

## FRANCHISE DISCLOSURE DOCUMENT

# FANTASTIC SAM<sup>®</sup>S

## CUT & COLOR

Fantastic Sams Franchise Corporation  
a Delaware corporation  
6901 East Fish Lake Road, #170  
Maple Grove, MN 55369  
Telephone: 978.232.5600  
franchise@fantasticsams.com  
www.fantasticsams.com  
<https://fantasticsamsfranchise.com/>

We grant franchises to own and operate Fantastic Sams<sup>®</sup> haircare salons. Fantastic Sams salons provide a full range of haircare products and services to men, women and children.

The total investment necessary to begin operation of a Fantastic Sams franchise is between \$169,000 to \$301,000. This includes \$10,000 to \$30,000 that must be paid to the franchisor. We also offer qualified persons the right to enter into a multi-unit development agreement for Fantastic Sams franchises. The total investment necessary to begin operation of a multi-unit development business is between \$50,000 and \$70,000 (for a 2 to 5 franchise deal). This entire amount must be paid to the franchisor.

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 salon. **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 the Director of Franchise Administration at 6901 East Fish Lake Road, #170, Maple Grove, MN 55369 and (978) 232-5600.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your contract carefully. Show your contract and this Disclosure Document to an adviser, 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](http://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.

The issuance date of this Disclosure Document: April 28, 2024

## 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
<b>How much can I earn?</b>	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 E.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Fantastic Sams business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Fantastic Sams franchisee?</b>	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 L.

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:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Delaware. Out-of-state mediation, 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 Delaware than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

## MICHIGAN ADDENDUM TO DISCLOSURE DOCUMENT

**The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:**

(a) a prohibition on the right of a franchisee to join an association of franchisees.

(b) a requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) a provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) a provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value, at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) a provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) a provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) a provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is competitor of the franchisor or subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) a provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) a provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

\* \* \* \*

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

\* \* \* \*

Any questions regarding this notice should be directed to:

Department of The Attorney General's Office  
Consumer Protection Division  
Attn: Franchise Section  
525 West Ottawa Street  
670 G. Mennen Williams Building  
Lansing, Michigan 48913  
Telephone Number: 517-373-1160

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Multi-Unit Development Agreement and Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

**FANTASTIC SAMS FRANCHISE CORPORATION  
FRANCHISE DISCLOSURE DOCUMENT**

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**Fantastic Sams Franchise Corporation**  
**Franchise Disclosure Document**

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**Item 1: The Franchisor, and any Parents, Predecessors and Affiliates**

To simplify the language in this Disclosure Document, “we,” or “us” means Fantastic Sams Franchise Corporation. The term “you” means the person buying the franchise. If you are a business entity, the term “you” also refers to all shareholders, members, partners, or other owners of the business entity.

Franchisor

We were originally formed under the name “Fantastic Sams Salons Corporation” on May 29, 2003 in Delaware. Our principal place of business is 6901 East Fish Lake Road, #170, Maple Grove, Minnesota 55369. We offer and sell franchises for Salons (as defined below). Except as disclosed in this Item 1, we do not offer franchises in other lines of business and do not at this time operate businesses of a type offered under this Disclosure Document, but we may do so in the future. Our registered agents for service of process are listed in Exhibit J attached to this Disclosure Document.

Our Predecessors

The first Fantastic Sams Salon opened in 1974 and started franchising in 1976. Our predecessors, Fantastic Sams Franchise Corporation, another Delaware entity (“Old FSFC”), and Fantastic Sams Distribution Corporation (“Distribution Corp”) were merged into Fantastic Sams Salons Corp (“Salon Corp”) in August 2015 and the surviving entity was called “Fantastic Sams Franchise Corporation” (the “Consolidation”). Prior to the Consolidation, the principal business address of Old FSFC, Salon Corp and Distribution Corp was 500 Cummings Center, Suite 1100, Beverly, MA 01915. Except as described in this paragraph, Old FSFC, Salon Corp, and Distribution Corp were never engaged in any other business.

Our Parent and Affiliates

Our affiliate, Fantastic Sams Advertising Management, Inc. (“FSAM”) is a Delaware corporation established for the purpose of performing administrative processes for certain Regional Advertising Funds. We and FSAM are owned by Fantastic Sams International Corporation (“FSI Corp”), a Delaware corporation, which is owned by Dessange Group North America, Inc. (“DGNA”), a Delaware corporation. FSAM, FSI Corp, and DGNA share our principal business address. FSAM, FSI Corp and DGNA do not own or operate Salons and do not franchise any line of business but may do so in the future.

Our affiliate, C.Alb Franchising, Inc. (“C.Alb Franchising”), a Delaware corporation began franchising Camille Albane salons in the United States in April 2013 but no longer actively franchises Camille Albane salons in the United States. As of December 31, 2023, there were no franchised Camille Albane salons in the United States and 160 Camille Albane salons outside the United States. C.Alb Franchising shares our principal business address. C.Alb Franchising has never owned or operated any Fantastic Sams salon or sold franchises for any business other than Camille Albane salons, but may do so in the future.

Our affiliate, Dessange Franchising, LLC, a Delaware limited liability company (“Dessange Franchising”). In June 2006, Dessange Franchising started selling franchises for Dessange Salons. As of December 31, 2023, there were 2 franchised “Dessange” salons in the United States and 279 Dessange salons outside the United States. Dessange Franchising shares our principal business address. Dessange Franchising has never owned or operated any Fantastic Sams Salon or sold franchises for any business other Dessange salons business, but may do so in the future.



D. Participations SAS, a French corporation (“D. Participations”) is the parent of DGNA. D. Participations is also the parent of Dessange International SAS (“DISAS”), also a French corporation. D. Participations and DISAS operate from their office at 39 Avenue Franklin Roosevelt, 75008, Paris, France.

Except as disclosed above, we do not have any predecessors, parents, or affiliates that must be disclosed in this Disclosure Document.

### Franchised Business

We are offering the opportunity to become a franchisee to develop and operate a Fantastic Sams salon (a “Salon”) using the Proprietary Marks and the System to provide haircare services to men, women and children. Your Salon will offer cuts, shampoos, styles, perms and color, plus a full line of haircare products for sale, but may not offer manicure and/or pedicure services, tanning services, body piercing, tattooing, eyelash extensions or body massage services. You must have your Salon open at all times during normal business hours for at least 6 days per week. Your Salon will compete with other national haircare chains and franchises, and local beauty and barber salons offering the same or similar products and services.

You will sign a Franchise Agreement for each Salon. The Franchise Agreement will authorize you to operate the Salon under (i) the System and (ii) our marks, including “FANTASTIC SAMS” and any other trade names and marks that we designate in writing for use with the System (the “Proprietary Marks”). You must operate your Salon according to our standards and procedures, as described in our Confidential Operations Manual (the “Operations Manual”).

Under a Multi-Unit Development Agreement, you will develop an agreed upon number of Salons within a protected development area. You must open those Salons in accordance with a development schedule.

### Development Agent Program

In a separate disclosure document, we offer qualified parties the opportunity to operate as a Fantastic Sams® development agent (a “Development Agent”). A Development Agent operates an area business in accordance with a Development Agent Agreement with us. Development Agents recruit individuals interested in purchasing Salons from us and assist us in providing certain support and services to Salons located in a designated area..

If we have appointed, or appoint in the future, a Development Agent to operate an area business in the area in which your Salon is located, the Development Agent may provide training, support, marketing and other services to you on our behalf. The Development Agent will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement. We may, without your consent, appoint a Development Agent or a substitute for the Development Agent at any time. Information about our current Development Agents is attached as **Exhibit N**.

### Subfranchisor Program

We and our predecessors previously offered, and neither we nor any of our affiliates currently offer, the opportunity to operate as a Fantastic Sams® subfranchisor (a “Subfranchisor”). A Subfranchisor operates a subfranchise business in accordance with a Subfranchisor Agreement with us. Subfranchisors recruit individuals interested in purchasing franchises directly from the Subfranchisor (a “Subfranchise”) pursuant to a Subfranchise Agreement. We are not parties to the Subfranchise Agreement. As of

December 31, 2023, there were 8 Subfranchisors operating in 12 states with 77 subfranchisees. We do not offer franchises for Salons in an area where a Subfranchisor operates.

### Competition

The market for hair salons is competitive. There will be competition from local salons and national salon networks. The market for our services is year-round, but the market will fluctuate to some degree depending on the time of the year.

### Regulations Specific to the Business

Each employee of your Salon who will actually perform haircare services must be a licensed cosmetologist in the state in which your Salon is located. Additionally, your Salon must apply for and receive a license from the state to offer cosmetology services before opening. Your Salon will also have to comply with various health standards and regulations. And you will have to comply with the laws and regulations that are applicable to businesses generally, including workers' compensation, OSHA and the Americans with Disabilities Act.

### **Item 2: Business Experience**

The following is a list of directors, principal officers, and other individuals who have management responsibilities for the sale of franchises or the operation of our business relating to the franchises for Fantastic Sams Salons described in this Disclosure Document. Unless otherwise indicated, the employee serves from our office in Maple Grove, Minnesota.

#### **Chief Executive Officer: Thomas A. Boitz**

Mr. Boitz has been our Chief Executive Officer since December 2021. Since July 2020, Mr. Boitz has also been the President and Chief Executive Officer of Boitz Investments LLC, whose principal office is located in Ely, Minnesota. Prior to that, Mr. Boitz was on a sabbatical. Mr. Boitz also has been on our Board of Directors and the Board of Directors of DGNA since December 2021.

#### **Board of Directors: Emmanuel Gasnot**

Mr. Gasnot has serviced on our Board of Directors and the Board of Directors of DGNA since January 2023. Mr. Gasnot has also the CEO of D Participations in Paris France and on the Chairman of Board of the DGNA since December 2018. Mr. Gasnot was the Managing Director for D Participations in Paris, France from June 2012 through December 2018.

#### **Vice President of Operations and Business Development: Kimberly Amadon**

Ms. Amadon has been our Vice President of Operations and Business Development since January 2024. Previously, Ms. Amadon was our Senior Director of Business Development and Relationship Management from March 2020 to January 2024. Prior to that, she was the Regional Business Development Manager for Ratner Company from July 2019 to March 2020, in Vienna, Virginia and Regional Business Development Manager for Ulta Beauty from March 2012 to July 2019 in Boling Brook, Illinois.

### **Item 3: Litigation**

#### **Prior Actions**

Francounsel Group, LLC vs. Dessange International S.A.S., DF Export, S.A.S, Fantastic Sams Distribution Corporation, Fantastic Sams Franchise Corporation, Fantastic Sams Holding Corporation, Fantastic Sams International Corporation, Fantastic Sams Retail Corporation, Fantastic Sams Salons Corporation, et al., Case No. 1:12-CV-11071-NMG, U.S. District Court, District of Massachusetts (served June 22, 2012). Plaintiff, Francounsel filed this case against Distribution Corporation, Old FSFC, Fantastic Sams Holding Corporation, FSI Corp, Retail Corp and Salons Corp (the “FS Entities”) and against Dessange International S.A.S. and DF Export, S.A.S. (the “Dessange Entities”) based on an alleged agreement between plaintiff and the Dessange Entities under which plaintiff would have received a brokers fee in the event the FS Entities had purchased franchise rights to the Dessange or Camille Albane concepts from the Dessange Entities for the U.S. Plaintiff, under several causes of action, including breach of contract and fraud, claims to be entitled to a brokers’ fee and other damages (in an amount no less than \$5,000,000 USD) arising from the January 12, 2012 purchase of the FS Entities by the Dessange Entities. On December 14, 2012, defendants filed a Motion to Dismiss the Complaint on numerous grounds including that the matter should be tried by Tribunals of Paris France under the doctrine of *forum non convenient*. On September 30, 2013 the court dismissed all claims against the Dessange defendants. The court also dismissed all of plaintiff’s claims against the FS Entities except the allegation of fraud and violation of c.93A of the Massachusetts General laws. In October 2014, in order to avoid further legal expenses of a trial, the parties without admitting any liability, settled the case and executed a settlement agreement. Under the terms of the settlement, a settlement amount of \$258,776 was paid to plaintiff with FS Entities’ insurance carriers paying 2/3 of the amount and FS Entities and Dessange Entities paying 1/3 of the amount.

Envision Investments, LLC and R.U.T. 13, LLC. vs. Fantastic Sam’s Franchise Corporation d/b/a Fantastic Sam’s, JAS Investments, Inc. and John Shand: Case No. 12CVS01944, North Carolina General Court of Justice, Superior Court Division, County of Union. Filed July 6, 2012. Plaintiffs are former subfranchisees of defendant JAS Investments Inc. (“JAS”), a Subfranchisor. Defendant John Shand (“Shand”) is the principal shareholder of JAS. JAS offered plaintiffs the right to rescind their respective Franchise Agreements with JAS in March 2012 as a result of alleged deficiencies in JAS’ franchise disclosure documents provided to them by JAS and Shand before purchasing their franchises. Both plaintiffs accepted the rescission offer and filed this action (the “Subfranchisee Claims”) seeking damages against all defendants for an amount in excess of \$300,000 each, alleging fraud, breach of contract, breach of Federal and North Carolina franchise disclosure requirements and unfair and deceptive trade practices. Defendants JAS and Shand filed a Cross-Claim against Old FSFC dated September 6, 2012, alleging that JAS’s failure to issue a proper franchise disclosure document to Plaintiffs resulted from Old FSFC’s failure to provide them (JAS and Shand) with a current FDD for RLAs (defined in the FSRO Association, Ltd. case above), seeking indemnification against the claims of Subfranchisee Claims and damages in excess of \$10,000 for breach of contract and unfair and deceptive trade practices under Chapter 75 of the North Carolina General Statutes (collectively, the “JAS/Shand Cross-Claims”). On September 12, 2012, Old FSFC filed a Cross-Claim against JAS and Shand alleging unfair trade practices, violation of the Lanham Act and breach of contract, and seeking: (i) an order directing JAS to assign all of its franchise agreements with subfranchisees to Old FSFC; (ii) treble damages for unfair and/or deceptive trade practice pursuant to Chapter 75 of the North Carolina General Statutes; (iii) treble damages for unlawful infringement of Old FSFC’s trademarks and an injunction enjoining Shand and JAS from continued infringement of the Fantastic Sams trademarks; (iv) an injunction enjoining JAS and Shand from engaging in the hair care business in North Carolina for 5 years in North Carolina, South Carolina and Georgia; and (v) indemnification from the Subfranchisee Claims (collectively, the “Old FSFC Cross-Claims”). On June 11, 2013, the court granted Old FSFC’s Summary Judgment Motion against JAS and Shand, ruling that: (i) Old FSFC properly terminated JAS’ Regional Franchise Agreement for a material

breach; (ii) JAS violated the Lanham Act by continuing to use the Proprietary Marks; (iii) JAS violated the non-competition provision of JAS' Regional Franchise Agreement after termination by continuing to act as subfranchisor to the subfranchisees; and (iv) enjoining JAS from continuing to act as subfranchisor. In October 2014, in order to avoid further legal expenses of a trial, the plaintiffs and Old FSFC without admitting any liability, settled the case related to claims between them and executed a settlement agreement. Under the terms of the settlement: (i) a settlement amount of \$296,000 was paid to the plaintiffs by Old FSFC; (ii) the plaintiffs agreed to dismiss their claims against Old FSFC with prejudice; and (iii) the plaintiffs agreed to dismiss their claims against JAS and Shand without prejudice and not refile any claims related to this matter against JAS and Shand prior to August 7, 2015 in order to preserve and give priority to Old FSFC claims against JAS and Shand (including Old FSFC's right to seek indemnification).

Fantastic Sams Franchise Corporation v. Eridon Enterprises, Inc. and Eric Hardaway, AAA Case No. 01-17-0000-3092, filed January 14, 2017 before the American Arbitration Association in Boston, Massachusetts. Eridon Enterprises, Inc. and Eric Hardaway (the "Eridon defendants") are the franchisee and guarantor under a franchise agreement with us for the operation of a salon (the "Eridon Salon"). We brought this action in connection with the Eridon defendants' closure of the Eridon Salon in default of the franchise agreement. The Eridon defendants asserted counterclaims alleging (i) breach of the franchise agreement, (ii) negligence, and (iii) that in connection with the IFA MinorityFran program, there were misrepresentations and a fraudulent inducement all related to the Eridon defendants' belief that there was a franchise program for salons focused on minority consumers (including assertions that the alleged misrepresentations were unfair and deceptive practices). On July 1, 2017, the parties entered into a confidential settlement agreement under which the Eridon defendants agreed to pay us \$90,000 and the parties exchanged general releases. The claims and counterclaims were dismissed with prejudice pursuant to the settlement agreement on July 18, 2017.

Fantastic Sams Franchise Corporation v. HopeWorks, LLC, Asha Vasant, and Umar Latif AAA Case No. 01-17-0002-7304, filed on May 10, 2017 before the American Arbitration Association ("AAA") in Boston, Massachusetts. HopeWorks, LLC, Asha Vasant, and Umar Latif (the "HopeWorks defendants") are the franchisee and guarantors under a franchise agreement with us for the operation of a salon (the "HopeWorks Salon"). We brought this action in connection with HopeWorks defendants' closure of the HopeWorks Salon in default of the franchise agreement. The HopeWorks defendants argued that our claims were outside the scope of the arbitration provision and, in the alternative, sought to transfer the final hearing locale to Orange County, California. The AAA overruled both objections and appointed a three-arbitrator panel. The HopeWorks defendants renewed their objections before the panel, which similarly overruled them. On December 1, 2017, two of the HopeWorks defendants filed a lawsuit styled Hope Works and Vasant ("plaintiffs") v. FSFC, Fantastic Sams Salons Corporation, and John Does 1-10, No. 30-2017-00958860 (Superior Court of the State of California, Orange County), asserting claims for breach of the franchise agreement, intentional misrepresentation, breach of the covenant of good faith and fair dealing, as well as a declaratory judgment. The claims were based on allegations that certain FSFC representatives misrepresented to plaintiffs that the existing franchised salon that the plaintiffs acquired had been profitable when allegedly it was not. Plaintiffs further alleged that FSFC misrepresented the support it would provide to plaintiffs to induce them to acquire the existing salon and breached the franchise agreement and implied covenant by failing to provide that support as well as advertising and training. Plaintiffs sought unspecified general and punitive damages, a declaratory judgment that the arbitration provision is unenforceable, and attorneys' fees and costs. On March 16, 2018, the parties reached a confidential settlement agreement to fully resolve all claims and counterclaims in the arbitration and state court matter. Under the settlement agreement, the Vasant defendants agreed to pay us \$50,000, and the parties exchanged releases. On March 26, 2018, the state court matter was dismissed with prejudice. On April 16, 2018, the arbitration was dismissed with prejudice.

Sharon Halter and CMH Ventures One, LLC v. Fantastic Sams Franchise Corporation, AAA Case No. 01-18-0001-3212, filed on March 29, 2018 before the American Arbitration Association in Boston, Massachusetts. Franchisee and personal guarantor of a franchised salon in Acton, Massachusetts (the “Acton Salon”) filed a demand against us seeking a declaration that the franchise agreement’s post-expiration noncompetition covenant was unenforceable based on the allegedly unique circumstances under which the Salon operated. On October 23, 2018, the parties fully resolved all claims by executing a confidential amendment to claimants’ franchise agreement. The amendment required claimants to pay us \$25,000, extended the term of the franchise agreement to January 31, 2019, and eliminated certain post-expiration covenants, including the noncompetition covenant and requirement to return the Acton Salon’s phone number. The parties also exchanged mutual releases. The matter was dismissed with prejudice on November 6, 2018.

Fantastic Sams Franchise Corporation v. F.S. Salons Sandy Springs, LLC, FS Salons Store #2, LLC, FS Salons Store #3, LLC, and Todd A. Stafford, AAA Case No. 01-18-0003-1581, filed on August 29, 2018 before the American Arbitration Association in Boston, Massachusetts. We brought this action against three related franchisees and the personal guarantor of each that operated two current and one former franchised salons in Georgia. Our action was brought in connection with their violation of the franchise agreements’ in-term and post-term noncompetition covenants. On September 19, 2018, respondents filed counterclaims against us, alleging that we had materially breached each franchise agreement by committing unspecified actions that allegedly violated sections 4, 6, and 7 of each franchise agreement and by failing to attempt to resolve the dispute in good faith before filing the arbitration. Respondents further alleged that unspecified conduct had breached the covenant of good faith and fair dealing, breached an alleged duty owed under Section 5 of the Federal Trade Commission Act, and violated the Massachusetts Consumer Protection Act and Georgia Fair Business Practices Act. Respondents sought unspecified damages, including exemplary and treble damages, and costs and attorneys’ fees. On December 3, 2018, the parties fully resolved all claims and counterclaims under a confidential settlement agreement. The settlement agreement required respondents to pay us \$53,500, terminated the remaining two franchise agreements, and waived the respondents’ post-termination noncompetition covenants. The parties also exchanged mutual releases. The matter was dismissed with prejudice on January 15, 2019.

Other than the actions described above, no litigation is required to be disclosed in this Item.

#### **Item 4: Bankruptcy**

No bankruptcy information is required to be disclosed in this Item.

#### **Item 5: Initial Fees**

The Initial Franchise Fee to operate a Fantastic Sams Salon is \$30,000, payable when you sign the Franchise Agreement. If you already own at least 3 Fantastic Sams Salons and want to purchase an additional Fantastic Sams Salon, we offer a discounted Initial Franchise Fee of \$10,000, payable when you sign the Franchise Agreement.

If you enter into a Multi-Unit Development Agreement, you will pay a Development Fee when you sign the Development Agreement. The Development Fees are currently \$50,000 for the right to develop 2 Salons, \$60,000 for the right to develop 3 Salons, and \$70,000 for the right to develop 5 Salons. The Development Fee is instead of the Initial Franchise Fees that would otherwise apply. For each Salon you develop under the Multi-Unit Development Agreement, you will also be required to sign a Franchise Agreement before opening the Salon. Initial Franchise Fees and Development Fees are nonrefundable, and payable in lump sum.

**Item 6: Other Fees**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Weekly Franchise Fee	Your Weekly Franchise Fee will be as follows (i) \$150 per week during the first twenty-six (26) weeks after the earlier of the required opening date or actual opening of the Salon, and (ii) for the remainder of the term, the greater of \$350 per week or 6% of the Salon's Gross Sales during the preceding week.	Each Monday or such day of the week as prescribed by us	Notes 1, 2 & 3  If the Franchise Agreement is being signed in connection with a renewal or transfer of an existing Salon, the Weekly Franchise Fee will immediately be the greater of \$350 per week or 6% of the Salon's Gross Sales during the preceding week
National Advertising Fund Fee ("NAF Fee")	Currently, \$146.49	Each Monday or such day of the week as prescribed by us	Notes 1, 3 & 4
Regional Advertising Fund Fee ("RAF Fee")	Varies depending on the geographic area in which the Salon is located (the "Regional Marketing Area" or "DMA"). In some areas, we have not formed a Regional Advertising Fund ("RAF") for the Regional Marketing Area. For Regional Marketing Areas that have a RAF, the current RAF Fees currently range from \$15.00 to \$175.00. If a RAF has not yet been established in your Regional Marketing Area, you will not contribute to a RAF until one is formed for the area. (Note 5)	Each Monday or such day of the week as prescribed by us	Note 5 and Item 11
Technology Fee	Currently, \$150 per year	When billed	
Assignment Fee	\$7,500	Upon transfer of your Franchise Agreement	Must be paid upon a Franchise Agreement being transferred or assigned.
Renewal Fee	\$5,000	Prior to renewal	Must be paid upon a Renewal Franchise Agreement being signed.
Attorney's Fees	Varies	On demand	You only have to pay if we must hire an attorney because of your breach.

