether the brand is on the SBA Franchise Directory; many are.

ROBS (401k Rollover)

Fund the business from an existing 401(k) or IRA without early-withdrawal penalties via a C-corp structure. Federal tax policy built this on purpose.

Conventional Business Loans

Banks and credit unions; typically require collateral and strong credit.

Franchisor Financing

Some brands offer reduced fees, equipment financing, or other incentives; veteran discounts are common.

Home Equity / HELOC

Secured by your home. Stress-test the cash-flow model harder here than anywhere else.

Securities-Based Loans

A revolving line against a non-retirement brokerage account. Size it conservatively; a market drop can trigger a collateral call.

The rule that keeps owners out of trouble

Businesses fail most often from undercapitalization, not a bad idea. Build a cash-flow model, then stress it: what happens if revenue drops 20% and you can only cut variable costs? If the answer is a spiral, carry less debt and less fixed cost than you otherwise might. Lenders respond well to a buyer who already understands this.

Illustration from the FBA whitepaper

A franchise costing $200,000, producing $600,000 in revenue at 20% EBITDA, returns $120,000 a year: a 60% annual return on the capital invested, before any leverage. A hypothetical, not a projection, but it explains why business is where the wealthy keep their money.

Source: FBA, Franchising as an Investment (2024). The illustration is hypothetical and not a representation of any brand's results; see a franchisor's FDD Item 19 for disclosed performance. Consult a lender and tax professional before choosing a financing structure. · Scenthound · Page 4

PART 4 · TAX POSITION AND WEALTH BUILDING

The Tax Code Was Written for Owners

Federal tax policy provides substantial benefits to business owners that employees and passive investors never see. Two of the largest, from the FBA whitepaper:

~3×

Retirement funding capacity

A business owner with a SEP plan may contribute and deduct up to roughly $60,000 a year, nearly three times what a corporate employee can put into a 401(k). Funded early, that can shorten a 25 to 30 year retirement runway substantially.

$0

Early-withdrawal penalty via ROBS

A Rollover for Business Startups lets you move existing retirement savings into a new business without the penalty that would apply to a withdrawal. The capital you already have can become the business you own.

Why the math compounds differently

Over the long term, diversified stocks and bonds have generally earned around 6%. At that rate, money doubles about twice in a 25-year window. Advisors suggest most people need roughly ten times annual living costs saved at retirement, and at $12,000 to $15,000 a year in contributions, the arithmetic rarely gets there. Ownership changes both inputs: higher potential returns on the capital, and far more of the profit sheltered in tax-advantaged accounts.

STAGE A TO D

Spend less than you make. Build an emergency fund. Max tax-deferred retirement. Then taxable savings.

STAGE E

Accumulate assets that build wealth: real estate and business ownership. This is the stage most professionals never reach, and the one this guide is about.

Source: FBA, Franchising as an Investment (2024). Contribution limits and tax treatment change; figures are approximate and for illustration. Consult a qualified tax professional about your situation. · Scenthound · Page 5

PART 5 · SIDE BY SIDE

Franchise Ownership vs. Everything Else

FACTOR	FRANCHISE	STOCKS	REAL ESTATE	BONDS	CRYPTO
Growth potential	High; brand strength, model, and your execution	Varies widely by company and market	Varies by location and rental demand	Limited; fixed return, no growth in value	Speculative; driven by sentiment
Level of control	Near total over the local business	Buy, hold, sell only; none over the company	High, with tenant and collection risk	Limited to type and duration	Limited to timing and amount
Leverage	SBA, ROBS, conventional, franchisor programs	Margin up to 50%; not recommended	Mortgage; common and effective	Not advisable	High-rate loans, liquidation risk
Visibility before purchase	FDD by law, often Item 19, plus owner validation calls	SEC filings, analyst reports	Disclosures, inspections, comps	Prospectus and ratings	Whitepapers; lightly regulated
Support system	Franchisor training, network, tech, marketing	None	None (or paid management)	None	None
Tax position	Owner deductions, SEP capacity, ROBS access	Capital gains treatment	Depreciation, 1031 exchanges	Interest taxed as income	Capital gains; evolving rules

Franchisees told the IFA which franchisor support mattered most: access to an established network (65% said very important), training (64%), and technology platforms (64%). For first-time owners, the network mattered even more (67%). That support system is a column no other asset can fill in.

Sources: FBA, Franchising as an Investment (2024), investment vehicle comparison; IFA Foundation / Oxford Economics, The Value of Franchising (Jan 2026). Directional comparison of the typical owner-investor position; not a guarantee of returns. · Scenthound · Page 6



PART 6 · THE OPPORTUNITY

Scenthound at a Glance

A membership-based dog hygiene and wellness franchise in a 1,100–1,300 sq ft retail box. Customers pay monthly for routine care, not one-off grooms. You lead the team; certified Scent Techs care for the dogs.

148
Franchised Scenters open at year-end 2025, up from 117 — 33 openings in one year[1]

$49,900
Initial franchise fee; $5,000 off for qualified veterans[1]

$507,331
Avg. 2025 gross revenue across 69 Scenters open 24+ months (median $489,150)[1]

A Membership Model You Can Measure

- **Three Membership Tiers** Essentials, Essentials Plus, and Unlimited — monthly plans, not appointments.
- **Six-Point Wellness Check** Every visit scores skin, coat, ears, nails, and teeth into an app report card that brings members back.
- **Vet Access In-App** The Essentials Plus tier includes 24/7 veterinarian access through the app.
- **Small Retail Footprint** Roughly 1,100–1,300 sq ft, ideally near an anchor grocery.
- **Field Business Coach** A weekly scorecard: membership growth, retention, average ticket, labor %, NPS, visits.
- **Multi-Unit Path** Most partners come on for three-packs, under a Development Agreement with a defined area.

You own it. You don't do the work.

You don't open the store, and that's the point. Tuesday morning you read the scorecard over coffee: membership growth, labor percentage, member visits. Retention is drifting at one Scenter, so you book ninety minutes with that general manager. Afternoons go to the vet clinic two doors down and the site your broker sent for the next unit. The first four to five months are hands-on for every owner; after launch, the model is built to manage the manager.

[1]Figures from the 2026 Scenthound® Franchise Disclosure Document (FDD), issued April 18, 2026. Investment estimates are from Items 5 & 7. Revenue and operating figures are from Item 19 and cover 69 of 71 franchised Scenters open and operating a full 24 months as of December 31, 2025, for calendar year 2025; net operating income is reported for 52 of those and is calculated after an adjusted manager salary of $45,000–$60,000, before depreciation, amortization, and interest. It is not net profit. "Some Scenters have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much." System counts are from Item 20. For the most accurate and current information, review the latest Scenthound® FDD. This is not an offer to sell, or a solicitation of an offer to buy, a franchise.

YOUR NEXT STEP

Evaluate It the Way the Wealthy Do: With a Guide, at No Cost

The whitepaper's point about brokers is worth repeating: working with an experienced franchise consultant is probably the least risky way to evaluate ownership, and it costs you nothing unless you choose a franchise and invest.

1

A Consultant Reviews Your Fit

An FBA-certified consultant looks at your capital, timeline, and goals against the Scenthound model, honestly.

2

You Read the FDD Together

Items 5, 7, 19, and the franchise agreement, explained. Then you call existing owners and validate for yourself.

3

Meet the Franchisor

If it's a match, your consultant introduces you to Scenthound and stays with you through funding and signing.

Already applied? You're in the right place.

A franchise consultant will contact you about next steps, usually within one business day. Bring your questions from this guide to that call.

Franchise Brokers Association

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