Type of Fee	Amount	Due Date	Remarks
Non Reporting Fee	\$50 per week, per Salon	On a weekly basis	Payable for each week that you do not report weekly sales and/or other information that we require.
Noncompliance Fee	Up to \$500 per incident	On demand	Payable if you (i) fail to comply with a mandatory System standards and you do not cure the non-compliance within the time period we require, (ii) after committing a default under the Franchise Agreement, you commit the same default under the Franchise Agreement within 6 months, or (iii) fail to operate your Salon continuously during normal business hours during any day in which the Salon is required to be open and operating without our consent.
Returned ACH Fee	\$30 per week, per Salon	On a weekly basis	Payable for each week that our draft for your Weekly Franchise Fee and/or NAF Fee is returned or not honored by your bank.
Indemnification	Will vary under circumstances	On demand	You must reimburse us for claims arising from your operation of your Salon.
Liquidated Damages	An amount equal to the average monthly fees payable by you to us over the 12 month period immediately preceding the date of termination multiplied by the lesser of 36 months or the number months remaining in the term	Upon termination of the Franchise Agreement	Payable if the Franchise Agreement is terminated due to your breach. If the Salon has been open less than 12 months, the damages are calculated using the average monthly fees payable by you to us for the period the Salon was open. If the Salon has not opened, damages are calculated using \$1,000 per month.

All fees are due and payable to us and all fees are nonrefundable.

We do not offer franchises under different terms in the specific market where your Salon will operate. However, we may vary fees, and our collection in certain regions (including individual markets) has varied in the past fiscal year in various different circumstances.

NOTES:

(1) The Weekly Franchise Fee and the NAF Fee fees will be collected by automatic bank draft each week from your account for the entire term of your Franchise Agreement or for so long as you use any part of the System or the Marks whichever period is longer, starting when you open your Salon. In addition to the NAF Fee, we recommend that you spend not less than 5% of your gross revenues toward local advertising.

“Gross Sales” means all revenue or consideration that is received by franchisee, directly or indirectly, from operating the Salon, whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Gross Sales includes the proceeds of any business interruption insurance or similar insurance. Gross Sales does not include any federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority.

(2) On occasion we may, in our discretion, offer to abate the Weekly Franchise Fee, in whole or in part (a “Franchise Fee Abatement”), for a limited time following the opening of the Salon for very unique situations that warrant it due to projected startup hurdles. During the past fiscal year, in various and unique circumstances, our collection of these fees has varied.

(3) The NAF Fee disclosed above reflects the amount of those fees as of the date of this Disclosure Document. Our existing franchisees make those payments at a different rate. During the term of your Franchise Agreement, the NAF Fee will be adjusted based upon the average change in an index calculated by the federal government called the Consumer Price Index for Personal Care Services. This adjustment will occur on the work week ending on the first Friday in August of each year.

(4) We collect NAF Fees and deposit them into National Advertising Fund’s (“NAF”) bank account. The purpose of NAF and the manner in which the funds are utilized by the NAF Board are described in Item 11 of this Disclosure Document.

(5) We have the right to adjust the Weekly RAF Fee on an annual basis; provided, however, the Weekly RAF Fee shall not exceed \$200 unless a majority of the members of the RAF agree to increase the Weekly RAF Fee in excess of \$200, subject to our approval. Each RAF also has the power to assess additional fees for promotional or advertising purposes upon the majority vote of the franchisees in your Regional Marketing Area, and you would be required to pay these whenever due.



**Item 7: Estimated Initial Investment**  
**YOUR ESTIMATED INITIAL INVESTMENT**

(Franchise Agreement)

<b>Type of Expenditure</b>	<b>Amount (Low-High)</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee <sup>(1)(2)</sup>	\$30,000	Lump Sum	When you sign the Franchise Agreement	Us
Travel and Living Expenses For You and Your Employees During Training <sup>(3)</sup>	\$1,500 to \$3,000	As Incurred	During Training	Third-party Suppliers
Leasehold Improvements <sup>(4)</sup> (including architectural fees)	\$30,000 to \$100,000	As Incurred	Before you open your Salon	Third-party Suppliers
Rent <sup>(4)</sup>	\$1,500 to \$7,000	Lump Sum	Before you open your Salon	Landlord
Utility Deposit <sup>(5)</sup>	\$500 to \$1,500	Lump Sum	Before you open your Salon	Utility companies
Initial Haircare Product Inventory (3 month supply) <sup>(6)</sup>	\$8,000 to \$13,000	As Incurred	Before you open your Salon	Third-party Suppliers
Salon Equipment <sup>(7)</sup>	\$35,000 to \$40,000	Lump Sum	Before you open your Salon	Third-party Suppliers
Other Equipment, Fixtures, and Furnishings <sup>(8)</sup>	\$6,000 to \$10,000	Lump Sum	Before you open your Salon	Third-party Suppliers
New Salon Signage <sup>(9)</sup>	\$5,000 to \$15,000	Lump Sum	Before you open your Salon	Third-party Suppliers
Salon Supplies - Non Technical (3 month supply)	\$3,000 to \$4,000	As Incurred	Before you open your Salon	Third-party Suppliers
Salon Identity and Graphics Kit (interior graphics)	\$1,000 to \$3,000	Lump Sum	Before you open your Salon	Third-party Suppliers
Grand Opening Marketing Plan/Advertising (first 6 months) <sup>(10)</sup>	\$15,000 to \$18,000	Lump Sum and As Incurred	Before and for 6 months after you open your Salon	Third-party Suppliers
Insurance <sup>(11)</sup>	\$3,500 to \$6,500	Nonrefundable as required	As Incurred	Third-party Suppliers
Additional Funds - 3 Months <sup>(12)</sup>	\$30,000 to \$50,000	As Incurred	As Arranged	Employees, Third-party Suppliers & Utilities
<b>TOTAL<sup>(11)(12)(13)(14)</sup></b>	<b>\$169,000 to \$301,000</b>			

NOTES:

- (1) We do not offer financing for any amounts paid to us or any supplier.
- (2) The Initial Franchise Fee is \$30,000 for an individual Franchise Agreement. If you enter into a Multi-Unit Development Agreement you will pay a Development Fee to us (see Items 5 and 7), and you will not be required to pay any initial franchise fee for the Franchise Agreements executed pursuant to the Multi-Unit Development Agreement. Your estimated initial investment for each Salon will be described above, except that the Development Fee is instead of the Initial Franchise Fees that would otherwise be payable.
- (3) The estimate provided for Travel and Living Expenses during training is a general figure and will vary depending upon the number of people sent, accommodations available, distance traveled and a variety of other factors. The lower estimate described above approximates the cost for 1 person attending, while the higher estimate approximates the cost for 2 people attending.
- (4) Most new Salons are developed in multi-unit commercial establishments such as “strip centers.” The typical lease term is 5 years with one option to renew for an additional 5 years, or a straight 10-year term. Our estimate for rental costs is based on an assumption that the typical Fantastic Sams Salon occupies 1,000 to 1,400 square feet, and rents for between \$15 to \$60 per square foot, depending on the market rental rates. The rental cost is calculated at net rent, which does not include common area maintenance fees, real estate taxes, or insurance, which may be charged on a monthly, quarterly or yearly basis by your landlord. Your rent deposit will generally equal approximately one month’s rent. Depending on the landlord, you may be required to pay a security deposit as well, which is typically equal to one month’s rent. You must modify your Salon location to meet our standards of decor established for Fantastic Sams Salons (“leasehold improvements”). The costs of leasehold improvements, including architectural expenses, depending on the lease, may be amortized over the lease term thus increasing the rent, or the landlord may provide a cost allowance for leasehold improvements. In some cases, leasehold improvements must be paid in full by you. Due to variable materials and labor costs, leasehold improvement costs cannot be estimated with precision. The higher figure assumes you pay the full cost of leasehold improvements before Salon opening.
- (5) The estimate assumes that you may be required to provide various utility deposits.
- (6) Estimates for the cost of the initial haircare product inventory are based on the expanded retail product line.
- (7) Beauty salon equipment such as shampoo bowls, dryers, styling/shampoo/reception chairs, mirrors, styling stations and styling mats, etc., must be acquired before Salon opening. The estimate provided is for the equipment necessary to furnish an 8-station Salon.
- (8) You must purchase certain equipment from various approved suppliers, including televisions, washing machine and dryer, signage, and a POS/computer system.
- (9) Exterior Salon signage must be purchased and installed before Salon opening. Signage must be purchased through an approved supplier. The higher range of this line item assumes that you will have to install 3 exterior signage depending on the location of your Salon. The lower range of this line item assumes that you will only install 1 exterior signage depending on the location of your Salon.
- (10) You must conduct a grand opening marketing plan that begins no later than 6 weeks prior to opening the Salon and continues for approximately 6 months after the Salon opens (the “Grand Opening Marketing Plan”). This plan must be approved in writing by us. You must spend an amount in the range of \$15,000 and \$18,000 as we determine on the Grand Opening Marketing Plan.

(11) You must maintain the minimum insurance coverage set forth in the Franchise Agreement and described in Item 8. For all insurance you must include us as an additional insured as well as furnish us with proof of that coverage every 12 months. Because insurance premiums vary greatly by state and by companies and with business insurance packages, it is difficult to give an exact figure, or even an approximate figure, for the annual or monthly insurance costs. Insurance fees are paid to an insurance agency, person or entity chosen by you.

(12) You will need additional funds to support on-going expenses, such as payroll, rent, and utilities to the extent that these costs are not covered by sales revenue. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be 3 months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during the start-up phase or after. We have relied on our experience in franchising and operating Fantastic Sams Salons to formulate this estimate.

(13) Payments to us are not refundable. Payments made to other suppliers are generally not refundable unless you negotiate refund terms and conditions with a particular supplier. These amounts do not include any sales and use tax that may be due on items you purchase from out-of-state suppliers. You will need to consult with your tax advisor to determine if any sales or use tax may be due in your state.

(14) Your costs may vary depending on how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for services and products; the prevailing wage rate; competition within your market; and the sales level reached by your Salon during the start-up phase. Additionally, our estimate does not include any extraordinary or atypical costs or capital improvements specific to your site or necessitated by the location of your site (e.g. bringing utilities to the site). Neither we nor our affiliate finances any part of the initial investment.

**YOUR ESTIMATED INITIAL INVESTMENT**

**(Multi-Unit Development Agreement)**

<b>Type of Expenditure</b>	<b>Amount (Low-High)</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Development Fee <sup>(1)</sup>	\$50,000 to \$70,000	Lump Sum	When you sign the Multi-Unit Development Agreement	Us
Additional Funds - 3 Months <sup>(2)</sup>	\$0	N/A	N/A	N/A
<b>TOTAL</b>	<b>\$50,000 to \$70,000</b>			

NOTES:

(1) If you enter into a Multi-Unit Development Agreement, you will pay a Development Fee when you sign the Development Agreement. The Development Fees are currently \$50,000 for the right to develop 2 Salons, \$60,000 for the right to develop 3 Salons, and \$70,000 for the right to develop 5 Salons. The Development Fee is instead of the Initial Franchise Fees that would otherwise apply. For each Salon you develop under the Multi-Unit Development Agreement, you will also be required to sign a Franchise Agreement before opening the Salon. Initial Franchise Fees and Development Fees are nonrefundable.

(2) Based on our experience in franchising and operating Fantastic Sams Salons, we estimate that you will not require any additional funds for the first three months of operating your development business. However, you will incur fees and expenses in opening each Fantastic Sams Salon you commit to develop under the Multi-Unit Development Agreement. Those additional funds are reflected in the table above reflecting the initial investment necessary to commence operation of a Fantastic Sams Salon.

### **Item 8: Restrictions on Sources of Products and Services**

#### **Product Purchase and Sale Requirements**

You must sell Fantastic Sams branded shampoos, conditioners and related haircare products (“FS Branded Products”) in your Salon, carry recommended minimum inventory levels of FS Branded Products, and allocate at least 60% of your retail shelf display space to FS Branded Products, unless the Operations Manuals permit a lesser percentage. In order to maintain uniformity and quality of services provided by all franchisees, you must also use only designated FS Branded Products and other specifically approved products in providing haircare services to customers of your Salon. Adherence to the then-current, approved menu of services is critical to brand standard. In the absence of an FS Branded Product for hair color services, you must use only hair color products in your Salon that are designated by us. You must purchase FS Branded Products from distributors we approve.

In addition to the FS Branded Products, you will need to purchase other approved national brands of haircare products (“National Brand Products”) to be displayed and sold at your Salon. You must purchase National Brand Products either directly from the manufacturer or through our approved distributors. Information regarding purchasing options and account set-up is provided to through the Operations Manual or otherwise in writing.

We also may develop Fantastic Sams branded haircare tools and accessories, for example hair dryers, flat-irons, brushes, shears, etc. (“FS Accessories”), which may we sell to our franchisees and to Subfranchisors for resale in Salons. Currently, there is no requirement that you purchase and/or offer FS Accessories for sale in your Salon, but we may require you to do so in the future.

You may not sell any products, including FS Branded Products, National Brand Products or FS Accessories from any location other than your Fantastic Sams Salon without our prior written consent, which we may grant or deny in our sole discretion. You may not offer or sell FS Branded Products, National Brand Products, or FS Accessories at wholesale, via catalog or over the internet in any manner whatsoever without our prior written consent.

During fiscal year ended December 31, 2023, we and our affiliates did not receive any revenue from the direct sale or lease of goods and services to our franchisees. We reserve the right to receive a commission or rebate, estimated in the range of 10% to 60% based on the net amount of purchases made by our franchisees of hair products and certain Salon furniture, fixture, and equipment. Some of our designated suppliers of hair products may also (i) contribute towards our annual franchisee conventions an amount within the range of \$4,000 to \$150,000 or an amount equal to 2% of the aggregate net receipts they receive from sales to our franchisees, (ii) contribute to our Product Promotion Fund an amount in the range of 2.55% to 5% of the aggregate net receipts they receive from sales to our franchisees, (iii) contribute towards our franchisee education programs 5% of the aggregate net receipts derived by them from sales to our franchisees towards educational programs for our franchisees, and/or (iv) in certain circumstances, accrue 3% of the net amount of purchases made by our franchisees in an obsolete product allotment account to defray the cost of obsolete products. During fiscal year 2023, we received \$1,881,504.31 in revenue or commission from designated vendors and distributors, which was 15.9% of our total revenue of \$11,810,256.00.

We and our predecessors implemented a program with the manufacturer of certain FS Branded Products and FS Subfranchisors for the establishment and funding of a Product Promotion Fund for production of promotional materials for in-Salon advertising and promotion of the FS Branded Products. Under this program, the manufacturer, FS Subfranchisors and us each contribute a percentage of the manufacturer's net sales price of the FS Branded Products to the Product Promotion Fund. For the period from January 1, 2023 to December 31, 2023, a total of \$6,482.66 was contributed to the Product Promotion Fund.

If you are opening a new Salon, you must purchase furniture, fixtures, approved Salon equipment, products, and supplies for use in your Salon, including computer software, hardware, and POS system from suppliers on our approved supplier list. Currently, neither we nor our affiliates sell Salon equipment, but we and our affiliates may receive revenue from sales by approved suppliers.

We estimate that your total purchases and leases that you must obtain from approved suppliers or distributors, or in accordance with our specifications will represent approximately 80% of your total purchases or leases in establishing your Salon, and approximately 85% of your total purchases or leases in the continuing operation of your Salon.

Except as described above, you need not purchase any goods or services required in the operation of your Salon from us or our affiliates. We and our predecessors have formulated standards and specifications for the products and services sold at Fantastic Sams Salons, and for approved suppliers, to provide uniformity throughout the System. Standards and specifications are outlined in the Operations Manuals, as we may periodically modify. Except for the items that are purchased from us or our affiliates, none of our officers owns an interest in any companies that are suppliers to our franchisees.

Currently, there are no purchasing or distribution cooperatives in existence. However, we may periodically negotiate purchase agreements and price terms with certain suppliers of hair products and Salon furniture and equipment for the benefit of our franchisees. Except as stated above, we do not derive revenue from your purchases of goods or services.

#### Supplier or Product Approval

Should you desire to seek approval of an unapproved supplier or propose to offer or sell any products or services that we have not approved, you must first notify us in writing and provide sufficient information, specifications and samples concerning the brand and/or supplier to permit us to determine whether the brand complies with our specifications and standards and/or the supplier meets our approved supplier criteria. We will notify you within a reasonable time whether or not the proposed brand and/or supplier is approved, generally within 30 days after receiving the necessary samples and information. We will have the right to charge each proposed supplier a reasonable fee in reviewing a proposed brand or supplier. We may impose limits on the number of suppliers and/or brands for any products and services to be used in the Salon. You agree that certain products, materials, and other items and supplies may only be available from one source, and we or our affiliates may be that source. We may revoke the approval of any supplier at any time.

## Insurance

We require you to maintain minimum insurance coverages described below:

COVERAGE	AMOUNT LIMITS
“Special” Property Form Insurance (aka “All Risk”)	
Business Contents	\$25,000 (Minimum Required)
Sprinkler Leakage	Recommended
Business Interruption	Required, minimum amount to include all continuing operating FRANCHISEE expenses
Plate Glass	As Required in Lease
Sign	Recommended
Commercial Blanket Bond	Recommended
Broad Form Money & Securities (On/Off Premises, Messenger’s Home)	Recommended
Comprehensive General Liability Insurance	\$1,000,000 CSL (Required)–Occurrence
Premises and Operations	Included in General Liability
Beautician Professional	Included in General Liability or a separate insurance agreement
Automobile (including owned, hired and non-owned)	Can be included in General Liability
Products and Completed Operations Coverage	Included in General Liability
Broad Form Liability Endorsement	Included in General Liability
Fire Legal Liability Included	\$300,000 minimum
Medical Payments Included	\$5,000 minimum
Workers’ Compensation	Statutory Limits (Required)
Umbrella Liability	Recommended
Cyber Insurance	Recommended
Flood Insurance	Recommended
Earthquake Insurance	Recommended

For all types of insurance, you must include us as an additional insured and loss payee and furnish us with proof of such coverages every 12 months. Insurance fees are paid to an insurance agency, person or entity chosen by you, and we do not derive any revenue from your purchase of required insurance coverage.

From time to time, we may organize a convention for Fantastic Sams franchisees, FS Subfranchisors and stylists. We may require that you attend the convention and you will be responsible for all costs associated with such attendance (i.e. registration fees, travel, lodging, meals). To participate in the convention, attendees must register with the convention management agency chosen by us and pay attendance fees to the agency. To maximize attendance at conventions, we and our agency budget convention revenues and costs to break even; however, in the past we have been required to supplement attendance fees in order to cover all convention costs. In addition, suppliers are often requested to make contributions and provide sponsorships to defray the costs of the convention. The size of these contributions and sponsorships will vary from supplier to supplier and from year to year. In the event that attendance at a convention were to materially exceed the projected enrollment, we would receive the excess revenues from the agency.

**Item 9: Franchisee’s Obligations**  
**FRANCHISEE’S OBLIGATIONS**

**This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information in the Franchise Agreement and in other items of this Disclosure Document.**

<b>Obligation</b>		<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a.	Site selection and acquisition/lease	Sections 2.a. and 2.b.	Items 7 and 11
b.	Pre-opening purchases/leases	Section 2.e.	Item 8
c.	Site development and other pre-opening requirements	Section 2.d.	Items 5, 7 and 11
d.	Initial and ongoing training	Sections 4.a., 4.b., 4.c., 4.d. and 4.e.	Items 6 and 11
e.	Opening	Section 2.c. and 9.a.	Item 11
f.	Fees	Sections 3, 4.a., 4.c., 4.d., 4.f., 7.c., 7.j., 7.m., 9.b., 9.c., 9.d., 9.f., 11.a.iii, 13.f, 15.b.vi and 17.f.	Items 5 and 6
g.	Compliance with standards and policies/Operations Manual	Sections 4.g. and 7	Items 11 and 16
h.	Trademarks and proprietary information	Sections 5, 6, and 12	Items 13 and 14
i.	Restrictions on products/services offered	Sections 7.j., 7.k. and 7.l.	Items 8 and 16
j.	Warranty and customer service requirements	Not applicable	Not applicable
k.	Territorial development and sales quotas	Not applicable	Item 12
l.	Ongoing product/service purchases	Sections 7.j., 7.k. and 7.l.	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 2.e., 7.d. and 7.e.	Item 11
n.	Insurance	Section 7.g.	Item 7
o.	Advertising	Sections 3.c., 3.d., 5.a. and 9	Items 6 and 11
p.	Indemnification	Section 10.b.	Item 17
q.	Owner’s participation/ management/staffing	Sections 7.a. and 7.b.	Items 11 and 15
r.	Records/reports	Section 3.g. and 8.d.	Item 6
s.	Inspections/audits	Section 8.a., 8.b. and 8.c.	Item 17
t.	Transfer	Section 11	Item 17
u.	Renewal	Section 15.b.	Item 17
v.	Post-termination obligations	Section 13.e.	Items 15 and 17

Obligation		Section in Franchise Agreement	Disclosure Document Item
w.	Non-competition covenants	Section 13.e.	Items 15 and 17
x.	Dispute resolution	Section 14	Item 17

**The following table lists your principal obligations under the Multi-Unit Development Agreement. It will help you find more detailed information about your obligations in the Multi-Unit Development Agreement and in other items of this Disclosure Document.**

Obligation		Section in Multi-Unit Development Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	None	Items 7 and 11
b.	Pre-opening purchases/leases	None	Item 8
c.	Site development and other pre-opening requirements	Section 5.a.	Items 5, 7 and 11
d.	Initial and ongoing training	Sections 5.d. and 5.e.	Items 6 and 11
e.	Opening	Section 4	Item 11
f.	Fees	Section 3	Items 5 and 6
g.	Compliance with standards and policies/Operations Manual	Sections 9.c.5. and 12.a.	Items 11 and 16
h.	Trademarks and proprietary information	Sections 5.f. and 5.h.	Items 13 and 14
i.	Restrictions on products/services offered	None	Items 8 and 16
j.	Warranty and customer service requirements	None	None
k.	Development and sales quotas	Section 4	Item 12
l.	Ongoing product/service purchases	Section 5.e	Item 8
m.	Maintenance, appearance and remodeling requirements	Section 5.e	Item 11
n.	Insurance	None	Item 7
o.	Advertising	Section 2.c.	Items 6 and 11
p.	Indemnification	Section 5.g.	Item 17
q.	Owner's participation/ management/staffing	Section 6.c.	Items 11 and 15
r.	Records/reports	None	Item 6
s.	Inspections/audits	None	Item 17
t.	Transfer	Sections 1.b. and 7	Item 17
u.	Renewal	None	Item 17
v.	Post-termination obligations	Section 9.f.	Items 15 and 17
w.	Non-competition covenants	Sections 8 and 9.f.	Items 15 and 17
x.	Dispute resolution	Section 10	Item 17

#### **Item 10. Financing**

We do not offer direct or indirect financing. We do not guaranty your note, lease or other obligation.



**Item 11: Franchisor’s Assistance, Advertising, Computer Systems, and Training**

**Except as disclosed below, we are not required to provide you with any assistance.**

We may delegate the performance of any or all of our obligations under the Franchise Agreement to a Development Agent, affiliate, agent, independent contractor or other third party. If we have appointed, or appoint in the future, a Development Agent to operate an Area Business in the area in which your Salon is located, such Development Agent may provide the training, support, marketing and other services described in this Item 11 to you on our behalf and will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement.

**Pre-Opening Obligations.** Before you open your Salon, we will:

1. Provide you with site selection criteria and approve the Salon location (Franchise Agreement, Section 2(a)).
2. Assist you in developing the Grand Opening Marketing Plan, which is more fully described in Items 6 and 11 of this Disclosure Document (Franchise Agreement, Section 9(a)).
3. Provide training to you (or one of your owners) and the Designated Salon Manager, which is described below (Franchise Agreement, Section 4(a)). You must attend the training program and complete it to our satisfaction.
4. Provide you with access to our confidential Operations Manual (Franchise Agreement, Section 4(g)). The table of contents of the Operations Manual is as follows:

<b>Chapter</b>	<b>Number of Pages</b>
General Information	4
The Brand	4
Franchise Relationship	23
Brand Operating Standards	29
Staffing Best Practices	13
Operational Best Practices	23
Tech & Administration Best Practices	17
Crisis Management	12
<b>TOTAL</b>	<b>125</b>

5. Approve the Salon for opening (Franchise Agreement, Section 2(c)).

**Post-Opening Obligations.** After you open your Salon, we will:

1. Provide you the additional training we determine, including conventions, seminars and meetings (Franchise Agreement, Section 4(c)).
2. Provide you with operating assistance and advice, including advice on products and services offered for sale, marketing and sales promotional programs, purchasing requirements, and establishing and administering bookkeeping, accounting and inventory control systems (Franchise Agreement, Section 4(f)).
3. Along with our designee, administer the NAF, as described below (Franchise Agreement, Section 9(c)).

4. Administer the RAF, as described below (Franchise Agreement Section 9(d)).
5. Approve local marketing (Franchise Agreement, Section 9(e)).

**Training**

The training consists of certain classroom and/or virtual and on-the-job training. The owner and manager classes consist of 3 - 5 days of classroom and/or virtual training. Currently, these classes are scheduled to be held up to 4 times per year. However, we may reduce or increase the annual number of classes based on the number of franchisees who register to attend. Hair stylist training is held throughout the year at facilities established by us and at other designated training facilities. Further, additional manager, owner and hairstylist training is given in regional seminars.

The content of the stylist training consists of hairstyling techniques, sales training, thorough indoctrination in the System and motivational development. The content of the manager and owner training consists of an in-depth discussion of the history, development and operation of the System, explanation of the accounting system, inventory control, other financial management techniques, advertising, sales, promotion, market study and other marketing plans, customer relations and practical experience in the operation of a haircare center. Training programs are provided to protect our brand and the Proprietary Marks and not to control the day-to-day operation of the Salon.

All instructors have had many years of experience in the haircare industry in hairstyling, managing and/or owning haircare centers. The instructors include training personnel from both product manufacturers and our staff. John Calabretto, our Vice-President of Operations, oversees our training programs. Mr. Calabretto has over 5 years of experience with us and our affiliates and over 35 years of experience in the beauty industry.

We do not charge any tuition for you or your Designated Salon Manager to attend the initial training, but we may charge a per person fee for additional training. Additionally, we may charge reasonable sums for the training materials and the products used in any training session. Further, we will not be responsible for the transportation charges for any personnel to and from the training site, nor any living expenses during the training program. We do not compensate you or any of your employees during any training sessions.

Additional, optional training is available upon request to be provided in conjunction with pre-existing training schedules.

**TRAINING PROGRAM  
NEW OWNER ONBOARDING AGENDA <sup>(1)</sup>**

SUBJECT	HOURS OF CLASSROOM TRAINING <sup>(2)</sup>	HOURS OF ON-THE-JOB TRAINING	LOCATION <sup>(3)</sup>
<b>FS Team, Support and Resources</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Products</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING <sup>(2)</sup></b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION <sup>(3)</sup></b>
<b>Finance</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Operations</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Education</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Marketing</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Development</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Total</b>	14 – 28	0	

**SALON FUNDAMENTALS <sup>(1)</sup>**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING <sup>(2)</sup></b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION <sup>(3)</sup></b>
<b>Introduction to Fantastic Sams</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Building Successful Teams</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Operational Excellence</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Leverage Business Intelligence</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Brand and Field Marketing</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Social and Digital Marketing</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Products and Inventory Management</b>	2 – 4	0	At our offices in Maple Grove, MN (or an alternative location) or virtually
<b>Total</b>	14 – 28	0	

## NOTES:

(1) You may be required to attend the initial training if you: (a) purchase a second or subsequent right to operate a Fantastic Sams Salon, (b) renew your Franchise Agreement, or (c) purchase an existing Fantastic Sams Salon, unless we waive the training in writing. In these cases, you will pay all costs you incur in attending the initial training programs, including training program costs owed to us or other third party and travel, lodging, meals and other incidental expenses (see Item 7 of this Disclosure Document). This course curriculum is updated on a regular basis and, therefore, subject to change.

(2) The range of hours of training is largely a function of whether classes are offered in person or virtually. If classes are offered virtually, the hours are generally on the lower end of the range.

(3) We have the right to conduct training programs at the location(s) that we designate, which may be at our offices in Maple Grove, MN, at the site of your Salon, at one of our facilities, at one or more third-party locations, or virtually.

If you or your affiliates own and operate six or more Salons, we may require you to hire a full-time technical educator (the "Educator") who will train your and your affiliates' employees. The Educator must attend and successfully complete any training programs we require. You are responsible for the compensation, travel, lodging and living expenses your Educator incurs in attending any required training. In addition, we may require you to designate an existing Salon to be used for training purposes.

### **National Advertising Fund**

Other than administering the NAF, we are not required to conduct any marketing. NAF is a separate Tennessee not-for-profit corporation that provides advertising materials, guidelines and services to the entire System. NAF is used exclusively for marketing, advertising or recruitment. NAF must spend at least 85% of the National Advertising Contribution on either: (a) media that in the advertising industry is regarded as "National Media;" or (b) reimbursement of local or regional media that covers the area you serve and is approved according to NAF guidelines. You must contribute to NAF by paying a NAF Fee, which is currently \$146.49 per week, but is subject to increase during the term of the Franchise Agreement as described in Item 6. We will deposit into the NAF all noncompliance fees that we collect from Franchisees for non-compliance with mandatory System standards (we do not intend to profit from these fines).

Using amounts not to exceed 15% of the weekly national advertising fees, NAF hires a professional advertising agency to create and disseminate an advertising kit with marketing materials such as posters and point of purchase pieces to market/advertise your Salon locally. NAF's agency also conducts the annual photo shoot, creates media advertising (TV & Radio) and advertising templates, and produces traditional and digital advertising materials. A portion of these fees may also be spent on a disproportionate basis to engage in test marketing, conduct surveys of advertising effectiveness, produce new commercials, produce print ads, produce advertising campaigns and promotions, develop public relations campaigns and promotions, pay for the expenses of the NAF or other purposes deemed beneficial by NAF to the general recognition of the Fantastic Sams name and success of the System. The weekly national advertising fees are not used for advertising aimed exclusively at soliciting new Fantastic Sams franchisees. The NAF is intended to maximize general public recognition, acceptance, and use of the System; and we and NAF are not obligated, in administering NAF, to make expenditures for you that benefit directly or pro rata to the NAF Fee you pay, or to ensure that any particular franchisee benefits directly from expenditures by NAF.

NAF may reimburse us for reasonable bookkeeping, accounting, reporting and legal expenses incurred with respect to NAF. Neither we nor the NAF will be liable for any act or omission with respect to NAF that is consistent with your Franchise Agreement or done in good faith.

NAF is governed by the NAF Board comprised of 7 board members: 3 franchisees, 3 Subfranchisors and 1 representative appointed by us. Each of the franchisees or Subfranchisor directors serves a staggered term of 3 years, which means that each year either 2 or 3 new directors could be elected. The members of the NAF Board that are Subfranchisors are elected at an annual meeting. The Subfranchisors and us nominate the franchisee members, who are then selected by the NAF Board to serve as directors.

The weekly national advertising fees are placed in a separate bank account owned by NAF and governed and controlled by the NAF Board. All franchisees contribute to the NAF on an equal basis for each Salon. NAF currently reimburses Subfranchisors and us for a portion of the expenses incurred in collecting and administering the weekly national advertising fees, if all guidelines are met. Neither we, NAF nor any affiliate of us or NAF receives any other payment for providing goods or services to NAF.

NAF is audited annually. You may request a copy of the audited financial statements by notifying the NAF Board. For the fiscal year ended December 31, 2023, NAF spent its funds in the following percentages: 9.7% on production, 86.49% on media placement, and 3.81% on administrative costs. In the event NAF fees are not spent in the fiscal year in which they are received, they would be carried over and used in the succeeding year, and any such carried-over funds would be subject to federal taxes. Any questions regarding the carried-over funds may be directed to NAF.

All of your marketing endeavors, including social media and digital advertising, need to follow brand standards and use only NAF approved materials. Any other advertising you propose to use must be reviewed and approved by us in writing before placement in any media.

### **Regional Advertising Fund (“RAF”)**

You also must participate in a RAF and be bound by the actions of a RAF in the Regional Marketing Area where your Salon is located, if any exist or are established in the future. If a RAF has not been established in your Regional Marketing Area and we create a RAF for the Regional Marketing Area, we will give you 30 days written notice that we have created a RAF for your Regional Marketing Area and that you must pay RAF Fees to the RAF. The weekly RAF Fee is payable according to the procedure set forth above in Note 5 to Item 6 of this Disclosure Document.

We will apply your weekly RAF Fees to the RAF to be expended for marketing and advertising activities as described below. We will administratively separate on our books and records all weekly RAF Fees received from you and other franchisees in your Regional Marketing Area. The RAF will be operated, administered, governed and controlled by us. We will determine when, how and where the weekly RAF Fees and other amounts applied to the RAF will be spent, which may include, product research and development, production materials, ad slicks, brochures, video tapes, radio research, media time and space advertising, including radio, television, newspaper, magazine, other print advertising, social media, digital, promotions, marketing, public relations, regional conventions, telemarketing and national, regional and local advertising, marketing and promotion, and any other advertising that the RAF deems appropriate and in the best interests of Fantastic Sams Salons in your Regional Marketing Area.

In addition, the RAF may use a portion of the weekly RAF Fees for recruitment purposes, working with franchisees within your Regional Marketing Area and to pay a reasonable administrative fee to us to cover a portion of the expenses we incur in administering and operating the RAF. We may institute an

advisory board consisting of franchisees from the Regional Marketing Area designated by us (the “RAF Advisory Board”) and any such RAF Advisory Board will provide non-binding recommendations and advice regarding the use and application of the weekly RAF Fees received by the RAF. Although the RAF will aim to utilize the weekly RAF Fees to develop advertising and marketing materials and programs and place advertising that will benefit the System, neither we nor the RAF is obligated to insure that expenditures by the RAF in or affecting the Regional Marketing Area are proportionate or equivalent to the contributions to the RAF by franchisees operating in the Regional Marketing Area or that you or any other franchisee will benefit directly or in proportion to its contributions to the RAF.

We and the RAF have the right to make recommendations to franchisees operating Salons in the Regional Marketing Area, including you, as to special promotions and promotional pricing. We are not required to pay weekly RAF Fees; however, any Fantastic Sams Salons that are owned and operated by us in the Regional Marketing Area will be required to pay weekly RAF Fees in accordance with the terms of the respective franchise agreements. We have the right, in our discretion, to: (i) suspend contributions to and operations of the RAF for one or more periods that we determine to be appropriate; (ii) terminate the RAF upon 30 days’ written notice to you; and (iii) upon the written request of you or any other franchisee, defer or waive, in whole or in part, any weekly RAF Fees required under the applicable franchise agreement if, in our judgment, there has been demonstrated unique, objective circumstances justifying any such waiver or deferral.

On termination of the RAF, all monies in the terminated RAF shall be spent for advertising and/or promotional purposes. We have the right to reinstate any terminated RAF upon the same terms and conditions set forth in the applicable franchise agreement upon 30 days’ prior written notice to you. In order to maximize media effectiveness, we may reduce or expand the size of the Regional Marketing Area at any time during the term of your Franchise Agreement and/or combine and expend some or all of the weekly RAF Fees collected by the RAF with similar fees collected from franchisees in other geographic areas for marketing and/or advertising programs applicable to franchisees in all such areas. We do not use any portion of the RAF Fees for advertising that is principally a solicitation of new franchisees. In addition to the advertising materials made available through the NAF, the RAF may utilize the services of regional or national advertising agencies to produce commercials for use on radio and/or television and to generate other advertising and marketing materials. The financial statements of the RAF are not audited or available for your review, but we will provide an annual statement of how the RAF Fees were spent in prior years upon request.

FSAM manages the drafting, expense submittal, payment processing and certain other functions of the RAF (“Administrative Functions”), and FSAM charges a management services fee to the RAF to cover some FSAM expenses related to performing the Administrative Functions. In general, if FSAM does not perform the Administrative Functions for a RAF, the RAF will pay (i) outside accountants and vendors to perform the Administrative Functions, (ii) taxes, (iii) bank and drafting fees, and (iv) corporate filing fees.

### **Grand Opening Marketing and Ongoing Advertising**

You must conduct a Grand Opening Marketing Plan that we approved in writing. You must spend an amount in the range of \$15,000 and \$18,000 as we determine on the Grand Opening Marketing Plan. We strongly encourage you to spend additional monies on advertising the grand opening for your Salon for at least six months. For any advertising that you conduct, you must comply with all our standards and requirements, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with our guidelines.

## **Advertising Council**

There is no advertising council composed of franchisees that advises us on advertising policies.

## **Technology System**

We have established standards for a technology system that you must use in your Salon, including computer hardware and software, point-of-sale system, and all existing or future communication or data storage systems (the “Technology System”). We may require you to update, supplement, modify or replace the Technology System, including the point-of-sale system, at your expense and there are no contractual limitations on the frequency and cost of the obligation.

We currently require you to purchase and use the Zenoti point-of-sale system and any computer that is compatible with the Zenoti point-of-sale system. Additionally, a non-wireless, security-configured firewall router must be wired to a network. A computer with these capabilities typically sells at retail for \$500 to \$2,000. You may annually spend between \$250 to \$750 to update your computer system. In addition, you will pay Zenoti approximately \$175 per month for access to the Zenoti point-of-sale system. We are not required to provide any ongoing maintenance, repairs, upgrades or updates. We require that the credit card processing and Technology System meet all PCI compliance standards. We cannot estimate the cost of any these upgrades at this time. We do not provide computer maintenance and support services. You must arrange for these services at a cost negotiated with the service provider. We have the right to directly access and poll all sales, financial, marketing, management, customer list and other business information and all other data maintained and stored in your computer databases (“Data and Information”). You must configure and maintain your computer system to permit us to access the Data and Information through the internet and to permit us to upload and download the Data and Information and other business information from and to your computer system, and there are no limits on our access to the Data and Information.

## **Site Selection**

You will select the location for your new Salon for our acceptance. We have the right to accept on a reasonable basis any proposed location. We may assist you in finding a location for your new Salon. In accepting or rejecting the location for your Salon, we take into consideration the traffic patterns, population density, type of population in the nearby vicinity, proximity of certain key businesses and proximity of competing and other hair Salons. We also use a site assessment and customer analytics platform to consider proposed locations for Salons. In addition, we take into consideration the prior history of the location with regard to its prior success or potential for future success. Our acceptance of any Salon location shall in no way constitute a representation or an express or implied warranty as to the viability or success of your Salon at such location. If we do not accept your site selection, you will not be allowed to open the Salon in the selected location, and you must find an alternative location that we accept. If the exact location for your Salon is not specified in your Franchise Agreement on the date your Franchise Agreement is signed by us, then you must obtain a location accepted by us, enter into our then-current form of Location Addendum, and you must open your Salon for regular business within 12 months of the date of your Franchise Agreement, unless we extend this date in writing. Regardless of whether you open your Salon on a timely basis, all of our initial obligations related to opening your Salon will be deemed to have been satisfied as of the last day of the calendar year following the calendar year in which you signed your Franchise Agreement, and all associated fees will be deemed to have been earned by us as of that date. If you are converting your existing Salon, we must accept your current Salon location. You may not relocate or use any other location for a Fantastic Sams Salon without our prior written acceptance. We do not generally own the Salon site and lease it to you.

## **Typical Length of Time Before Opening**

We expect that it will typically take approximately 2 to 6 months to open a new Salon (approximately 1 to 4 months to find a site and execute a lease, and approximately 1 to 2 months to build or convert a Salon). Several factors affect the length of time between signing your Franchise Agreement and opening your Salon, including the amount of time spent locating a site for the Salon and negotiating a lease with the landlord, completing of the build-out of the interior of the Salon, dealing with any strikes, supply shortages or weather delays in construction, obtaining required building and other permits and licenses, securing adequate financing to pay for necessary pre-opening expenses, hiring and training of the staff to be employed in the Salon and receiving and installing of Salon equipment. If you elect to limit your site search to a particular neighborhood or an area that has a shortage of available real estate, your opening time will likely exceed the estimate given above.

## **Item 12: Territory**

### Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. After execution of your Franchise Agreement and after locating and obtaining approval of a site for your Salon, we will designate your limited protected area (the “Protected Area”). In most areas, the Protected Area will be equal to a half mile radius of your Salon location, but in certain urban, densely populated areas you may get a smaller Protected Area. This means that we will not open, or allow another franchisee to open, a Salon within your Protected Area.

If you have not chosen your Salon location when you sign your Franchise Agreement, the location of your Salon will be designated as “to be determined” until your site is accepted. If you desire to relocate your Salon after it has opened and we approve your relocation request, you must follow the same guidelines for site location and approval set forth in Item 11 above. We may or may not allow you to relocate your Salon at our sole discretion. You will receive a new Protected Area for any relocated Salon when you resume operations.

You do not receive any option, right of first refusal or other right to open additional Salons under the Franchise Agreement. If you desire to open additional Salons close to or in a contiguous area to your current Salon, you may request that we grant you an additional right to operate a Fantastic Sams Salon. We, in our sole discretion, may or may not enter into an additional Franchise Agreement with you.

You will not be required to achieve a certain level or volume of service to retain your rights to the Protected Area in your Franchise Agreement. However, you must remain in good standing under the terms of your Franchise Agreement and continue to operate your Salon.

Our affiliate, Dessange Franchising offers franchises for Dessange Salons and as of December 31, 2023, there were 2 franchised “Dessange” salons in the United States and 279 Dessange salons outside the United States. Dessange salons offer similar goods and services as those offered in Salons under the Dessange trademark. Dessange Salons may be located within your Protected Area. We and Dessange Franchising will resolve any conflicts between us and our affiliates and the Dessange franchisees. We otherwise have no plans to operate or franchise a business under a different trademark that will sell goods or services similar to those the franchisee will offer.



## **Multi-Unit Development Agreement**

If you sign a Multi-Unit Development Agreement, you will receive the right to develop a certain number of Fantastic Sams Salons at locations within a defined “Development Area.” You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The Development Area represents an area where you will focus your search for locations for us to accept as locations for the Salons you must develop under the Multi-Unit Development Agreement. We may have entered into with others, or enter into with others in the future, Franchise Agreements to operate Salons within portions of the same Development Area and/or Multi-Unit Developer Agreements to develop Salons in the same Development Area.

You must open the required number of Salons within the time permitted in the development schedule contained in your Multi-Unit Development Agreement to retain your rights to your Multi-Unit Development Agreement. If you do not do so, we will have the right to terminate your Multi-Unit Development Agreement. If the Multi-Unit Development Agreement is terminated, you will continue to operate your individual Salons pursuant to the Franchise Agreements signed before termination of your Multi-Unit Development Agreement.

\* \* \*




Under a Multi-Unit Development Agreement or under any Franchise Agreement, we (for ourselves and our affiliates) reserve all rights not expressly granted, without compensation to you, including the following:

1. To grant franchises for and to operate, Salons, and to otherwise use the System, at sites outside of your Protected Area or Development Area;
2. To sell the products and services authorized for sale at Salons under marks other than the Proprietary Marks through similar or dissimilar channels of distribution;
3. To sell the products and services authorized for sale at Salons under the Proprietary Marks through dissimilar channels of distribution, including by electronic means such as the internet and by websites within and outside your Protected Area or Development Area;
4. To advertise the System on the internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Proprietary Marks; and
5. merge with, acquire, be acquired, or become associated with any businesses of any kind under other systems and/or other marks, which businesses may convert to or operate under the Proprietary Marks or other trademarks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your Salon, and which may be located anywhere inside or outside the Protected Area or Development Area.

### **Item 13: Trademarks**

Under your Franchise Agreement, we license you to use the Proprietary Marks. We have listed below our principal Proprietary Marks, which are registered on the Principal Register of the United States Patent and

Trademark Office. All required affidavits and renewals have been timely filed with the United States Patent and Trademark Office:

PROPRIETARY MARK	REGISTRATION NUMBER	REGISTRATION DATE
	5,087,286	November 22, 2016
	5,019,015	August 9, 2016
	4,924,190	March 22, 2016
<b>FANTASTIC SAMS</b> CUT & COLOR	4,924,189	March 22, 2016
FANTASTIC SAMS CUT AND COLOR	4,924,187	March 22, 2016

We own all rights to the Proprietary Marks listed above and have filed all required affidavits and renewals for the Proprietary Marks that we have decided to continue to use in the future. You may use the Proprietary Marks designated by us in operating your Salon. However, you may not use any of the Proprietary Marks or any derivative of them in your corporate entity name, email address or in social media. In addition to the principal registered Proprietary Marks listed above, we own a variety of other Proprietary Marks which may also be used in operating your business if approved by us.

There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of this state, any court of this state, any pending interference, infringement, opposition or cancellation proceeding or material litigation involving the above Proprietary Marks.

There are no agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to the licensed business.

We are not obligated by the Franchise Agreement to protect any and all rights that you have to use the service marks or to protect you against any claims of infringement or unfair competition with respect to the marks. We have no plans for compensating franchisees for any modification or loss of the right to use a particular registered mark. If you become aware of another person or party using the same or similar trademarks to those we license to you in the Franchise Agreement, you must notify us immediately of this use.

We are not obligated under your Franchise Agreement to protect any of your rights to use the Proprietary Marks against claims of infringement or unfair competition, nor will we compensate, indemnify or defend you in any proceedings regarding the use of the Proprietary Marks. Should you be prohibited from using the Proprietary Marks, we will agree to mutual termination of the Franchise Agreement and full mutual releases of all liability under the Franchise Agreement.

We do not know of any party infringing upon the use of the Proprietary Marks or holding any superior rights to use the Proprietary Marks.

#### **Item 14: Patents, Copyrights and Proprietary Information**

Although we have not filed applications for copyright registration, we claim copyright protection and a proprietary interest in the Manuals and all written and video materials used in conjunction with the System. We hold no patents. We also know of no party infringing upon the use of our copyrights or proprietary information that could materially affect your use of the information.

Over the term of your Franchise Agreement, we will be disclosing and providing you with certain confidential and proprietary information concerning the System and the procedures, operation and data and other trade secrets used in connection with the System. The Franchise Agreement requires that you keep this information confidential. This obligation continues beyond the termination or expiration of the Franchise Agreement. You must adopt and implement procedures to prevent unauthorized use or disclosure of confidential and proprietary information, including restricting its disclosure to personnel of your Salon and certain other people and using non-disclosure agreements with those having access to such confidential and proprietary information.

You must notify us immediately should you become aware of any party infringing on information we claim as proprietary.

#### **Item 15: Obligation to Participate in the Actual Operation of the Franchise Business**

You, or your owners if you are an entity, must personally guarantee all the obligations which may arise out of the operation of your Salon.

You must at all times retain and exercise management control over your Salon, unless we approve otherwise. You are an independent contractor, and as such, must exercise full, complete, and unfettered control over, and have full responsibility for, any employee and labor relations matters arising out of the operation of your Salon, including the hiring, firing, disciplining, compensation, work schedules, and other terms and conditions of employment of your employees. While your Franchise Agreement does not require you to participate in the direct, day-to-day operations of your Salon, we recommend that you become personally involved in the operation of the business.

You may not compete with any Fantastic Sams Salon or participate in any business that offers hair cutting, hair coloring and/or hair care services and/or related products (“Haircare Business”) for a specified period of time after the termination or expiration of your Franchise Agreement or you transfer ownership in your Salon(s). You also may not open or operate a Haircare Business (other than a Fantastic Sams Salon) while the Franchise Agreement is in force. You must keep confidential any information you receive while a franchisee under the System.

We will not limit you in any way in selecting or employing a “Designated Salon Manager.” We require that your Designated Salon Manager and any replacement Designated Salon Manager attend initial training in Minnesota or at an alternative location of our choosing (see Items 5 and 11). The Designated Salon Manager is not required to have an equity or ownership interest in your Salon.

We will require any attendee of initial training or any other training class to sign a confidentiality agreement agreeing to keep the contents of the class confidential. We also recommend that you require all of your employees to sign a confidentiality and non-compete agreement before assuming any employment duties or gaining access to any trade secrets.

If the franchisee is an entity, each owner of franchisee must be a guarantor under the Franchise Agreement and agree to perform all of franchisee’s obligations under the Franchise Agreement. If the franchisee entity and owner(s) of the franchisee entity do not satisfy the financial or management qualifications to become a franchisee based on their qualifications, we may require the spouse(s) of the owner(s) to be a guarantor(s) under the Franchise Agreement in order to satisfy our qualifications. If a franchisee is an individual or group of individuals and he/she/they do not satisfy the financial or management qualifications to become a franchisee based on his/her/their qualifications, we may require the spouse(s) of the individual(s) to be a guarantor(s) under the Franchise Agreement in order to satisfy our qualifications. The above requirements also apply to Multi-Unit Development Agreements.

**Item 16: Restrictions on What the Franchisee May Sell**

You will sell only goods or services which we have approved. You are also not restricted in any way under the Franchise Agreement as to the guests you service in your Salon. You may only perform haircare services and waxing services for your customers. You may not perform nail or makeup services, body piercing, threading, eyelash extensions, tattooing, body massage services or esthetician/skin care services, including but not limited to facials, peels, filler injections, acne treatments, etc.

We may approve and disapprove goods or services that you may sell in your Salon, and there are no limits on our rights to make these changes. Other than FS Branded Products and the minimum menu of haircare services designated by us, you need not sell every approved good or service in your Salon, but you are encouraged to do so.

**Item 17: Renewal, Termination, Transfer and Dispute Resolution**

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related documents. You should read these provisions in the agreement attached to this Disclosure Document.**

Provision		Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 15	10 years from the effective date of the agreement.
b.	Renewal or extension of the term	Section 15	1 additional 10-year term.
c.	Requirements for you to renew or extend	Section 15	Sign a new Franchise Agreement, which may have terms that are materially different from the current form of Franchise Agreement (such as different fees and different legal terms); pay a renewal fee; modernize your Salon based on a schedule; give written notice 180 days prior; compliance with Franchise Agreement and payment of all amounts owed; complete any new training or refresher programs required; and sign a general release. Our current form of renewal addendum is attached as Exhibit I.

Provision		Section in Franchise Agreement	Summary
d.	Termination by you	Section 13.a.	You may terminate if we fail to cure within 60 days of written notice of violation of any material obligations, and you are in compliance with the Franchise Agreement.
e.	Termination by us without cause	Section 13.c.	Not applicable.
f.	Termination by us with cause	Section 13.b. & c.	Your Franchise Agreement can be terminated if you default.
g.	“Cause” defined – curable defaults	Section 13.c.	Any material default of the Franchise Agreement, including: you breach an agreement with us; you fail to pay any amount to us or to any third party in connection with operation of the Salon; nonpayment of fees to us or our affiliates; you fail to perform any obligation required by any local, regional or national franchisee council; you use the Proprietary Marks in a manner inconsistent with our standards; you fail to pass a Salon inspection within one year of a previous inspection where you received a notice of deficiency; you fail to execute a collateral assignment of lease; you fail to surrender your Salon location according to the collateral assignment of lease; you fail to notify us of the death or incapacity of any of the your principals; or you fail to maintain a Designated Salon Manager.
h.	“Cause” defined – non-curable defaults	Section 13.b.	We have the right to terminate the Franchise Agreement immediately if the nature of the breach is not curable and in the following circumstances: you engage in any conduct which materially impairs the System, abandonment of the Salon, material misrepresentation or omission on your application, remove Fantastic Sams signs but continue to operate, conviction for criminal misconduct, repeated defaults even if cured, breach of a confidentiality agreement, bankruptcy or assignment of assets for the benefit of creditors, and unauthorized transfer.
i.	Your obligations on termination or non-renewal	Section 13.e.	Cease using all Marks, complete de-identification, payment of all amounts due under Franchise Agreement, transfer all phone numbers, listings and Social Media accounts, and return of all Manuals (also see r. below).
j.	Assignment of the contract by us	Section 11.e.	No restrictions.
k.	“Transfer” by you - definition	Section 11.a.	Includes transfer of license, assets or ownership change.
l.	Our approval of transfer by you	Section 11.a.	Based on evaluation of prospective franchisees, but will not be unreasonably withheld.
m.	Conditions for our approval of transfer	Section 11.a.	Transferee owner qualifies; you satisfy all debts owed to us; transfer fee paid; new Franchise Agreement signed by transferee; you sign a general release; transferee attends Designated Salon Manager’s training class; you deliver necessary documents to transferee; and you or transferee updates, remodels and modernizes the Salon; you are in compliance with the Franchise Agreement. Our current form of consent to transfer is attached as Exhibit H.

Provision		Section in Franchise Agreement	Summary
n.	Our right of first refusal to acquire your business	Section 11.b.	You must first offer the sale of your Salon to us. We must respond to your offer within 60 days.
o.	Our option to purchase your business	Not Applicable	Not applicable.
p.	Your death or disability	Section 11.c.	No automatic assignment through probate; heirs must qualify (See l. & m. above).
q.	Non-competition covenants during the term of the franchise	Section 12	You may not participate in any business that offers hair cutting, hair coloring and/or hair care services and/or related products. You may not interfere with our relationships with customers, vendors, and consultants.
r.	Non-competition covenants after the franchise is terminated or expires	Section 13.e.	You may not participate in any business that offers hair cutting, hair coloring and/or hair care services and/or related products and which is located at the site of your Salon, within five miles of your Salon or two and one-half miles of any Fantastic Sams Salon for two years from termination or expiration of your Franchise Agreement. Refrain from interfering with our relationships with customers, vendors, and consultants.
s.	Modification of the agreement	Section 17.e.	Must be in writing and signed by you and us; Manuals also subject to revision.
t.	Integration/merger clauses	Section 17.d.	Subject to this Disclosure Document, only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 14	All disputes must be arbitrated in Wilmington, Delaware.
v.	Choice of forum	Section 17.c.	Arbitration and litigation must be in Wilmington, Delaware, see u. above.
w.	Choice of law	Section 17.k.	Delaware Law.

**This table lists important provisions of the Multi-Unit Development Agreement. You should read these provisions in the Multi-Unit Development Agreement attached to this Disclosure Document.**

Provision <sup>(1)</sup>		Section in Multi-Unit Development Agreement	Summary
a.	Length of the franchise term	Section 11	Until anniversary of Agreement corresponding to final month of the development schedule.
b.	Renewal or extension of the term	Not applicable	Not applicable.
c.	Requirements for you to renew or extend	Not applicable	Not applicable.

<b>Provision<sup>(1)</sup></b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
d. Termination by you	Section 9	Not applicable.
e. Termination by us without cause	Section 9	Not applicable.
f. Termination by us with cause	Section 9	Your Multi-Unit Development Agreement can be terminated if you default.
g. “Cause” defined – curable defaults	Section 9	Any breach of Multi-Unit Development Agreement or any Franchise Agreement; you use the Proprietary Marks in a manner inconsistent with our standards; or you violate any policies established by us.
h. “Cause” defined -non-curable defaults	Section 9	We may terminate the Multi-Unit Development Agreement immediately if you in any conduct which materially impairs the System; abandonment of your business; material misrepresentation or omission on your application, remove Fantastic Sams signs but continue to operate, conviction of criminal misconduct; repeated defaults even if cured; breach of a confidentiality agreement; bankruptcy; assignment of assets for the benefit of creditors; unauthorized transfer; or nature of breach is not curable.
i. Your obligations on termination/non-renewal	Section 9	Payment of all amounts due; continue to operate existing, non-defaulting Salon(s) pursuant to signed Franchise Agreement(s); (also see r. below).
j. Assignment of contract by us	Section 7	No restrictions.
k. “Transfer” by you – defined	Section 7	Includes (i) the sale, transfer, assignment, or otherwise disposing of the Multi-Unit Development Agreement or your rights under the Multi-Unit Development Agreement under any circumstances or (ii) your owners selling, transferring, assigning or otherwise disposing of their ownership interests in you under any circumstances.
l. Our approval of transfer by you	Section 7	You and your owners have no right to Transfer except if to an entity with the same controlling ownership.
m. Conditions for our approval of transfer	Section 7	Owners sign guaranty of performance if transferring to an entity with the same controlling ownership.
n. Our right of first refusal to acquire your business	Not Applicable	None.
o. Our option to purchase your business	Not Applicable	None.
p. Your death or disability	Section 7	No automatic assignment through probate; heirs must qualify (See l. & m. above).

Provision <sup>(1)</sup>	Section in Multi-Unit Development Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 8	You may not participate in any business that offers hair cutting, hair coloring and/or hair care services and/or related products.
r. Non-competition covenants after the franchise is terminated or expires	Section 9	You may not participate in any business that offers hair cutting, hair coloring and/or hair care services and/or related products and which is within the Development Area or within two and one half miles of your or any Fantastic Sams Salon for two years from termination or expiration of your Multi-Unit Development Agreement. Subject to applicable state law.
s. Modification of the agreement	Section 13	Must be in writing, signed by you; Operations Manuals also subject to revision.
t. Integration or merger clauses	Section 13	Subject to this Disclosure Document, only the terms of the Multi-Unit Development Agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and the Multi-Unit Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 10	Except for certain claims, all disputes are first subject to arbitration in Wilmington, Delaware.
v. Choice of forum	Sections 10 and 13	Arbitration and litigation must be in Wilmington, Delaware. Subject to applicable state law.
w. Choice of law	Section 13	Delaware Law. Subject to applicable state law.

**Item 18: Public Figures**

We do not use any public figure to promote this 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 franchise 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.

As of December 31, 2023, there were 565 franchised Salons in the United States. The information below includes average monthly Gross Sales of 406 of those 565 franchised Salons that were in operation for the entire calendar year ended December 31, 2023 and that reported at least 10 months of Gross Sales data to us. We did not include 7 Salons that opened in 2023 or 152 Salons that failed to report at least 10 months of Gross Sales to us. The Salons include Salons franchised by us and Salons franchised by us and franchised by a Subfranchisor. In calculating the average monthly Gross Sales for each Salon, we took the



total Gross Sales reported for the calendar year and divided it by the number of months that the Salon reported sales. For example, if the Salon reported sales for 10 months in 2023, the average monthly Gross Sales was calculated by taking that Salon’s Gross Sales and dividing it by 10.

The information below is divided into quartiles. The first quartile includes the average monthly Gross Sales of the 102 Salons with the highest average monthly Gross Sales for the 2023 calendar year. The second quartile includes the average monthly Gross Sales of the 102 Salons with the second highest average monthly Gross Sales for the 2023 calendar year. The third quartile includes the average monthly Gross Sales of the 102 Salons with the third highest average monthly Gross Sales for the 2023 calendar year. The fourth quartile includes the average monthly Gross Sales of the 100 Salons with the lowest average monthly Gross Sales for the 2023 calendar year.

Quartile	Salons	Avg Monthly Gross Sales	% of Salons meet or exceed Avg Mo Gross Sales	# of Salons meet or exceed Avg Mo Gross Sales	Highest Avg Monthly Gross Sales	Median Avg Monthly Gross Sales	Lowest Avg Monthly Gross Sales
1	102	\$45,638	35%	36	\$90,329	\$41,948	\$34,523
2	102	\$29,561	55%	56	\$34,477	\$29,563	\$24,852
3	102	\$21,083	45%	46	\$24,843	\$20,470	\$18,041
4	100	\$13,510	55%	55	\$17,984	\$13,211	\$5,565

“Gross Sales” means all revenue or consideration that is received by franchisee, directly or indirectly, from operating the Salon, whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Gross Sales includes the proceeds of any business interruption insurance or similar insurance. Gross Sales does not include any federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority.

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

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Fantastic Sams Franchise Corporation 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 Legal Department, 6901 East Fish Lake Road, #170, Maple Grove, MN 55369, Tel. 978-232-5600, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20: Outlets and Franchisee Information**

The Tables below include both Salons that operate under a Franchise Agreement with us and those that operate under a Franchise Agreement with Subfranchisors.

**Table 1  
System-Wide Outlet Summary  
For Calendar Years 2021 – 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised</b>	2021	802	701	-101
	2022	701	614	-87
	2023	614	565	-49
<b>*Company-Owned</b>	2021	1	0	-1
	2022	0	0	0
	2023	0	0	0
<b>Total Outlets</b>	<b>2021</b>	<b>803</b>	<b>701</b>	<b>-102</b>
	<b>2022</b>	<b>701</b>	<b>614</b>	<b>-87</b>
	<b>2023</b>	<b>614</b>	<b>565</b>	<b>-49</b>

Notes:

For the purpose of the System-Wide Item 20 Charts contained in this Franchise Disclosure Document, units listed as “**Company-Owned**” include units owned by us or our affiliates.

**Table 2  
System-Wide Transfers of Outlets from Franchisees to New Owners  
For Calendar Years 2021 - 2023**

State	Year	Number of Transfers
<b>Arizona</b>	2021	1
	2022	3
	2023	4
<b>California</b>	2021	6
	2022	7
	2023	5
<b>Colorado</b>	2021	0
	2022	0
	2023	0

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Florida</b>	2021	3
	2022	13
	2023	1
<b>Georgia</b>	2021	0
	2022	3
	2023	1
<b>Hawaii</b>	2021	0
	2022	0
	2023	0
<b>Illinois</b>	2021	1
	2022	0
	2023	0
<b>Louisiana</b>	2021	2
	2022	4
	2023	2
<b>Massachusetts</b>	2021	0
	2022	0
	2023	0
<b>Michigan</b>	2021	1
	2022	1
	2023	1
<b>Minnesota</b>	2021	1
	2022	4
	2023	8
<b>Missouri</b>	2021	2
	2022	0
	2023	0
<b>Nevada</b>	2021	1
	2022	0
	2023	6
<b>New Jersey</b>	2021	0
	2022	1
	2023	0
<b>New York</b>	2021	1
	2022	0
	2023	0

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>North Carolina</b>	2021	0
	2022	2
	2023	18
<b>Pennsylvania</b>	2021	1
	2022	0
	2023	1
<b>South Carolina</b>	2021	1
	2022	0
	2023	0
<b>Tennessee</b>	2021	0
	2022	2
	2023	0
<b>Texas</b>	2021	2
	2022	5
	2023	7
<b>Utah</b>	2021	3
	2022	2
	2023	4
<b>Virginia</b>	2021	1
	2022	0
	2023	0
<b>Wisconsin</b>	2021	0
	2022	1
	2023	3
<b>Total</b>	<b>2021</b>	<b>27</b>
	<b>2022</b>	<b>48</b>
	<b>2023</b>	<b>60</b>

**Table 3**  
**System-Wide Status of Franchised Outlets**  
**For Calendar Years 2021 – 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/Other Reasons	Outlets at End of Year
Alabama	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	2	0	0	0	0
Arizona	2021	33	0	1	0	0	3	29
	2022	29	0	0	1	0	2	26
	2023	26	0	0	0	0	2	24
Arkansas	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	1	3
California	2021	136	0	6	4	0	21	105
	2022	105	0	1	6	0	7	91
	2023	91	2	0	1	0	5	87
Colorado	2021	26	0	0	0	0	2	24
	2022	24	0	0	0	0	4	20
	2023	20	0	0	3	0	0	17
Florida	2021	85	1	4	1	0	3	78
	2022	78	0	1	1	0	5	71
	2023	71	1	3	0	0	2	67
Georgia	2021	7	0	0	1	0	1	5
	2022	5	0	1	0	0	1	3
	2023	3	0	0	0	0	0	3
Hawaii	2021	14	0	0	1	0	0	13
	2022	13	0	0	1	0	1	11
	2023	11	0	0	0	0	1	10
Idaho	2021	7	0	0	1	0	4	2
	2022	2	0	0	2	0	0	0
	2023	0	0	0	0	0	0	0
Illinois	2021	16	0	1	0	0	2	13
	2022	13	0	0	1	0	1	11
	2023	11	0	0	0	0	1	10

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/Other Reasons	Outlets at End of Year
Indiana	2021	19	0	1	2	0	1	15
	2022	15	0	0	0	0	0	15
	2023	15	0	0	1	0	1	13
Iowa	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Kansas	2021	9	0	0	0	0	2	7
	2022	7	1	0	0	0	1	7
	2023	7	0	0	0	0	0	7
Kentucky	2021	18	0	1	0	0	1	16
	2022	16	0	1	1	0	2	12
	2023	12	0	1	0	0	2	9
Louisiana	2021	21	0	0	1	0	1	19
	2022	19	0	0	1	0	0	18
	2023	18	0	0	1	0	1	16
Maryland	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Massachusetts	2021	9	0	0	0	0	0	9
	2022	9	1	0	0	0	0	10
	2023	10	0	0	0	0	0	10
Michigan	2021	29	0	0	0	0	2	27
	2022	27	0	0	2	0	3	22
	2023	22	0	1	1	0	0	20
Minnesota	2021	86	0	1	0	0	9	76
	2022	76	1	1	2	0	4	70
	2023	70	1	6	1	0	3	61
Mississippi	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Missouri	2021	26	0	1	0	0	1	24
	2022	24	0	4	2	0	1	17
	2023	17	0	2	0	0	1	14

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/Other Reasons	Outlets at End of Year
Nevada	2021	13	0	0	0	0	4	9
	2022	9	0	0	1	0	0	8
	2023	8	0	0	0	0	1	7
New Hampshire	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
New Jersey	2021	9	0	0	0	0	1	8
	2022	8	0	0	1	0	4	3
	2023	3	0	0	0	0	1	2
New Mexico	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
New York	2021	23	0	1	0	0	1	21
	2022	21	0	0	3	0	2	16
	2023	16	0	1	0	0	0	15
North Carolina	2021	43	0	0	0	0	2	41
	2022	41	0	0	0	0	2	39
	2023	39	0	0	1	0	1	37
Ohio	2021	7	0	0	0	0	1	6
	2022	6	0	1	0	0	0	5
	2023	5	0	0	0	0	0	5
Oklahoma	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
Pennsylvania	2021	14	0	0	0	0	1	13
	2022	13	0	0	0	0	0	13
	2023	13	2	0	1	0	0	14
Rhode Island	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
South Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/Other Reasons	Outlets at End of Year
Tennessee	2021	22	1	0	0	0	2	21
	2022	21	1	0	0	0	2	20
	2023	20	0	0	0	0	0	20
Texas	2021	49	1	1	0	0	4	45
	2022	45	0	1	2	0	2	40
	2023	40	1	0	0	0	3	38
Utah	2021	17	0	0	0	0	0	17
	2022	17	0	0	0	0	1	16
	2023	16	0	0	0	0	1	15
Virginia	2021	7	0	1	0	0	1	5
	2022	5	0	0	0	0	3	2
	2023	2	0	0	0	0	1	1
Washington	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
West Virginia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Wisconsin	2021	25	0	1	2	0	2	20
	2022	20	0	0	2	0	1	17
	2023	17	0	0	0	0	0	17
Total	2021	802	4	20	13	0	72	701
	2022	701	4	11	29	0	51	614
	2023	614	7	16	10	0	30	565

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



**Table 4**  
**System-Wide Status of Company-Owned Outlets**  
**For Calendar Years 2021 - 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

**Table 5**  
**System-Wide Projected Openings as of December 31, 2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Year
California	1	2	0
Florida	0	3	0
Illinois	0	0	0
Massachusetts	0	0	0
Minnesota	0	3	0
North Carolina	0	1	0
New Mexico	0	0	0
Pennsylvania	0	1	0
Texas	0	1	0
Wisconsin	0	0	0
<b>Total</b>	<b>1</b>	<b>11</b>	<b>0</b>

In the past three fiscal years, in some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experience with the 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.

Exhibit E contains (i) a System-wide list of all franchisees and subfranchisees operating under the System; (ii) a System-wide list of franchisees and subfranchisees operating under the System that have signed Franchise Agreements but have not opened their Salon; (iii) a System-wide list of all franchisees

and subfranchisees operating under the System who have had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during the most recently completed fiscal year or have not communicated with us or a Subfranchisor within 10 weeks of the date of issuance of this Disclosure Document.

There are no franchise-specific franchisee organizations associated with this System that have asked to be disclosed in this Disclosure Document.

#### **Item 21: Financial Statements**

Attached as Exhibit D are our audited financial statements for the fiscal years ended December 31, 2023, December 31, 2022 and December 31, 2021. Our fiscal year ends on December 31.

#### **Item 22: Contracts**

The following contracts are attached as exhibits to this disclosure document:

- Exhibit A: Franchise Agreement with exhibits
- Exhibit B: Multi-Unit Development Agreement
- Exhibit C: State-Specific Addenda to Disclosure Document, Franchise Agreement and Multi-Unit Development Agreement
- Exhibit H: Form of Consent to Transfer
- Exhibit I: Form of Renewal Addendum
- Exhibit L: General Release
- Exhibit M: Location Addendum

#### **Item 23: Receipt**

Two copies of an acknowledgment of your receipt of this Disclosure Document area annexed as Exhibit O. Please return one signed copy to us and retain the other for your records.

**Exhibit A: Franchise Agreement**

# FANTASTIC SAMS<sup>®</sup>

## CUT & COLOR

### FANTASTIC SAMS FRANCHISE CORPORATION FRANCHISE AGREEMENT

6901 East Fish Lake Road, #170  
Maple Grove, Minnesota 55369  
Tel: 978-232-5600

Salon Location Number: \_\_\_\_\_

Salon License Number: \_\_\_\_\_

**FANTASTIC SAMS FRANCHISE CORPORATION  
FRANCHISE AGREEMENT**

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EXHIBITS

- A Salon Location, Initial Franchise Fee, Regional Advertising Fund and Ownership Information
- B Lease Addendum
- C Guarantee

**FANTASTIC SAMS FRANCHISE CORPORATION**  
**FRANCHISE AGREEMENT**

This Franchise Agreement (this “Agreement”) is made and entered into this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the “Effective Date”), by and between Fantastic Sams Franchise Corporation, a Delaware corporation (“us”), and \_\_\_\_\_ (“you”).

**INTRODUCTION**

A. We have developed a family haircare system for family haircare salons (“Fantastic Sams Salons”) that currently includes: (i) common use and promotion of the name “Fantastic Sams” and other tradenames, trademarks, service marks, logos, slogans, trade dress, and domain names that we may periodically develop and designate for use within the System (the “Marks”), (ii) educational and training programs, (iii) advertising and marketing plans, (iv) standard policies, procedures, and techniques for operating a Fantastic Sams Salon, (v) architectural drawings, plans, designs and layouts; and (vi) Confidential Information (defined in Section 6.a. below) (the “System”);

B. Fantastic Sams Salons offer haircare services including cuts, shampoos, styles, perms and color, to men, women and children, and offer a full line of haircare products for sale;

C. We have the right to grant others the right to own and operate Fantastic Sams Salons in certain states;

D. You desire to obtain the right to utilize and benefit from the use of the System and the Marks to operate the Salon (defined below);

E. You understand and acknowledge the importance of the high and uniform standards of quality, cleanliness, convenience, service and value imposed by us, in order to maintain the value of the Marks, and the necessity of operating your business in compliance with our standards.

**AGREEMENTS**

**NOW, THEREFORE**, in consideration of the premises and in further consideration of the mutual undertakings of the parties, including the payment of all fees, we and you agree as follows:

**1. GRANT OF FRANCHISE PROTECTED AREA.**

**a. Grant.** Subject to the terms of this Agreement, we grant to you, and you hereby accept, a nonexclusive right to open and operate a single Fantastic Sams Salon (the “Salon”) under the Marks and in compliance with the System. Unless we otherwise expressly authorize in writing, the Marks licensed to you under this Agreement may not be used at any location other than Salon. You may not sell products or services identified by the Marks at any location other than at or from the Salon without obtaining our prior written consent. You may not offer or sell any products or services we do not approve. You will not have the right to subfranchise or sublicense any of your rights under this Agreement. You will not use the Salon for any purpose than the operation of a franchised Fantastic Sams Salon.

**b. Scope of Protected Area.** During the Initial Term (as defined below) and provided you are in compliance with this Agreement, we will not operate, or grant to any third party the right to operate, a Fantastic Sams Salon within a limited protected area described in **Exhibit A** (“Protected Area”). By granting you a Protected Area, we are not promising that other Fantastic Sams franchise will not draw

customers or advertise for customers within your Protected Area, but are only agreeing that we will not locate another Fantastic Sams Salon within your Protected Area.

**c. Reserved Rights.** We (for ourselves and our affiliates) reserve all rights not expressly granted to you in this Agreement, including the following:

i. To grant franchises for and to operate, Fantastic Sams Salons, and to otherwise use the System, at sites outside of your Protected Area, even if such sites may compete for customers within your Protected Area

ii. to sell the products and services authorized for sale at Fantastic Sams Salons under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution;

iii. to sell the products and services authorized for sale at Fantastic Sams Salons under the Marks through dissimilar channels of distribution (i.e., other than the operation of full-service retail Fantastic Sams Salons), including by electronic means such as the internet and by websites established by us, and pursuant to conditions we deem appropriate within and outside your Protected Area;

iv. to advertise the System on the internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks; and

v. to merge with, acquire, be acquired, or become associated with any businesses of any kind under other systems and/or other marks, which businesses may convert to or operate under the Marks or other trademarks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your Salon, and which may be located anywhere inside or outside the Protected Area.

## **2. SALON LOCATION AND OPENING.**

**a. Location of Salon.** The Salon will operate only at the Salon Location (as defined on **Exhibit A**). In the event that a Salon Location has not been determined as of the Effective Date, when a salon location is accepted by us in writing, you will enter into our then-current form of Location Addendum (the “Location Addendum”), and the Salon will operate only at the Salon Location set forth on the Location Addendum. Our acceptance of a Salon Location is not a guarantee that the Salon Location will be successful or constitutes a representation or an express or implied warranty as to the viability or success of the Salon at such Salon Location.

**b. Lease Rider.** You must execute and cause your landlord to execute our then-current form of Lease Rider (“Lease Rider”) prior to, concurrent with, or any time after, the execution of a site lease agreement for the Salon Location. The current form of the Lease Rider is attached as **Exhibit B**. You will be bound by the terms of the Lease Rider. At no time during the Initial Term or after expiration or termination of this Agreement will you sublease, assign, or sell your interest in any lease, sublease or ownership of the Salon Location or assets of the Salon for the operation of a Haircare Business that is not a Fantastic Sams Salon. For purposes of this Agreement, a “Haircare Business” is any business that offers hair cutting, hair coloring and/or hair care services and/or related products.

**c. Required Opening of Salon.** You must open the Salon within 365 days of the execution of this Agreement (the “Required Opening Date”) in accordance with this Agreement. We must approve the Salon for opening. If the Required Opening Date passes and you have not opened the Salon, (i) we have the right to terminate this Agreement without an opportunity to cure (ii) we will have no further

obligations under this Agreement, and (iii) all sums paid to us under this Agreement will remain our property.

**d. Your Development of the Salon.** Before you open the Salon, you will:

i. obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;

ii. obtain all other licenses or certifications required by applicable law to operate the Salon and provide hair cutting services;

iii. obtain an opening inventory of all products, supplies and equipment, and such other products and materials we require for the Salon;

iv. obtain all signage that we require for the Salon you will use in connection with operating the Salon; and

v. establish filing, accounting and inventory control systems complying with our requirements.

**e. Equipment and Signs.** You will use in operating the Salon only those types of materials, supplies, equipment (including computer hardware and software), and signs that we have approved for Fantastic Sams Salons as meeting our specifications and standards for appearance, function and performance. You may purchase approved types of supplies, materials, equipment, and signs from any supplier we approve or designate (which may include us and/or our affiliates). If you propose to purchase any supplies, materials, equipment, or signs we have not then approved, or any items from any supplier we have not then approved, you must notify us in writing and provide to us (at our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the supplies, materials, equipment, vehicle or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria, which determination we will make and communicate in writing to you within a reasonable time (generally 30 days). We reserve the right to charge you an evaluation and/or testing fee in connection with our review of any alternate supply or supplier you request.

**f. Relocation of Salon.** You will not relocate the Salon from the Salon Location without our prior written consent. If you relocate the Salon under this Section, the “new” franchised location of the Salon, including the real estate and building, must comply with all applicable provisions of this Agreement and with our then-current specifications and standards for Fantastic Sams Salons. We will not unreasonably withhold our consent to the proposed relocation, provided the “new” location for the Salon is located within your Protected Area and that you otherwise comply with any other conditions that we may require, including when the Salon must reopen. If you must relocate the Salon because the Salon Location was destroyed, condemned or otherwise became untenable by fire, flood or other casualty, you must reopen the Salon at the new franchised location in the Protected Area within 90 days after you discontinue operation at the existing Salon Location.

**3. FEES.**

**a. Initial Franchise Fee/Assignment Fee/Renewal Fee.** In consideration of the right granted in Section 1.a, you must pay us an initial franchise fee described on **Exhibit A**. This fee is fully earned and non-refundable by us upon signing this Agreement.



**b. Weekly Franchise Fee.** In consideration for the grant of the right to use the System and the Marks, you must pay the following fee to us on a weekly basis (the “Weekly Franchise Fee”): (i) \$150 per week for twenty six (26) weeks beginning the earlier of: the Required Opening Date or the actual opening of the Salon, and (ii) for the remainder of the term, the greater of \$350 per week or 6% of the Salon’s Gross Sales during the preceding week. The Weekly Franchise Fee is payable such day of the week that we may prescribe from time to time. For the avoidance of doubt, if this Agreement is being executed in connection with the renewal or assignment of an existing Salon, or the Salon is otherwise already open at the time this Agreement is executed, the Weekly Franchise Fee will immediately be the greater of \$350 per week or 6% of the Salon’s Gross Sales during the preceding week.

“**Gross Sales**” means the aggregate amount of all revenue or consideration from the sales of goods and services made or provided at or in connection with the Salon, directly or indirectly, including off-premises sales and monies derived at or away from the Salon, whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Gross Sales includes the proceeds of any business interruption insurance or similar insurance. Gross Sales does not include (1) any federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; or (2) adjustments for net returns on salable goods and discounts allowed to customers on sales. Gross Sales will not be adjusted for uncollected accounts. For purposes of the Weekly Franchise Fee, the sale is made at the earlier of delivery of the service or product, or receipt of payment.

**c. Weekly National Advertising Fee.** In further consideration for the grant of the right to use the System and the Marks, you must pay to us the non-refundable weekly advertising fee for the Salon (“Weekly National Advertising Fee”), payable in advance on Monday of each week beginning with the earliest of the Required Opening Date or the first full week the Salon is in operation. The current Weekly National Advertising Fee is listed on **Exhibit A**. The Weekly National Advertising Fee will be modified annually according to this Section 3.c. below. We will deposit the Weekly National Advertising Fee into the National Advertising Fund described in Section 9.c. of this Agreement.

The amount of the Weekly National Advertising Fee will be modified annually beginning with the work week ending on the first Friday in August of each year. The annual modification to the Weekly National Advertising Fee will be based on the average of the Unadjusted Percent Change from the first calendar quarter in the preceding year to the first calendar quarter of the year the change will be in effect as set forth in the Consumer Price Index, All Urban Consumers, U.S. City Average, 1982-84=100, Other Goods and Services, Personal Care Services or other index or similar compilation. The product of the Weekly National Advertising Fee multiplied by the Average Unadjusted Percent Change for the first quarter of that year will be added to the prior Weekly National Advertising Fee to arrive at the new Weekly National Advertising Fee for the year beginning with the work week ending on the first Friday in August of any year.

During July of each year following the execution of this Agreement, we may make available to you the following:

- i. Copies of the Monthly Consumer Price Index for the months constituting the first calendar quarter of the year;
- ii. The calculation of the Average Unadjusted Percent Change for the first calendar quarter; and
- iii. The amount of the new Weekly National Advertising Fee.

**d. Weekly RAF Fee.** If there is a Regional Advertising Fund (“RAF”) for the geographic area in which the Salon is located (the “Regional Marketing Area”) at any time during the Terms of this

Agreement you must also pay us a weekly nonrefundable Regional Advertising Fund fee, for the Salon (the “Weekly RAF Fee”), payable in advance on Monday of each week. We will apply the Weekly RAF Fee collected from you to the RAF. We have the right to determine the Weekly RAF Fee and adjust it on an annual basis; provided, however, the Weekly RAF Fee will not exceed \$200 per week unless a majority of the members of the RAF agree to increase the Weekly RAF Fee and we consent to such an increase. If there is a RAF for two geographies where the Salon is located as of the Effective Date, the current Weekly RAF Fee is described on **Exhibit A**.

**e. Technology Fee.** You must pay us or our designated third-party service-provider (which may be one of our affiliates) an annual technology fee in an amount equal to \$150 for providing technology related services to you (“Technology Fee”); provided that, we may increase the amount of Technology Fee by providing 30 days written notice to you. The Technology Fee is in addition to all direct out-of-pocket costs that you must otherwise incur under the terms of this Agreement to acquire, maintain, or service the Technology System (as defined below).

**f. Non-Reporting Fee.** You must pay us the sum of \$50 for each week that you fail to provide us with any report required by us hereunder (the “Non-Reporting Fee”). The Non-Reporting Fee will be paid weekly, in the manner set forth in Section 3.g. below, for each report that you fail to provide to us during the preceding week. If you own multiple Fantastic Sams Salons, the Non-Reporting Fee must be paid for each Fantastic Sams Salon you operate which is not providing required reports. Your failure to pay the Non-Reporting Fee for any non-reporting Fantastic Sams Salon constitutes a material default under the terms of this Agreement.

**a. Noncompliance Fee.** If (i) we notify you of a failure to comply with any mandatory System standards and you fail to correct such non-compliance within the period of time that we require, then, in addition to any other remedies available to us under this Agreement (including, without limitation, termination of this Agreement) or (ii) after committing a default under this Agreement, you commit the same default within 6 months, then we reserve the right to impose a fine of up to \$500 per occurrence. Our collection of a fine for an uncured breach of any System standards shall not preclude us from subsequently terminating this Agreement at any time that the breach remains uncured. We will deposit all fines paid by you and other franchisees for non-compliance with our mandatory System standards into the NAF.

**g. Payment Procedure.** Upon execution of this Agreement, you must execute the forms and complete our reasonable procedure to establish a bank draft, pre-authorized check, or other prepayment arrangement whereby we will be able to present a draft or a pre-authorized check for the any amounts due to us under this Agreement (including the Weekly Franchise Fees, the Weekly National Advertising Fees and the Weekly RAF Fees (collectively, the “Weekly Fees”)) to the bank or other financial institution used by you. You must have sufficient funds in your account for the bank draft, pre-authorized check, or other prepayment arrangement to be honored by your bank or other financial institution and will advise us in advance of any change in your bank, financial institution or account. If our draft is not honored by your bank for any reason, we will assess you a \$30 returned draft fee, which will be drafted by us from your bank account in accordance with this Section 3.g. We may apply against amounts due to us or any of our affiliates any payments received from you or any indebtedness of us to you.

#### **4. TRAINING AND OPERATING ASSISTANCE.**

**a. Initial Training.** You must appoint and at all times maintain a “Designated Salon Manager.” The Designated Salon Manager will be an owner or employee of yours who is responsible for the day-to-day operations of the Salon for you. The Designated Salon Manager and one of your owners that we approve must attend and successfully complete our initial training program, at a place and time we designate, which may be virtual. We will not charge a training fee for your Designated Salon Manager and

one of your owners attend our initial training program. If we require, or you request that we provide the initial training program to any additional individuals we reserve the right to charge you our then-current initial training fee. You are solely responsible for the compensation, travel, lodging and living expenses your Designated Salon Manager, your owners, and your employees incur in attending the in-person component of the initial training program and any supplemental or refresher training programs.

**b. New Designated Salon Manager’s Training Class.** If the Designated Salon Manager is terminated, resigns or otherwise no longer is responsible for the day-to-day operation of the Salon at any time during the Initial Term, within 30 days, you must appoint a new Designated Salon Manager, who must attend and successfully complete our designated training at a place and time we designate, including virtually. You agree that your Designated Salon Manager must attend any mandatory class sessions.

**c. Ongoing Training Programs.** We may require your owners, your Designated Salon Manager or other employees we designate to attend (or participate virtually) in such additional training we require, including conventions, seminars, and meetings. You are responsible for the compensation, travel, lodging and living expenses your owners, Designated Salon Manager and your employees incur in attending any required ongoing training.

**d. Train-the-Trainer.** If you or your affiliates own and operate six or more Fantastic Sams Salons, we may require you to hire a full-time technical educator (the “Educator”) who will train your and your affiliates’ employees. The Educator must attend and successfully complete any training programs we require. You are responsible for the compensation, travel, lodging and living expenses your Educator incurs in attending any required training. We reserve the right to charge a reasonable fee in connection with the Educator training.

**e. Training Center.** If you or your affiliates own and operate six or more Fantastic Sams Salons, we may require you to designate an existing Salon to be used for training purposes (the “Training Center”). The Training Center must be constructed, equipped and maintained in accordance with the then-current specifications of the System.

**f. Operating Assistance.** As the owner of your Salon, you are solely responsible for the day-to-day operation of your Salon. We will, however, provide you with operational advice and assistance in operating the Salon as we deem appropriate. Operating assistance may include advice regarding the following:

- i. products and services authorized for sale at Fantastic Sams Salons;
- ii. marketing and sales promotion programs;
- iii. selecting and purchasing supplies, equipment and materials for the Salons; and
- iv. establishing and operating administrative, bookkeeping, accounting, inventory control, sales and general operating procedures to properly operate a Fantastic Sams Salon.

We will provide such guidance through our Manuals, bulletins or other written materials, telephone conversations and/or meetings at our office or at the Salon. We will also provide you with additional assistance or support as needed. We reserve the right to charge you a fee for such additional support or assistance.

**g. Manuals and System.** During the Initial Term, we will provide access to our confidential standard Fantastic Sams operations manual, approved menu of services, policy and procedure manuals,

which may include one or more separate written manuals, as well as computer software, information available on an internet site, other electronic media, bulletins and/or other written materials (the “Manuals”). The Manuals will contain mandatory and suggested specifications, standards and operating procedures that we develop for Fantastic Sams Salons. We may add to, and otherwise modify, the Manuals to reflect changes or developments in the System, including authorized products and services, and specifications, standards and operating procedures of a Fantastic Sams Salon. Any specifications, standards, and/or operating procedures described in the Manuals exist to protect our interests in the System and the Marks and to create a uniform guest experience, and not for the purpose of establishing any control or duty to take control over the day-to-day operational matters that are reserved to you. In the event of any dispute as to the contents of Manual, the terms of the master copy of the Manual maintained by us at our home office will control.

## **5. LICENSED MARKS.**

**a. Name.** You will operate under the trade name designated or approved by us and will use no other name in conducting your franchised business. The actual legal name of the proprietorship, partnership, corporation or limited liability company constituting you, however, specifically may not include, in any fashion, any of the Marks, including the name “Fantastic Sams,” “Fantastic,” “Sams,” “Sam’s,” or “FS.” In addition, you may not include any of the Marks in email addresses, websites, or Social Media account names.

In all public records, in relationships with other persons, and on all printed material used, authorized or distributed by you or on your behalf (including all stationery, business cards, checks, receipt forms, advertising and other printed materials), you must indicate the Salon is independently owned and operated by you and you are a franchisee of ours. In addition, you must display notices to this effect in the Salon Location and at your entrances, in the form and manner we directed. You may not make any reference to us and/or the Marks on your employment and H.R. documents, including applications, pay stubs, payment notices, employment agreements, correspondence with your employees, etc.

**b. Use of Marks.** You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the Initial Term of this Agreement. You must use the Marks and the System only in the manner and to the extent specifically granted by this Agreement and as specifically set forth in the Manuals. You acknowledge that this Agreement grants you the right to use only the System and Marks, and does not grant you the right to use any other trade names or marks owned by us or any company under common ownership with us.

**c. Protection of Marks.** You must ensure that in any use whatsoever of the Marks, the Marks are identified on the document or in the material or program as being registered to or owned by us. You acknowledge that we are the exclusive owner of the Marks and all goodwill associated therewith, and any unauthorized use of the Marks is an infringement of our rights. You further agree that you will not, during the Initial Term and after termination or expiration hereof for any reason whatsoever, dispute or contest, directly or indirectly, the validity, ownership or enforceability of the Marks, nor directly or indirectly attempt to dilute the value of the goodwill attached to the Marks, nor counsel, procure or assist anyone else to do the same.

**d. Notification of Infringements and Claims.** You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any person other than us or our counsel regarding any infringement, challenge

or claim. We may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

e. **Changes.** You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right, in our discretion, to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after notice by us.

## **6. CONFIDENTIAL INFORMATION/IMPROVEMENTS.**

a. **Confidential Information.** You must not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, knowledge, or know-how concerning us, the System and/or the marketing, management or operations of the Salon that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You may divulge such Confidential Information only to such of your employees, partners, officers, directors or shareholders of yours as must have access to it in order to operate the Salon and who have signed a confidentiality agreement. For purposes of this Agreement, “Confidential Information” means: (i) any and all information, knowledge, or know-how relating to us and/or the System which may be communicated to you, whether communicated in writing, orally, electronically, by inspection, or by sample, exhibit, training, demonstration or other means; and (ii) all Manuals, information, and materials received by you from us; provided, however, it will not include information which you can demonstrate came to your attention prior to disclosure thereof by us, or which, at or after the time of disclosure by us to you, had become or later becomes part of the public domain through publication or communication by others. Confidential Information may include information relating to the development and operation of the System; proprietary information and trade secrets regarding the products and services sold under the System and providing services and products offered and sold under the System; advertising and marketing plans and materials for the System; information concerning the marketing, management and operation of Fantastic Sams Salons; information concerning us; electronic communications posted on any intranet for the System; electronic mail distribution lists; customer lists; customer data; and the Manuals. The foregoing list of Confidential Information is illustrative only and does not necessarily include all matters considered confidential by us. You hereby acknowledge that you have not developed or been engaged in any program or system similar to the System and that the System was unknown to you prior to the execution of your first franchise/license agreement to operate a Fantastic Sams Salon. We have the right to obtain injunctive relief in the event of breach of this Section 6.a. by you, in addition to any and all other remedies and damages available to us.

b. **Improvements.** You must fully and promptly disclose to us all ideas, concepts, methods, techniques, improvements, additions and Data and Information relating to the development and/or operation of a Fantastic Sams Salon or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Salon, or any advertising or promotion ideas related to the Salon (collectively the “Improvements”) that you and/or your employees conceive or develop during the term of this Agreement. You agree that we have the perpetual right to use and authorize others to use the Improvements without any obligation to you for royalties or other fees.

c. **Trade Secrets.** You understand and agree that you will come into possession of certain of our trade secrets concerning the manner in which we conduct business including, but not necessarily limited to: methods of doing business or business processes; buying matrices; strategic business plans; customer lists and information; marketing and promotional campaigns; and any materials clearly marked or labeled

as trade secrets. You agree that the forgoing information, which may or may not be considered “trade secrets” under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to us. You agree that we derive independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by another person. You agree to take reasonable measures, as may be described further in the Manuals, to keep such information secret. Upon termination of this Agreement, you will not use, sell, teach, train, or disseminate in any manner to any other person, firm, corporation, or association any trade secret pertaining to our business and/or the manner in which it is conducted.

## **7. SALON OPERATING STANDARDS.**

**b. Management.** You must devote full time and best efforts, or must employ a Designated Salon Manager to devote full time and best efforts, to establish and develop the business of the Salon. You and all of your managers must successfully complete the training we require.

**c. Your Hiring and Training of Employees.** As the owner of the Salon, you are solely responsible for recruiting and hiring the persons you employ to operate the Salon. You will be responsible for your training, wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline and termination and for compliance with all workplace related laws. At no time will you or your employees be deemed to be employees of ours or our affiliates. We will have no right or obligation to direct your employees or to operate the Salon. You will maintain at all times a staff of trained employees sufficient to operate the Salon in compliance with our standards and applicable law

**d. Payment of Obligations.** You agree that the image of the System in your community is an integral part of your success. To that end, you must promptly pay all obligations incurred in the course of business and operation of the Salon, including property lease payments, equipment rental payments, business taxes and license fees, employee salaries, wages and withholding taxes, and product invoices.

**e. Remodeling.** You must periodically make reasonable capital expenditures to remodel and upgrade the Salon Location and to replace equipment and modernize the Salon Location so that it reflect the then-current new Salon image intended to be portrayed by us. All remodeling, modernization, upgrades or replacements must conform to our then-current new Fantastic Sams Salon quality standards and specifications and must be approved by us in writing. You may be asked to remodel or upgrade the Salon Location at various times during the Initial Term; provided that we will not require you to substantially modernize or refurbish the Salon no more than: (i) once every seven (7) year period starting from the Effective Date, (ii) at renewal or (iii) at the transfer of the Salon. You must not make any modification, remodeling or installation at the Salon Location without first obtaining our prior written approval. You must promptly supply us with proposed remodeling plans necessary for our review.

**f. Operation.** While you are solely responsible for the day-to-day operation of your Salon, you acknowledge that we will impose certain mandatory specifications, standards and operating procedures (whether contained in the Manuals or any other written communication to you) that must be met to protect the Marks, customer experience and other Fantastic Sams Salons. You agree to comply with all mandatory specifications, standards and operating procedures we impose, including:

i. Operate the Salon under the System during normal business hours designated in the Manuals for at least 6 days per week, excluding acceptable federally recognized holidays;

ii. Operate in accordance with the System, including the mandatory standards, business practices and policies set forth in the Manuals, including, specification in connection with accepting credit and debit cards, currencies and other payment systems;

iii. Keep the Salon Location, building, equipment and parking area, to the extent assigned to or under the control of you, maintained at all times in good condition and repair and clean and neat;

iv. Comply with all business policies, practices, and procedures set forth by us from time to time;

v. Offer, use and sell only products, services and merchandise that are presently approved for use by franchisees and as from time to time may be prescribed or approved by us; and

vi. Appoint and at all times maintain a Designated Salon Manager for the Salon and require the Designated Salon Manager to attend and successfully complete our required training.

**g. Governmental Compliance.** You must conduct your business and maintain the Salon Location in strict compliance with all applicable laws, ordinances, regulations and other requirements of any federal, state, county, municipal or other government, including all health licensing laws, all health and safety regulations, cosmetology regulations, all laws relating to employees, all environmental laws, all discrimination laws, all sexual harassment laws and all laws relating to the disabled. You must comply with all laws and regulations relating to privacy and data protection, and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You will, at your expense, be solely and exclusively responsible for determining and obtaining all necessary permits, licenses or other consents for the operation of your business. You are solely responsible for all costs associated with modification of the Salon Location to comply with applicable state and federal laws. You acknowledge that we have no responsibility to ensure that the Salon is developed and operated in compliance with all applicable laws, ordinances and regulations and that we will have no liability in the event the development or operation of the Salon violates any law, ordinance or regulation.

**h. Insurance.** You must maintain all forms of insurance that may be required by law and by us in the types of coverage and amounts we specify in the Manual or otherwise in writing. We may modify or increase the types and amounts of insurance coverage you must maintain. All insurance policies will be issued by an insurance carrier(s) acceptable to us and that have an A.M. Best rating of A or higher. If you fail to maintain the designated insurance requirements, we may, but are not required to, either obtain such insurance, with you reimbursing us the amount of premium immediately upon demand, or terminate this Agreement.

For all types of insurance, including liability and malpractice coverage, you must add the names of us and our respective officers, directors, partners, members, affiliates, subsidiaries and employees as additional insureds and loss payees. You must provide us with copies of the certificate of insurance, insurance policy endorsements or other evidence of compliance with these requirements at least 2 weeks before you take possession and commence development of the Salon Location, and at such other times as we may require. Your insurance policies are required to respond on a primary and non-contributory basis to any insurance carried by us. Further, you must give 30 days' written notice to us of any lapse, or discontinuation of any of the required insurance coverage.

Your obligation to obtain and maintain the policy or policies in the amounts specified by us is not limited in any way by reason of any insurance that may be maintained by us, nor will your procurement of required insurance relieve you of liability under the indemnity provisions set forth in this Agreement. Your insurance procurement obligations under this Section 7.g. are separate and independent of your indemnity obligations.

**i. Technology System.** We have the right to require you, at your sole expense, to purchase and use the computer system we designate, including all existing or future communication or data storage systems, components thereof and associated service, which we have developed and/or selected for the System (the “Technology System”). The Technology Systems includes a designated a point of sale system (“POS System”), customer database management, applications, and software. To the extent that we require, recommend or approved software, establish recommendations or prescriptions for employee scheduling, payroll or other aspects of the relationship between you and your employees, you are not required to follow such recommendations or prescriptions. We are the sole owner of all sales data, financial data, marketing data, management data, customer list and other business information and all other data (“Data and Information”) maintained and stored by you in your Technology System, including the POS System. We will have the right to directly access and retrieve Data and Information maintained and stored by you in your Technology System. You may be required to enter into a written agreement with any technology provider or software licensor, including us or our affiliate. You will use an e-mail address we designate or approve for communication with us and customers. The computer hardware component of the Technology System must comply with specifications we develop. We have the right to designate a single source from which you must purchase the Technology System, including the POS System, and any software or hardware components or associated services. You understand and agree that we or our affiliates may be that single, designated source. You will be required to use and, at our direction, pay for all future updates, supplements and modifications to the Technology System, including the POS System.

**j. Payment Procedures.** You will maintain, at all times, credit relationships with credit/debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic transfer/payment systems (“Payment Vendors”) that we may periodically designate as mandatory. Payment Vendors includes companies that provide services for electronic payment (such as near field communication vendors like Apple Pay and Google Wallet). You must not use any Payment Vendor that we have not approved or revoked earlier approval. We may modify our requirements and designate additional approved or required methods of payment and vendors for processing payment, and revoke our approval of any service provider. You agree to abide by: (a) the Payment Card Industry Data Security Standards (“PCIDSS”) enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act (“FACTA”); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments (“Electronic Payment Requirements”). If required by us or by one of the credit card companies, you will provide us with evidence of compliance with the applicable Electronic Payment Requirements and provide, or make available, to us copies of an audit, scanning results or documentation relating to such compliance. Any costs associated with an audit or to gain compliance with PCIDSS, FACTA or any Electronic Payment Requirements will be borne by you

**k. Approved Products and Services.** You will dispense, sell, use or offer to sell, only such services, or products as we approved in writing. You may only sell and promote the menu of products and services we approved in writing. Upon notification from us, you must promptly discontinue dispensing, selling, using or offering to sell such services, articles or products we required. You must purchase all products, supplies, materials, equipment and services required for the operation of the Salon from suppliers designated as approved suppliers by us or as otherwise designated in the Manuals, which we may change from time to time. At all times, we reserve the right to establish and enforce credit terms for sales of products and supplies by us to you. Absent any specific credit terms imposed on you by us, you will pay all invoices within 30 days of the date of the invoice. If you propose to offer for sale any products or other services which we have not approved, you must first notify us in writing and provide sufficient information, specifications and samples concerning the brand and/or supplier to permit us to determine whether the brand complies with our specifications and standards and/or the supplier meets our approved supplier criteria. We will notify you within a reasonable time whether or not the proposed brand and/or supplier is approved.



We may develop procedures for the submission of requests for approved brands or suppliers and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). We will have the right to charge each proposed supplier a reasonable fee in reviewing a proposed brand or supplier. We may impose limits on the number of suppliers and/or brands for any products and services to be used in the Salon. You agree that certain products, materials, and other items and supplies may only be available from one source, and we or our affiliates may be that source. You must at all times maintain an inventory of products sufficient in quantity and variety to realize the full potential of the Salon. WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING PRODUCTS, EQUIPMENT (INCLUDING ANY REQUIRED TECHNOLOGY SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER ITEMS THAT WE DISTRIBUTE OR THAT THIRD PARTIES APPROVED BY US MANUFACTURE OR DISTRIBUTE FOR USE IN THE SYSTEM.

**i. Retail Products.** You must comply with all requirements set forth in the Manuals with respect to the stocking, display and sale of Fantastic Sams branded retail products. No less than 60% of your retail shelf display space will be allocated to the display of Fantastic Sams branded retail products, unless the Manuals specify a lesser percentage. Fantastic Sams branded products may not be offered or sold at or from any location other than the Salon without our prior written consent, which consent may be granted or withheld at our sole discretion. Fantastic Sams branded products may not be offered or sold at wholesale, via catalog or over the internet in any manner whatsoever by you. You will participate in promotional plans developed by us for the System, in the manner directed by us in the Manuals or otherwise in writing.

**m. Pricing.** To the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for services and products that the Salon offers.

**n. Customer Loyalty Programs.** We reserve the right to establish customer loyalty, gift card and other promotional programs, which may be provided by us or a designated third-party vendor. You agree to participate in such programs, and understand that we will establish the rules under which you will participate. In addition, our third-party vendor may charge you a monthly service fee for program support we or our designee provides to you respecting such programs.

## **8. AUDITS, INSPECTIONS AND REPORTING.**

**a. Entry and Inspection.** We, or our representatives, have the right to visit and inspect all areas of the Salon Location periodically for the purpose of reviewing operating procedures, auditing your financial records, ensuring the proper use of the Marks, and counseling you in the operation of your business. Neither us, nor our representatives, have the right to direct, discipline, hire or fire any of your employees. You must cooperate with us for purposes of visits and inspections. We, or our representative, will make reasonable efforts to avoid disruption of your business.

**b. Our Right to Examine Books and Records.** We may, at all reasonable times and without prior notice to you, examine, audit, or request copies of the Salon records (including the books, records and state and/or federal income tax records of the Salon) and the federal income tax returns of any Owner. You must maintain all Salon records and supporting documents at all times at the Salon Location. You will make financial and other information available at a location we reasonably request and will allow us (and our agents) full and free access to any such information at the Salon. You must make copies of any Salon records we request and deliver those records to us or our designee. You otherwise will fully cooperate with our representative and independent accountants hired to conduct any examination or audit.

**c. Result of Audit; Unreported Gross Revenue.** You must reimburse us for the cost of the audit or examination, including the charges of any independent accountants and the travel expenses, room and board and compensation of our employees, if: (1) an examination or audit is necessary because you failed to timely provide required information; or (2) any examination or audit results in a determination that Gross Sales for any month is understated by more than 2%. The foregoing remedies are in addition to all other of our remedies and rights under applicable law.

**d. Reports and Tax Returns.** You must report weekly to us the Gross Sales of products and haircare services for the Salon for the preceding week through the Technology System or another method we designate. You also must supply any other reports, forms and other records or information requested by us or specified in the Manuals. You also will deliver to us, or provide us access to, the following: (1) within 15 days following the end of month, monthly financial statements for the previous month that include a complete profit and loss statement and a balance sheet, a chart of accounts, and an income statement; (2) within 45 days following your Salon' fiscal year end, an annual profit and loss statement and source and use of funds statement for the Salon for the preceding calendar year and a balance sheet for the Salon as of the end of the year, (3) within 15 days following the end of the previous quarter, quarterly royalty reports of weekly revenue and royalties due, and (4) by May 1 of each year a copy of your income tax return, sales tax return and/or payroll tax return for the preceding calendar year. If your filing date is extended, a copy of extension request must be submitted to us within 15 days of its filing. You also will provide to us copies of all records and other information and supporting documents as we designate. All financial statements, reports and information must be on forms we approve, be prepared in accordance with generally accepted accounting principles and that you have signed and verified.

## **9. MARKETING.**

**a. Initial Advertising.** You must advertise and promote the opening of the Salon at your own expense. You agree to conduct a grand opening marketing plan and promotional program in conjunction with the Salon's initial grand opening, pursuant to a grand opening marketing plan that you develop and that we approve in writing (the "Grand Opening Marketing Plan"). Additionally, you agree to spend an amount described on **Exhibit A** to conduct a portion of the Grand Opening Marketing Plan. The Grand Opening Marketing Plan must be executed and completed during the period 6 weeks prior to opening of the Salon and continuing for approximately 6 months after the Salon commences operation.

**b. Continual Advertising and Promotion.** The parties acknowledge that local advertising is absolutely necessary to the successful operation of the Salon. Therefore, we recommend that you expend, in addition to the Weekly Fees, not less than 5% of your Gross Sales toward approved local advertising.

**c. National Advertising.** We will deposit the Weekly National Advertising Fee payments made by you into a National Advertising Fund (hereinafter the "NAF") when paid by you. Any earnings on the NAF will inure to the benefit of the NAF.

We or our designee will direct all programs that the NAF finances. We may use the funds collected by NAF to pay for with the general promotion of the Marks and the System including for producing video, audio, and written advertising materials; implementing a gift certificate program, a loyalty program or other marketing programs designed to encourage the use of Fantastic Sams Salons; developing, implementing, and maintaining a website and related strategies; administering local, regional, and multi-regional marketing and advertising programs, including direct mail, other media advertising, and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next

generations” of any such devices; and supporting public relations, market research, and other advertising, promotion, and marketing activities. We may also use the funds collected by NAF to pay the reasonable salaries and benefits of personnel who manage and administer the NAF; the NAF’s other administrative costs; travel expenses of personnel while the NAF personnel are on NAF business; meeting costs; overhead relating to NAF business, and other expenses that we incur in activities reasonably related to administering or directing the NAF; and collecting and accounting for the Weekly National Advertising Fee. NAF may spend up to 15% of the Weekly National Advertising Fees on a disproportionate basis to engage in test marketing, to conduct surveys on advertising effectiveness, to produce new commercials, to produce print ads, to produce advertising campaigns and promotions, to develop public relations campaigns and promotions, and to pay administrative expenses of the NAF.

We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the NAF. You acknowledge and agree that we are not operating or acting as a trustee or fiduciary with respect to the Weekly National Advertising Fees. We are not obligated, in administering the NAF, to make expenditures for you which are equivalent or proportionate to your Weekly National Advertising Fees, or to ensure that any particular System franchisee benefits directly or pro rata from expenditures by the NAF. The NAF may spend in any fiscal year more or less than the total funds collected by it in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use.

The NAF will not be our asset. We will make available to you, upon your written request, annual unaudited statement of NAF collections and expenses for the previous fiscal year.

**d. Regional Advertising Fund.** If a RAF is not already established for your Regional Marketing Area and listed on **Exhibit A** attached hereto, we have the right, upon 30 days written notice to you, to establish a RAF for Fantastic Sams Salons operating in your Regional Marketing Area. In accordance with Section 3.d. of this Agreement, your Weekly RAF Fee will be applied to the RAF to be expended for marketing and advertising activities as described in this Section 9.d. We will administratively segregate on our books and records all Weekly RAF Fees received from you and other franchisees in the Regional Marketing Area. If the RAF is established after the Effective Date, we reserve the right, in our sole judgment, to transfer the Weekly RAF Fees to a separate corporation established by us to collect and manage advertising contributions from our franchisees in the Regional Marketing Area. Nothing herein is deemed to create a trust fund, and we may commingle the Weekly RAF Fees with our general operating funds and expend such sums in the manner herein provided. The RAF will not be required to immediately spend all Weekly RAF Fees which it receives but may, in our discretion, maintain such reserve or reserves for such purpose or purposes set forth herein as the RAF deems necessary or advisable. The RAF will be operated, administered, governed and controlled by us, which will determine when, how and where the Weekly RAF Fees and other amounts applied to the RAF will be spent, which may include, but is not limited to, product research and development, production materials, brochures, video tapes, radio research, media placement (including radio, television, print, social display and all forms of digital advertising), promotions, marketing, public relations, regional conventions, and national, regional and local advertising, marketing and promotion, or other brand awareness activities that the RAF deems appropriate and in the best interests of Fantastic Sams Salons in the Regional Marketing Area. In addition, the RAF may use a portion of the Weekly RAF Fees to pay a reasonable administrative fee to us to defray a portion of the expenses incurred by us in administering and operating the RAF. We may establish an advisory board, consisting of franchisees designated by us from the Regional Marketing Area (the “RAF Advisory Board”) and any such RAF Advisory Board will provide non-binding recommendations and advice to us regarding the use and application of the Weekly RAF Fees received by the RAF. Although the RAF will endeavor to utilize the Weekly RAF Fees to develop advertising and marketing materials and plans and place advertising that will benefit the System, neither us nor the RAF is obligated to ensure that expenditures by the RAF in or affecting the Regional Marketing Area are proportionate or equivalent to the contributions to the RAF by

franchisees operating in the Regional Marketing Area or that any Fantastic Sams franchisee will benefit directly or in proportion to its contributions to the RAF. We and the RAF have the right to make recommendations to franchisees operating Fantastic Sams Salons in the Regional Marketing Area, including you, as to special promotions and promotional pricing. We will not be required to pay Weekly RAF Fees; however, any Fantastic Sams Salons that are owned and operated by us in the Regional Marketing Area will be required to pay Weekly RAF Fees in accordance with the terms of their respective franchise/license agreements. We further reserve the right, in our sole discretion, to: (i) suspend contributions to and operations of the RAF for 1 or more periods that it determines to be appropriate; (ii) terminate the RAF upon 30 days' written notice to you; and (iii) upon the written request of any Fantastic Sams Salon, defer or waive, in whole or in part, any Weekly RAF Fees required by this Section 9.d. if, in our sole judgment, there has been demonstrated unique, objective circumstances justifying any such waiver or deferral. On termination of the RAF, all monies in the terminated RAF will be spent for advertising and/or promotional purposes as determined by us. We have the right to reinstate any terminated RAF upon the same terms and conditions set forth in this Agreement upon 30 days' prior written notice to you. We, in our sole discretion as we deem appropriate in order to maximize media effectiveness, may reduce or expand the size of the Regional Marketing Area at any time during the Initial Term and/or combine and expend some or all of the Weekly RAF Fees collected by the RAF with similar fees collected from franchisees in other geographic areas for marketing and/or advertising plans applicable to franchisees in all such areas. If in the Regional Marketing Area there are certain members in the RAF that have a right under older franchise/license agreements to vote on increases in Weekly RAF Fees, we will vote on your behalf for the Salon but such increases will be subject to Section 3.d. above. We may delegate some or all of our rights and duties related to the RAF to one of its affiliates and/or an Advisory Board or other board established for the RAF. Each RAF also has the power to assess additional fees for promotional or advertising purposes upon the majority vote of the franchisees in the Regional Marketing Area for the RAF.

**e. Approved Local Advertising.** You may use the advertising materials and other services provided by us. If you wish to use an advertising service, material or program that is not a part of our materials, services or programs, you will submit each item, program, advertisement or other material, regardless of media, method or scope, to us for our written approval prior to use by you. Further, you must pay all costs, including production and placement costs, of any advertising that is not included in our advertising services, materials or programs. We will not unreasonably withhold our approval for use of such additional advertising that complies with the System. You must comply with the standards developed by us for the System, in the manner directed by us, in the Manuals or otherwise, with regard to our authorization to use, and use of, blogs, common social networks (i.e., Facebook, Instagram and Twitter), professional networks like LinkedIn, live-blogging tools, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools ("Social Media") that in any way reference the Marks or involve the Salon or System. You are responsible for your employees' and other representatives' compliance with our Social Media standards to the extent such individuals' actions in any way reference the Marks or involve the Salon or System.

**f. Participation in Certain Programs and Promotions.** You will use your best efforts to promote and advertise the Salon and will participate in all advertising and promotional programs we establish in the manner we direct. We may provide you with advertising templates at no cost. If you order any advertising materials from us, we reserve the right to charge you a fee, plus any shipping expenses we incur. To the extent allowed by law, this includes a requirement that you must sell your products at the prices and discounts as advertised or promoted pursuant to these programs we may establish from time to time.

## **10. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

**a. Independent Contractors.** We and you and NAF and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other.

Neither party will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You are not and will not hold itself out as our (or our affiliates) or the NAF's agent, legal representative, partner, subsidiary, joint venture or employee.

**b. Indemnification.** You have a duty to defend us from and against any and all liability whatsoever, direct or indirect, arising from the operation of your Salon. In addition you will protect, indemnify, and hold harmless us, our affiliates, and the shareholders, officers, directors, employees, agents, successors, and assignees of us and our affiliates (the "Indemnitees") against any and all, direct and indirect, causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with the operation of the Salon (including labor and employment law violations and any acts or omissions by you or any of your agents, servants, employees, or patrons), your breach of this Agreement, or the business you conduct under this Agreement, including those alleged to be caused by the Indemnitees' negligence, unless (and then only to the extent that) the claims, obligations or damages are determined to be caused solely by the Indemnitees' gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. You agree that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees will have the right, but not the obligation, to: (i) choose counsel; (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or you, any claim against the Indemnitees in their sole discretion. Indemnitees will not be required to mitigate damages or seek recovery through an insurer.

## **11. ASSIGNMENT OF FRANCHISE AGREEMENT.**

**a. Assignment.** This Agreement is personal in nature and entered into in reliance upon and in consideration of the skill, qualifications and representations of, and trust and confidence reposed in, you. Therefore, neither you, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in you or in the Salon will sell, assign, transfer, divide, convey, pledge, encumber, merge or give away (individually or collectively, an "assignment"), by operation of law or otherwise, any direct or indirect interest in you (including any direct or indirect interest in a corporate, partnership or limited liability company), in the Salon, in this Agreement, or in all or substantially all of the assets of the Salon or the business franchised hereunder, without our express prior written consent. Any purported assignment without our prior written consent will be null and void and will constitute a material default.

No assignment will be permissible unless you have opened and operated the Salon for at least 3 months. You must notify us in writing of any proposed assignment at least 60 days before such assignment is proposed to take place.

Our prior written consent to an assignment will not be unreasonably withheld, but will be conditioned upon the following:

- i. Approval of any proposed assignee in accordance with our then-current standards including that the proposed assignee meets and then current financial standards and required business aptitude.
- ii. Payment of all outstanding debts of yours payable to us, our affiliates, the NAF and approved suppliers of the System (including your landlord).;

- iii. Payment of all sums which become due upon assignment, including the assignment fee of \$7,500;
- iv. Execution by you of a general release, in a form prescribed by us, of any and all claims against us, the NAF and RAF and their affiliates, and their respective officers, directors, agents and employees;
- v. Execution by the proposed assignee of the then-current form of franchise agreement, which may have significantly different provisions than those contained in this Agreement, including higher Weekly Fees.
- vi. Attendance by the proposed assignee or Designated Salon Manager at the next available initial training program at the expense of the proposed assignee or franchisee;
- vii. That you and/or the proposed assignee update, remodel and modernize the Salon Location to reflect our then-current new Salon image of a Fantastic Sams Salon;
- viii. That you and your affiliates not be in default of any provision of this Agreement, or successor hereto, or any other agreement between you and/or your affiliates and us and/or our affiliates; and
- ix. provide us with a copy of the executed purchase/transfer of ownership document that sets forth the terms of the assignment.

Consent to any assignment upon the specified terms and conditions of a purchase/transfer of ownership document will not be deemed to be a consent to an assignment to any other person, nor to any other or subsequent assignment.

**b. First Option to Purchase.** If any party holding any direct or indirect interest in this Agreement, in you, in the Salon or in all or substantially all of the assets of the Salon desires to accept any bona fide offer to purchase, gift, or otherwise convey such interest, you must first make written offer to us to purchase or obtain such interest upon the same terms and conditions as offered by the prospective purchaser. Following receipt of all information required by us (“First Option Documents”), we will have 60 days within which to accept the first offer to purchase. If we have not accepted the first offer within 60 days of receipt of all the First Option Documents, the seller may proceed with the sale to the prospective purchaser provided (i) you are not in default or breach of any payment or other terms or conditions of this Agreement, and (ii) you, the seller and the prospective purchaser meet the conditions set forth in Section 11.a. We will have the right to assign our rights under this Section 11.b.

**c. Death or Disability.** Upon the death or incapacity of any person with an interest in this Agreement, in you, in the Salon, or in all or substantially all of the assets of the Salon, the executor, administrator or personal representative of such person will make an assignment of such interest approved by us within 6 months after such death or incapacity. Such assignments, including assignments by devise or inheritance, will be subject to the same conditions as any inter vivos assignment except no assignment fee will be required. In the case of assignment by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 11, the executor, administrator or personal representative of the decedent will make an assignment of the decedent’s interest to another party approved by us within 6 months of us providing notice to the executor, administrator or personal representative that the heirs or beneficiaries do not meet the conditions of Section 11, which disposition will be subject to all the terms and conditions for assignments contained in this Agreement. If the interest is not disposed of within such 6 month period, such failure will be a default under this Agreement.

**d. Assignment to Corporation.** If you are individual, you may transfer this Agreement to an entity you control without the payment of a transfer fee provided you demonstrate to us that you (1) are, and will remain, the legal and beneficial owner of a majority of the stock of an assignee corporation (2) will act as the principal officer of the corporation, we will allow you to incorporate and assign your rights to a corporation organized expressly for the purpose of operating the Salon; and (3) you comply with all other applicable transfer conditions described in Section 11.a above. However, you and all other shareholders must personally guaranty the performance of the duties and responsibilities of your corporate assignee, including the payment of any fees.

**e. Assignment by Us.** The rights, duties and obligations under this Agreement may be assigned, transferred, divided, conveyed, pledged, encumbered, merged or given away by us and will inure to the benefit of our successors and assigns. We will provide you with written notice of any such assignment, transfer, division, conveyance, pledge, encumbrance, merger or grant and the assignee will be required to fully perform our obligations under this Agreement.

## **12. COVENANTS.**

You acknowledge that we are engaged in franchising of the System and that our franchises are valuable because each franchisee/licensee obtains the right to use the Marks and the right to receive certain services of ours. You further acknowledge that any appropriation or duplication of any part or all of the System for any use or purpose other than for the operation of a franchised Fantastic Sams Salon will impair the value of our business and the Marks, as well as the value of the franchises granted to other franchisees.

Accordingly, you agree that during the term of this Agreement and any renewal or extensions, you and your shareholders, members, partners, Guarantor(s) (defined below), officers and directors will not, directly or indirectly, on their own account or as an employee, agent, consultant, partner, officer, director, member or shareholder of any other person, firm, entity, partnership or corporation, own, lease, operate, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in the Haircare Business; provided, however, that this restriction will not apply to any Haircare Business operated or franchised by a company under common ownership with us. Furthermore, you acknowledge and agree that you will be considered in default under this Agreement, and that this Agreement will be subject to termination, in the event that a person in the immediate family (including spouses, domestic partners, parents or children) of yours (or, if you are an entity, your shareholders, members, partners and managers, as applicable, and their spouses, domestic partners, parents or children) engages in a Haircare Business that would violate this Section 12 if such person was subject to the covenants of this Section 12. You further agree that, during the term of this Agreement, you and your shareholders, members, partners, Guarantor(s), officers and directors will not solicit, interfere, or attempt to interfere with us or our affiliates' relationships with any customers, vendors, or consultants. You acknowledge that breach by you of one or more of your obligations under this Section 12 might cause us to suffer irreparable harm, namely harm for which damages would be an inadequate remedy. You further acknowledge that we might suffer irreparable harm due to delay if, as a condition to obtaining an injunction, restraining order, or other equitable remedy with respect to such a breach we were required to demonstrate that it would suffer irreparable harm. The parties therefore intend that if you breach one or more of your obligations under this Section 12, then for purposes of determining whether to grant an equitable remedy, any court will assume that that breach would cause us irreparable harm.

You further acknowledge that you have worked previously and have been gainfully employed in other fields in which you have sufficient skills and experience to be gainfully employed in a business other than in the haircare industry.

You agree not to (and to use your best efforts to cause your current and former shareholders, members, officers, directors, principals, agents, partners, employees, independent contractors, representatives, attorneys,

spouses, affiliates, successors and assigns not to) (i) disparage or speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates' directors, officers, employees, representatives or affiliates, the Fantastic Sams" brand, the, any Salon, any business using the Marks, or (ii) take any other action which would, directly or indirectly, subject the Fantastic Sams" brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us or the "Fantastic Sams" brand, or would constitute an act of moral turpitude.

### 13. **TERMINATION.**

**a. Termination by You.** You may terminate this Agreement if we violate any of our material obligations to you and fail to cure such violation within 60 days after our receipt of written notice from you; provided, however, that you are in substantial compliance with the Agreement at the time you give such notice of termination. Your written notice must identify the violation and demand that it be cured.

**b. Our Termination with Notice of Termination.** At our option, we will have the immediate right to terminate this Agreement without affording you any opportunity to cure the default if any of the following occur:

i. you are involved in any act or conduct which materially impairs or otherwise is prejudicial to the goodwill associated with the name "Fantastic Sams," any of the Marks, or the System;

ii. You abandon, or fail to actively operate the Salon or any Fantastic Sams Salon operated pursuant to an agreement with us for more than two (2) consecutive business days or five (5) days during any 30-day period, or provide us or any other party notice (written or oral) that you intend to permanently close or otherwise abandon the operation of the Salon;

iii. You or any of your owners make a material misrepresentation or omission in the application for the Salon;

iv. You remove the Fantastic Sams sign or signs while continuing to operate the Salon as a Haircare Business;

v. You be convicted of or plead no contest to any criminal misconduct relevant to the operation of the franchised business;

vi. You receive 3 notices of default, as provided below in Section 13.c., in any consecutive 12-month period, whether or not such defaults are cured;

vii. You breach any of your obligations under this Agreement to maintain the confidentiality of information relating to the System;

viii. Upon the filing of any voluntary or involuntary petition of bankruptcy by you (or any owner of you), subject to applicable law;

ix. Upon the making of any assignment for the benefit of creditors by you (or any owner of you);

x. Upon you making any assignment of this Agreement or the Salon assets except for an assignment made in compliance with this Agreement.; or

xi. The nature of the breach is not curable.



Any termination under this Section 13.b. will be effective on our delivery of notice of termination to you. If any provision of this Section 13.b is inconsistent with applicable law, the applicable law will govern.

**c. Our Termination with Notice of Default and Cure.** We have the right to terminate this Agreement for any material default of this Agreement by you or your owners. For the purposes of this Section 13.c., a material default of this Agreement includes one or more of the following, by your or your owners:

- i. Violation of any of your covenants set forth in this Agreement;
- ii. Violation of any covenant of any other agreement you or any of your affiliate(s), owner(s), or guarantor(s) or any entities that are in common ownership or control have entered into with us;
- iii. You are in breach of your payment obligations to any third-party in connection with the operation of your Salon;
- iv. Non-payment of any amounts owed to us or our affiliates, including Weekly Fees;
- v. Failure to perform any obligation created by the NAF or RAF;
- vi. Violation of any of the business policies, practices, procedures or obligations prescribed or set forth in the Manuals, as they may be amended from time to time by us;
- vii. Failure to pass a Salon inspection within 1 year of a previous inspection where you received a notice of deficiency;
- viii. Failure to execute or cause your landlord to execute a Collateral Assignment of Lease if requested by us;
- ix. Failure to surrender the leased premises upon demand by us pursuant to the Lease Rider;
- x. Failure to notify us of your death or incapacity or any of your principals within 30 days of such event or failure to comply with Section 13.c.;
- xi. Failure to appoint and at all times maintain a Designated Salon Manager of the Salon operated pursuant to this Agreement and to require the Designated Salon Manager to successfully complete our required training; or
- xii. Upon any other material default by you not listed in Section 13.b.

Except for the termination at our option set forth in Section 13.b. above, upon the occurrence of a material default of this Agreement, we will forward to you written notice of default. If you consist of one or more persons, corporations, partnerships or other entities, notice of termination to one person, shareholder, partner or member of an entity will constitute notice to all.

Except for non-payment of amounts due us or our affiliates, for other defaults under this Section 13.c., you will have 30 days from the mailing of such notice within which to cure the default of this Agreement. For non-payment of amounts due us or our affiliates, you will have 10 days from the receipt of notice within

which to cure such default. If the default is timely cured and capable of being cured, this Agreement will not be terminated.

Termination of this Agreement by us will not be an exclusive remedy and will not in any way affect our right to receive, collect and enforce Weekly Fees or other amounts payable by you or to enforce, in any manner, the provisions of this Agreement against you. You agree that upon your breach of any covenant contained in this Agreement, termination at our option, notice of termination, or termination, we will be entitled to seek recovery from you for all of the damages that we have sustained or will sustain in the future as a result of your breach of this Agreement, taking into consideration the Weekly Fees that would have been paid by you for the remaining portion of the Initial Term. The Weekly Fees are for the benefit of us and our System and brand. Notwithstanding anything to the contrary in this Agreement, any Weekly Fees due under this Agreement for failure to operate the Salon for the entire Initial Term will be reduced to net present value and the parties acknowledge that such amounts will not be deemed a penalty but are actual damages given the size of the System. If any provision of this Section 13.c is inconsistent with applicable law, the applicable law will govern.

**d. Suspension of Rights and Services.** You acknowledge that upon your failure to remedy any default specified in any written notice issued to you under this Section 13, we also have the right to (i) cease providing any operational support or services, until you comply to our satisfaction with the written notice, (ii) suspend access and use of any websites or intranets for the System, (iii) cease providing products to you, and (iv) cease having our affiliates and suppliers provide products and support to you. If we exercise our right to suspend your rights, we will only do so after your cure period under the written notice of default has expired. You agree that our exercise of these rights will not constitute an actual or constructive termination of this Agreement nor will it constitute our sole and exclusive remedy. If we exercise our right not to terminate this Agreement but to implement such suspension and/or removal, we reserve the right at any time after the appropriate cure period under the written notice has lapsed, to, upon written notice to you, terminate this Agreement without giving you any additional corrective or cure period. During any period of suspension, all fees due under this Agreement will continue to be payable by you. Additionally, if you are in default under this Agreement, we have the right to withhold or condition our consent or approval if needed until you cure all defaults. Our election of the suspension rights as provided above will not be a waiver by us of any breach of this Agreement or any other term, covenant or condition of this Agreement.

**e. Your Responsibilities Upon Termination or Expiration.** Upon termination, expiration, or assignment of this Agreement, in any manner, you and your owners agree:

i. To immediately cease using the Marks, trade dress, business format, signs, structures and forms of advertising indicative of the System and Fantastic Sams branded retail products;

ii. Within 30 days after the expiration or termination of this Agreement, to make or cause to be made, at your expense, such changes in signs, buildings and structures to distinguish the Salon Location from a Fantastic Sams Salon, including redecorating of walls, removal of floor tiles, and floor mats, and removal of any other property bearing Fantastic Sams marks or any other mark owned by us;

iii. Within 30 days after the expiration or termination of this Agreement, to notify all telephone directory and listing companies of the expiration or termination of your right to use the Marks, and authorize the transfer of telephone numbers and directory listings to us or our designee; however, if you fail or refuse to effect such transfer, we have the right to notify the telephone directory and listing companies of the expiration or termination of this Agreement and our right to the transfer of all such listings. This Agreement will constitute the written authority from you for the transfer of all such listings, and you

will hold the telephone directory and listing companies harmless of and from any loss, damage, or liability which may result from such transfer;

iv. To execute any and all documents and take such actions as we may deem reasonably necessary or desirable to evidence the fact that you have ceased using the Marks and that you have no further interest or right therein whatsoever;

v. Within 5 days after the expiration or termination of this Agreement, to promptly pay us all sums then owing from you to us, the NAF or RAF, and pay liquidated damages as described in Section 13.f. below;

vi. To promptly pay us all sums which become due and payable at the time of expiration or termination of this Agreement, including full payment of any and all promissory notes between us and you;

vii. To immediately return, at your expense, all Manuals and other books, forms, brochures and training, educational and marketing materials related to the System to us and to perform any unfulfilled obligation created under this Agreement for our benefit;

viii. To refrain from interfering with our right to assume your right as tenant pursuant to the Lease Rider;

ix. To refrain, for a period of 2 years from the effective date of expiration or termination of this Agreement, from directly or indirectly participating as an owner, partner, member, director, officer, employee, consultant, lender or agent, or serve in any other capacity in any Haircare Business, within a 5-mile radius of the Salon (including the Salon Location);

x. To refrain from directly or indirectly participating as an owner, partner, member, director, officer, employee, consultant, lender or agent, or serve any other capacity in any Haircare Business, within a 2.5-mile radius of any Fantastic Sams Salon, for a period of 2 years from the actual date of expiration or termination (provided, however, Sections 13.e.ix and 13.e.x will not apply to any Haircare Business currently operating under the System as a Fantastic Sams Salon);

xi. To refrain from soliciting, interfering, or attempting to interfere with us or our affiliates' relationships with any customers, vendors, or consultants;

xii. To not operate, advertise or do business under any name or in any manner that might tend to give the general public the impression that this Agreement is still in force or that you are connected in any way with us, or have any right to use the System or the Marks;

xiii. To not make use or avail yourself of any of the trade secrets of, trade dress or information imparted by us, or disclose or reveal any such information or any portion thereof to others;

xiv. To not construct, equip, help, aid or assist any person or persons in the construction or equipping of any premises with the trade dress, distinctive features or equipment layout which we have originated and developed or which are characteristics of premises operated by franchisees; and

xv. In the event that non-proprietary assets used to operate the Salon are sold to a third party to operate a business at the Salon Location upon the expiration or termination of the Agreement, you will, at our request, provide us with an asset purchase agreement and any other relevant documentation evidencing that you retain no ownership interest in the Salon within 5 days of such request.

xvi. To transfer ownership of all Social Media accounts related to your Salon to us or our designee.

You and we acknowledge that the periods and geographical areas of restriction within which we have reserved our rights regarding the continued operation by you are essential to this Agreement and are fair and reasonable restrictions that afford a necessary protection to us and do not unduly interfere with any public interest or impose an undue hardship upon you. You acknowledge that breach by you of one or more of your obligations under this Section 13 might cause us to suffer irreparable harm, namely harm for which damages would be an inadequate remedy. You further acknowledge that we might suffer irreparable harm due to delay if, as a condition to obtaining an injunction, restraining order, or other equitable remedy with respect to such a breach, we were required demonstrate that we would suffer irreparable harm. The parties therefore intend that if you breach one or more of your obligations under this Section 13, then for purposes of determining whether to grant an equitable remedy, any court will assume that that breach would cause us irreparable harm. Furthermore, you acknowledge and agree that you (and, if you are an entity, your shareholders, members, partners and managers) may not avoid the provisions in this Section 13.e through conduct by persons in your immediate family (including spouses, domestic partners, parents or children) (or, if you are an entity, your shareholders, members, partners and managers, as applicable, and their spouses, domestic partners, parents or children). You and we agree and acknowledge that if you continue to operate the Salon after the expiration of the Initial Term, the terms applicable at expiration will apply when you actually cease to operate the Salon under the System.

**f. Liquidated Damages Upon Termination Due to Your Default.** In the event this Agreement is terminated prior to the end of its term due to your default under this Agreement, in addition to the amounts set forth in Section 13.e. above, you shall promptly pay to us a lump sum payment (as damages and not as a penalty) for breaching this Agreement and for our lost future revenue as a result of such breach in an amount equal to the average monthly fees payable by you to us over the twelve (12) month period immediately preceding the date of termination (or, if the Salon has been open less than twelve (12) months, the average monthly fees payable by you to us for the period the Salon was open, or if the Salon has not opened, \$1,000) multiplied by the lesser of thirty-six (36) months or the number of months then remaining in the then-current term of this Agreement. You acknowledge that a precise calculation of the full extent of the damages we will incur in the event of termination of this Agreement as a result of your default is difficult to determine and that this lump sum payment is reasonable in light of the damages we will incur for your material default causing the premature termination of this Agreement. This lump sum payment shall be in lieu of any damages for our lost future revenue that we may incur as a result of your default, but it shall be in addition to all amounts provided above in Sections 13.e. and other costs and expenses to which we are entitled under the terms of this Agreement. Your payment of this lump sum shall not affect our right to recover damages other than lost future revenue and to obtain appropriate injunctive relief and other remedies to enforce this Section 13, our trademark rights under Section 5 above, and the covenants set forth in Section 5.

**g. Right to Purchase.** If this Agreement expires or is terminated for any reason (other than our fault), we have the option, upon 30 days' written notice from the date of expiration or termination, to purchase from you any or all the tangible and intangible assets relating to the Salon, including the Salon Location if you own the Salon Location (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the "Purchased Assets") and to an assignment of your lease for (1) the Salon Location (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the Salon. If the landlord respecting the lease for the Salon Location is an affiliate of you (controlling, controlled by or under common control with you) we will have the right to assume the lease on terms generally consistent with then-current market rates for space in the immediate area surrounding the Salon Location. We may assign to a third party this option to purchase and assignment of leases separate and apart from the remainder of

this Agreement. While we have the option to have the lease for the Salon Location assigned to us, we do not have the obligation to take over the lease for the Salon Location.

The purchase price for the Salon will be the fair market value of the Purchased Assets; provided that: (1) we may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (2) we may exclude from fair market value any provision for goodwill or similar value attributable to intangible property (such as the Marks and Confidential Information). If the parties cannot agree on fair market value within a reasonable time, we will designate an independent appraiser to determine the fair market value of the Purchased Assets. The determination of such appraiser will be binding on the parties hereto, and the costs of such appraisal will be divided equally between you and us. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur within a reasonable time, not to exceed 60 days, after the fair market value is determined. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the Salon without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates. If we exercise our option to purchase the Salon, we may, pending the closing, appoint a manager to maintain Salon operations.

If we assume the lease for the Salon Location under this Section, you will pay, remove or satisfy any liens or other encumbrances on your leasehold interest and will pay in full all amounts due the lessor under the lease existing at or prior to assumption. We are not liable for any obligation you incur before the date we assume the lease.

#### **14. ARBITRATION.**

Any controversy, dispute, or claim arising out of or relating to this Agreement or the parties' franchise relationship shall be submitted to binding arbitration in an arbitration to be administered by the American Arbitration Association ("AAA"). All disputes regarding the validity, interpretation, formation, or enforceability of the arbitration agreement are delegated to the arbitrator in the first instance. The arbitration proceedings will be conducted by 1 arbitrator, and, except as this Section otherwise provides, according to the AAA's then current Commercial Arbitration Rules (the "AAA Rules"). The parties agree to arbitrate in Wilmington, Delaware. The parties agree further that the arbitrator may tender an interim ruling, including injunctive relief, and all claims of any type by either party, including counterclaims and defenses, are included in the jurisdiction of arbitration. Notwithstanding the foregoing, we may seek injunctive relief in a court of competent jurisdiction relating to the protection of its confidential information, marks, intellectual property, or to enforce the covenants set forth in Sections 12, 13.e. ix., 13.e.x., and 13.e.xi. of this Agreement, as applicable.

Either party will send written Demand for Arbitration to (1) the other party, and (2) the Regional Office of the American Arbitration Association invoking the binding arbitration provisions of this Section. The arbitrator will be appointed in accordance with the AAA Rules. The parties further consent to the jurisdiction of any appropriate court to enforce the provisions of this Section and/or to confirm any award rendered by the arbitrator. Each party will bear its share of costs and fees of the arbitration in accordance with the AAA Rules. Should a party fail to pay its portion of any arbitration fees in accordance with the AAA Rules, such failure to pay will be grounds for dismissal of the non-paying party's claims.

Any costs or other expenses, including attorneys' fees, arbitrator's fees, interest and costs, incurred by the successful party arising out of or occurring because of the arbitration proceedings or any action to confirm and enforce an arbitration award, will be assessed by the arbitrator or the court against the unsuccessful party. For purposes of this Section, a party will be considered unsuccessful if it withdraws its Demand for Arbitration

prior to a decision by the arbitrator. You specifically agree that this clause is entered into without any fraud, duress or undue influence on the part of us or any agent, broker, or employee thereof.

All arbitrations shall be the individual claims of the parties only and shall not be consolidated with any other arbitration or be part of any class or mass arbitration.

Except for claims arising from your non-payment of amounts owed to us and/or our affiliates, you and we agree that any and all claims arising out of or relating to this Agreement or the relationship between the parties, will be barred unless a judicial or arbitration proceeding is brought within the earlier of (a) 1 year from the occurrence of the facts giving rise to such claim or action or (b) within 6 months from the date claimant knew or should have known of the facts giving rise to the claims or action.

The term “you,” for purposes of this arbitration clause, includes the shareholders, owners, Guarantor(s), principals, members, or partners of you, or any person or entity claiming by or through any of the foregoing.

You specifically agree and acknowledge that claims arising out of or relating to this Agreement in any way against or by any person or entity, whether a signatory to this Agreement or not, will be resolved through arbitration.

## **15. TERM AND RENEWAL.**

a. **Initial Term.** This Agreement, unless terminated for any reason, continues in full force and effect for a period of 10 years from the Effective Date (the “Initial Term”). Once the Salon initially opens, the Salon must operate continuously throughout the Initial Term. The Initial Term will not be reduced or otherwise diminished in length as a result of the term of your lease for the Salon expiring or being terminated prior to the end of the Initial Term.

b. **Renewal.** At the end of the Initial Term, you may request that we renew the franchise for one additional period of 10 years, provided that you meet the following conditions:

i. you have given us written notice of your intention to renew at least 180 days before the end of the then-existing term of this Agreement;

ii. you have fully complied with all provisions of this Agreement, including the payment of all monetary obligations you owe to us or our affiliates, and have complied with our material operating and quality standards and procedures;

iii. you and your Designated Salon Manager, and any other employees we designate completes, to our satisfaction, any new training and refresher programs as we may reasonably require. You are responsible for all travel, living and compensation costs of attendees;

iv. you sign our then-current form of franchise agreement, which may have materially different provisions including a reduced or eliminated Protected Area and/or higher Weekly Fees than that contained in this Agreement;

v. you and all of your Guarantors sign a general release, in a form prescribed by us, of any and all claims against us, the NAF and RAF and their affiliates, and their respective officers, directors, agents and employees;

vi. you pay to us a non-refundable renewal fee equal to \$5,000, in addition to paying any and all other fees so required by us; and

vii. you make such capital expenditures that reasonably may be required by us to remodel, paint, update, purchase equipment and modernize the Salon, premises, signs or equipment to conform to the then-current image of the System at the time of the execution of the renewal of this Agreement, as defined in the Manuals or otherwise.

## 16. ACKNOWLEDGMENTS.

**a. Success of Salon.** The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or your principals') ability as independent businesspeople, and your active participation in the daily affairs of the Salon as well as other factors. We do not make, and you acknowledge that all of your shareholders, owners, Guarantor(s), principals, members and/or partners have not received or relied upon, any guaranty, express or implied, as to the revenues, profits, available financing, or success of the business venture contemplated by this Agreement.

**b. Independent Investigation.** You acknowledge that all of your principals have conducted an independent investigation of the business venture contemplated by this Agreement and recognize (i) that it involves business risks, that the success of the venture is largely dependent upon their business abilities, and (ii) they are solely responsible for financing the Salon or obtaining financing for the Salon.

**c. Receipt of Documents.** You acknowledge that all of your shareholders, owners, Guarantor(s), principals, members and/or partners have read this Agreement and the franchise disclosure document and that they understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all Fantastic Sams Salons and thereby to protect and preserve the goodwill of the System and the Marks. You acknowledge that all shareholders, owners, Guarantor(s), principals, members and/or partners of yours have not received or relied on any representations by us or our officers, directors, employees or agents that are contrary to the statements made in the franchise disclosure document or to the terms herein.

**d. Representatives; Parties to the Agreement.** You acknowledge that, in all of your dealings with us, and/or our officers, directors, employees or agents, our officers, directors, employees and agents acted only in a representative capacity and not in an individual capacity. You acknowledge that this Agreement, and all business dealings between you, any of your shareholders, owners, Guarantor(s), principals, members and/or partners and such individuals as a result of this Agreement, are solely between you and us.

## 17. MISCELLANEOUS.

**a. Severability.** If any article, section, part, term, sentence or provision of this Agreement is determined to be invalid for whatever reason, all of the remaining articles, sections, parts, terms, sentences and provisions of this Agreement will remain in full force and effect as if the invalid item were deemed not to be a part of this Agreement.

**b. Venue and Jurisdiction.** Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above, will be brought in state or federal court in Wilmington, Delaware. We also have the right to file any such suit against you in the federal or state court where the Salon is located. We and you irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. The provisions of this Section 17.c will survive the termination of this Agreement.

**c. Entire Agreement.** This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations,

and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

**d. Amendments.** This Agreement may be modified, changed or amended only by written agreement signed by both parties. Notwithstanding this Section, we may unilaterally modify, revise and update the Manuals or other materials concerning the System, in any manner not inconsistent with this Agreement.

**e. Cost of Enforcing.** In the event it becomes necessary for either party to institute any action or proceeding to secure or protect such party's rights under this Agreement, the successful party will be entitled to recover in any judgment its attorneys' fees, together with court costs, and any and all filing fees and litigation expenses.

**f. Waivers.** Either party may waive any covenant or condition to be performed by the other party only by executing a written agreement to that effect. Further, any waiver by either party of any default or breach or series of defaults or breaches in performance of any of the terms, provisions, covenants or conditions of this Agreement to be performed by the other party will not constitute a waiver of any other breach, default or waiver of any terms, provisions, covenants or conditions to be performed by the other party.

**g. Interpretation of Rights.** The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

**i. Our Rights.** Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

**ii. Our Reasonable Business Judgment.** Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other of our individual interests. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

**h. Successors and Assigns.** This Agreement will inure to the benefit of any permitted successor or assign of either of the parties. Any assignee or successor in interest to you or us will assume all of the rights, duties, privileges and responsibilities of you or us in this Agreement. We further acknowledge and agree that any restrictions and limitations on assignment will apply to members of your immediate family and to any stockholders, members, partners, officers, directors, agents, subsidiaries and affiliates of yours, if a corporation, partnership or limited liability company, as to their respective interests in you.

**i. Notice.** Any and all notices required or permitted under this Agreement must be in writing and will be personally delivered, sent by a recognized overnight delivery service, by registered U.S. Mail, by electronic mail with a read receipt, or by other means which provides the sender with evidence of delivery, or of rejected delivery, to us at Fantastic Sams Franchise Corporation, Attn: General Counsel, 6901



East Fish Lake Road, #170, Maple Grove, MN 55369 or to such other address that we may prescribe from time to time, and to you at the Salon or the address for you listed on **Exhibit A**. Notices will be deemed to have been received as follows: by personal delivery -- at the time of delivery; by overnight delivery service -- on the next business day following the date on which the Notice was given to the overnight delivery service; certified mail – 3 days after the date of mailing, electronic mail- the same day the notice is sent; and all notices required by this Agreement, including those related to requests, acts or omissions of the Guarantor(s), will be effective when delivered to you. You alone are liable for forwarding any notices to your officers, directors, employees, shareholders, owners, Guarantor(s), principals, members and/or partners. In the event that you are an if you are an entity, you acknowledge and agree that notice to any one owner of the entity, as designated in **Exhibit A** or by other means deemed sufficient by us, will be considered sufficient notice to you under this Agreement. Our address and the address for you may be changed at any time by either party by written notice given to the other party as provided in this Section.

**j. Governing Law.** Subject to our rights under federal trademark laws and the parties’ rights under the Federal Arbitration Act respecting Section 14 above, this Agreement will be governed by and construed under the laws of the State of Delaware, without regard to any conflict of laws principles of such state. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state designated above.

**k. WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL.** EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 10.b., 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.

**l. Terms.** Any reference in this agreement to “including” will mean “including, but not limited to.”

**m. Counterparts.** This Agreement may be executed in multiple counterparts, each of which will be deemed to be an original and all of which taken together will constitute one and the same agreement. The parties agree that scanned or electronic signatures will have the same effect and validity, and may be relied upon in the same manner, as original signatures.

## **18. GUARANTY AND OWNERSHIP.**

All of your Guarantors will sign the Guaranty and Assumption Agreement substantially in the form attached to this Agreement as **Exhibit C** (the “Guaranty Agreement”). We may also require the spouse of any Guarantor to sign the Guaranty Agreement. Any person or entity that at any time after the date of this Agreement becomes a Guarantor of yours under the provisions of this Section 18 or otherwise will, as a condition to becoming a Guarantor, sign the Guaranty Agreement, and you must ensure that any proposed new Guarantor signs the Guaranty Agreement. “Guarantor” means any person or entity who directly or indirectly owns an interest in you. If any corporation or other entity other than a partnership is a Guarantor, a “Guarantor” also will mean a shareholder or owner of an interest in such corporation or other entity. If a partnership is a Guarantor, a “Guarantor” also will mean each general partner of such partnership and, if such general partner is an entity, each owner of an interest in such general partner.

**Exhibit A** completely and accurately describes all of your owners and their interests in you as of the Effective Date. You and your owners agree to sign and deliver to us a revised **Exhibit A** to reflect any changes in your ownership information.

*(Signatures on Following Page)*

IN WITNESS WHEREOF, the parties have hereunto executed this Agreement on the Effective Date.

**YOU:**

\_\_\_\_\_  
(Print Your Complete Individual or Entity Name)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**US:**

Fantastic Sams Franchise Corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A  
SALON INFORMATION**

**PROTECTED AREA.** The Protected Area is a \_\_\_\_\_ mile radius from the Salon Location.

**SALON LOCATION**

Salon Location (“Salon Location”): \_\_\_\_\_

County: \_\_\_\_\_

**INITIAL FRANCHISE FEE**

Initial Franchise Fee: \$ \_\_\_\_\_

**MARKETING**

Weekly NAF Fee: \$ \_\_\_\_\_

Regional Advertising Fund (“RAF”) established for the Regional Marketing Area [*select one*]:

Yes

No

Weekly RAF Fee (if applicable): \$ \_\_\_\_\_

Minimum Grand Opening Marketing Expenditure: \$ \_\_\_\_\_

**OWNERSHIP INFORMATION**

Your Residence and/or Principal Place of Business (“Address for Franchisee”):

\_\_\_\_\_

Your Telephone Number/Email: \_\_\_\_\_

You are a \_\_\_\_\_ (sole proprietor / general partnership / corporation / LLC / LLP).

If you are a corporation, LLC or LLP, you are organized under the laws of the State of \_\_\_\_\_.

If you are a corporation, LLC or LLP, the following is a list of the names and addresses of each shareholder, officer, partner or member who is involved in the franchised business with their percentage of ownership and position held within the business entity:

<u>NAME</u>	<u>COMPLETE ADDRESS</u>	<u>OWNERSHIP</u>	<u>OFFICE</u>

EXHIBIT B  
LEASE ADDENDUM

**THIS ADDENDUM** (the “**Addendum**”) has been executed as of this \_\_\_ day of \_\_\_\_\_, 201\_\_\_, by and among FANTASTIC SAMS FRANCHISE CORPORATION, a Delaware Corporation (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”) and \_\_\_\_\_ (“**Landlord**”), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein (“**Lease**”) dated as of \_\_\_\_\_, 201\_\_ for the premises located at \_\_\_\_\_, in the State of \_\_\_\_\_ (“**Premises**”).

Franchisee has also entered (or will also enter) into a Franchise Agreement (“**Franchise Agreement**”) with Franchisor for the development and operation of a Fantastic Sams salon at the Premises, and as a condition to obtaining Franchisor’s approval of the Lease, the Lease for the Premises must contain the provisions contained in this Addendum.

**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, the parties hereby agree as follows:

1. The Premises may be used solely for the operation of a Fantastic Sams salon. Franchisee, as the tenant under the Lease, will have the right to display and use the “Fantastic Sams” marks and signs in the manner required by the Franchisor. Should Franchisee fail to remove any signage from the Premises (including any exterior signs) within five (5) days of (i) any abandonment of the Premises by Franchisee, or (ii) any termination or expiration of the Franchise Agreement, Franchisee will be deemed to have abandoned such signage, and Landlord hereby grants Franchisor the right to remove such signage within a reasonable time after such abandonment. Franchisor’s removal of any signage under this Section 1 will in no way release Franchisee of any obligation to remove such signage under the Franchise Agreement or this Addendum, and Franchisor expressly reserves the right to charge Franchisee for any sign removal and related costs.

2. Landlord agrees to deliver to Franchisor a copy of any notice of default or termination of the Lease and all correspondence between Landlord and Franchisee related to any such default at the same time such notice is delivered to Franchisee.

3. Franchisee hereby assigns to Franchisor, 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 will be effective unless and until: (a) Franchisee abandons the Premises or the Franchise Agreement is terminated or expires (without renewal) and (b) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee’s obligations under the Lease.

4. Any default under the Lease will also constitute a default under the Franchise Agreement, and any default under the Franchise Agreement will also constitute a default under the Lease.

5. Franchisor will have the right, but not the obligation, to cure any breach of the Lease 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. Such cure period will be extended for an additional: (a) 15 days for in the event of a monetary default and (b) 30 days in the event of a non-monetary default (or such longer period as may be reasonably necessary provided Franchisor commences a cure within such 30-day period and diligently pursues the cure thereafter), after the expiration of the time in which Franchisee may cure a default pursuant to the terms of the Lease.

6. Franchisee and Landlord agree that they will not modify, amend, supplement, and/or extend, nor (in the case of Franchisee) assign the Lease rights, without Franchisor's prior written consent. Franchisee will not amend or assign the Lease or renew or extend the terms thereof without the prior written consent of Franchisor.

7. Franchisee and Landlord acknowledge and agree that Franchisor will have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above. The parties also agree that by signing this Addendum, Franchisor has not guaranteed Franchisee's obligations to Landlord.

8. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, further assign the Lease to another franchisee of Franchisor to operate a Fantastic Sams salon at the Premises provided that the proposed franchisee has met all of Franchisor's applicable criteria and requirements and has executed a franchise agreement with Franchisor. Landlord and Franchisee agree to execute such further documentation to confirm Landlord's consent to the assignment permitted under this Addendum as Franchisor may reasonably request for that purpose. Upon such assignment to a franchisee of Franchisor, Franchisor will be released from any further liability under the terms and conditions of the Lease.

9. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents will have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that if the Franchise Agreement expires (without renewal) or is terminated, then Franchisee has an obligation under the Franchise Agreement to take certain steps to properly de-identify the Premises as a Fantastic Sams salon (unless Franchisor takes an assignment of the lease, as provided above). Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided that Franchisor will bear the expense of repairing any damage to the Premises as a result thereof.

10. If Landlord is an affiliate or an owner of the Franchisee, then Landlord and Franchisee agree that if Landlord proposes to sell the Premises, before the sale of the Premises, upon the request of Franchisor the Lease will be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms in the community where the Fantastic Sams salon is located.

11. Landlord and Franchisee agree that the terms in this Addendum will supersede any terms to the contrary set forth in the Lease.

12. All of Franchisor's rights, privileges and interests under this Addendum and the Lease will inure to the benefit of Franchisor's successors and assigns. Franchisor, along with its successors and assigns, is an intended third-party beneficiary of the provisions of this Addendum.

13. Landlord and Franchisee agree that copies of any and all notices required or permitted under this Addendum, or under the Lease, will also be sent to Franchisor at 6901 East Fish Lake Road, #170, Maple Grove, MN 55369 (attention President), or to such other address as Franchisor may specify by giving written notice to Landlord.

***(SIGNATURES ON FOLLOWING PAGE)***

WITNESS the execution hereof under seal.

**Landlord**

By: \_\_\_\_\_  
Printed  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Franchisee**

By: \_\_\_\_\_  
Printed  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Printed  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Fantastic Sams Franchise Corporation**

By: \_\_\_\_\_  
Printed  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(If Franchisee is an individual owner, Franchisee must sign alone; if a partnership, all partners must sign)

EXHIBIT C  
GUARANTY AND ASSUMPTION AGREEMENT

In consideration of the execution of that certain Franchise Agreement of even date (the “Agreement”) by Fantastic Sams Franchise Corporation (“FSFC,” “we” or “us”), each of the undersigned (a “Guarantor”) personally and unconditionally guarantees to us, and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement that \_\_\_\_\_ (the “Franchisee” or “you”) will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, any amendments to the Agreement, and any renewal of the rights under the Agreement.

Each Guarantor waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; and (4) any right he/she may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor’s liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and your other Guarantors;

(2) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon demand if you fail to do so;

(3) Guarantor’s liability hereunder will not be diminished or relieved by insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned;

(4) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor;

(5) Guarantor will defend, indemnify, and hold us harmless against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys’ fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) (“Claims”) resulting from, consisting of, or arising out of or in connection with any failure by you, your officers, directors, agents, or employees to perform any obligation under this Agreement, any amendment thereto, or any other agreement executed by you referred to therein; and

(6) Without affecting the obligations of Guarantor under this Guaranty, we may, without notice to Guarantor, extend, modify, or release any indebtedness or obligation of you, or settle, adjust, or compromise any claims against you.

Upon the death of any Guarantor, the estate of such individual will be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other Guarantor(s) will continue in full force and effect.

Sections 14 (Arbitration), 17.b (Venue and Jurisdiction), 17.c. (Entire Agreement), 17.d. (Amendments), 17.e. (Cost of Enforcing), 17.f. (Waivers), and 17.j. (Governing Law) of the Agreement apply to Guarantors and this Guaranty.



Each Guarantor represents and warrants to FSFC that the Franchisee's representations and warranties in the Agreement are true and correct.

*[signature page to follow]*

FRANCHISEE: \_\_\_\_\_

GUARANTOR(S)

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

63362356v4

**Exhibit B: Multi-Unit Development Agreement**

# FANTASTIC SAMS<sup>®</sup>

CUT & COLOR

**FANTASTIC SAMS FRANCHISE CORPORATION  
MULTI-UNIT DEVELOPMENT AGREEMENT**

Development Agreement No. \_\_\_\_\_

2 Salons     3 Salons     5 Salons

**FANTASTIC SAMS®**  
**MULTI-UNIT DEVELOPMENT AGREEMENT**  
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**FANTASTIC SAMS FRANCHISE CORPORATION**  
**MULTI-UNIT DEVELOPMENT AGREEMENT**

Your Residence or Principal Place of Business:

\_\_\_\_\_  
\_\_\_\_\_ (“Address for you”)

Your Number: \_\_\_\_\_

Number of Salons to be Developed: \_\_\_\_\_

This Multi-Unit Development Agreement (this “Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between Fantastic Sams Franchise Corporation, a Delaware corporation (“Us”) and \_\_\_\_\_ (“You”).

**RECITALS**

A. We have developed a family haircare system for family haircare salons (“Fantastic Sams Salons”) that currently includes: (i) common use and promotion of the name “Fantastic Sams” and other tradenames, trademarks, service marks, logos, slogans, trade dress, and domain names that we may periodically develop and designate for use within the System (the “Marks”), (ii) educational and training programs, (iii) advertising and marketing plans, (iv) standard policies, procedures, and techniques for operating a Fantastic Sams Salon, (v) architectural drawings, plans, designs and layouts; and (vi) Confidential Information (defined below) (the “System”);

B. Fantastic Sams salons offer haircare services including cuts, shampoos, styles, perms and color, to men, women and children, and offer a full line of haircare products for sale (“Fantastic Sams Salons”);

C. We have the right to grant others the right to own and operate multiple Fantastic Sams Salons in certain states;

D. You desire to obtain the right to utilize and benefit from the use of the System and the Marks to develop multiple Salons (defined below);

E. You understand and acknowledge the importance of the high and uniform standards of quality, cleanliness, convenience, service and value imposed by us, in order to maintain the value of the Marks, and the necessity of operating your business in compliance with our standards.

**NOW, THEREFORE**, in consideration of the premises and in further consideration of the mutual undertakings of the parties, including the payment of all fees, you and us agree as follows:

**1. GRANT OF DEVELOPMENT RIGHTS.**

a. **Non-Exclusive Development.** Subject to the provisions and conditions of this Agreement, we grant to you, for the term of this Agreement, the non-exclusive right to enter into our then-current form of Fantastic Sams® Franchise Agreements with us (“Franchise Agreements”) for the development and operation of Salons at locations within the geographic area described on Exhibit B (the “Development Area”) which we, in our sole discretion may, accept in writing.

**b. Limitation on Rights.** The rights and privileges granted to you in this Agreement are expressly subject to the terms and conditions of this Agreement. You must own all ownership interests in all Salons developed pursuant to this Agreement and you do not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement. You will not have the right to pledge, assign or transfer this Agreement or its rights under this Agreement, except as specifically provided for in this Agreement.

## **2. RIGHTS IN DEVELOPMENT AREA.**

**a. Limited Rights.** This Agreement does not grant any rights to you with respect to any existing Fantastic Sams Salons and does not grant you any exclusive rights to any territory or development area except as may be set forth, in writing, in the individual Franchise Agreements entered into by you and us for Salons which may be developed by you under this Agreement.

**b. Non-Exclusive.** Notwithstanding any other provision in this Agreement or in any Franchise Agreement, you acknowledge that all development rights shall be perpetually non-exclusive to you.

**c. Location of Salons.** By granting you rights to develop certain Salons, we are not promising that other Fantastic Sams Salons (including salons owned and/or operated by us and our affiliates) will not be developed within the Development Area and/or draw customers or advertise for customers in the Development Area or the same trade area in which you operate Salons.

**d. Reservation of Rights.** We reserve the absolute and unconditional right to grant franchises for, and to operate, Fantastic Sams Salons, and to otherwise use the System at sites in the Development Area and/or within the same trade area in which you operate Salons, even if such sites compete for customers of yours.

**3. DEVELOPMENT FEES.** In consideration for the development rights granted to you, you will, on the date this Agreement is executed by you, pay us a nonrefundable development fee described on Exhibit A (“Development Fee”). Under all circumstances, the Development Fee shall be deemed fully earned and nonrefundable in consideration of the administrative and other expenses incurred by us in granting this Agreement and the Franchise Agreements contemplated hereunder, and for our lost or deferred opportunities. The Development Fee shall be in lieu of the Initial Franchise Fee otherwise due under the Franchise Agreements for the Salons to be opened pursuant to the development schedule set forth in Section 4.a. You acknowledge that we may debit the Development Fee from any account of yours or your affiliates to which we have access.

## **4. DEVELOPMENT SCHEDULE.**

**a. Development Schedule.** You acknowledge and agree that a material provision of this Agreement is that the following number of Salons must be opened and continuously operated by you during the term of this Agreement in accordance with the development schedule described on Exhibit A.

**b. Reasonableness of Development Schedule.** You represent that you have conducted your own independent investigation and analysis of the prospects for the establishment of Salons, approves of the foregoing development schedule as being reasonable and viable, and recognizes that failure to achieve the results described in the development schedule shall constitute a material breach of this Agreement on the basis of which we will have the right to terminate this Agreement as provided herein.

**c. Closing of Salon Location; Termination of Franchise Agreement.** If you close any of your Salons and fail within 30 days to re-open at the same or a new location approved by us in writing, or if any Franchise Agreement between you and us terminates or expires for any reason, then the affected Salon will

not count as an operational Salon for purposes of complying with the development schedule or provisions of this Agreement.

**d. Failure to Comply with Development Schedule.** If you fail to comply with the development schedule, we may give you notice of breach of this Agreement for failure to open and/or continuously operate the number of Salons required by the development schedule, and any such notice shall place you in default, pursuant to Section 9 of this Agreement.

**e. Effect on Individual Franchise Agreement.** Termination of this Agreement as a result of your failure to comply with the development schedule set forth above will not affect the individual Franchise Agreements executed by the parties for the Salons pursuant to this Agreement; however, upon termination of this Agreement, all rights to develop additional Salons and all other rights granted to you under this Agreement will immediately revert to us, without affecting those obligations of yours that continue beyond the termination of this Agreement.

## **5. YOUR OTHER OBLIGATIONS.**

**a. Execution of Franchise Agreements.** For each Salon owned and developed by you under this Agreement, you (and, if applicable, your shareholders, partners, members and/or Guarantor(s) (defined below)) must execute our then-current Franchise Agreement, including a general release, prior to opening the Salon for business. If you fail or refuse to execute a Franchise Agreement and/or a general release as required by the terms of this Agreement, it will be deemed a material breach of this Agreement, and we will have the right to terminate this Agreement as provided herein.

**b. Compliance with Franchise Agreements.** You will operate the Salons in strict compliance with all of the terms and conditions of the Franchise Agreements executed by you and us.

**c. Modifications to Franchise Agreement.** You acknowledge that our standard Franchise Agreement may be modified from time to time by us and that any such modifications and amendments to the Franchise Agreement will not alter your obligations under this Agreement.

**d. Technical Educator.** Upon the opening of the 6<sup>th</sup> salon in the Development Area, you must hire a full-time technical educator (the “Educator”). We may designate certain training programs, seminars and/or meetings (collectively the “Training Programs”) as mandatory, and the Educator shall be required to successfully complete such Training Programs within 6 months of notification thereof by us. You will bear all costs and expenses incurred in connection with Educator’s attendance at such Training Programs. You must require all of your personnel performing managerial or supervisory functions; all personnel receiving or to receive special training from us; and all partners, members, officers, directors and shareholders of ours, to sign confidentiality agreements requiring them to keep confidential all information received in all training sessions and/or contained in the training materials, or disclosed to them pursuant to this Section 5.

**e. Training Center.** Upon the opening of the 6<sup>th</sup> salon in the Development Area, you must open a training center within the Development Area, or designate an existing salon to be used for training purposes. You must construct, equip and maintain the training center or salon in accordance with the then-current specifications of the System. Further, you must specifically purchase or lease and install in the training center equipment, signs, furnishings, supplies, and fixtures in accordance with the standard specifications furnished by us, as amended by us from time to time.

**f. Non-Disclosure.** You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or



know how concerning us, the System and/or the marketing, management or operations of the Salon that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement (“Confidential Information”). You shall divulge such Confidential Information only to such of your employees, partners, officers, directors or shareholders of yours as must have access to it in order to operate the Salon and who have signed a confidentiality agreement. For purposes of this Agreement, “Confidential Information” means: (i) any and all information, knowledge, or know how relating to us and/or the System which may be communicated to you, whether communicated in writing, orally, electronically, by inspection, or by sample, exhibit, training, demonstration or other means; and (ii) all Operations Manuals (defined below), information and materials received by you from us; provided, however, it shall not include information which you can demonstrate came to your attention prior to disclosure thereof by us, or which, at or after the time of disclosure by us to you, had become or later becomes part of the public domain through publication or communication by others. Confidential Information may include information relating to the development and operation of the System; proprietary information and trade secrets regarding the products and services sold under the System and providing services and products offer and sold under the System; advertising and marketing plans and materials for the System; information concerning the marketing, management and operation of Fantastic Sams Salons; information concerning us; electronic communications posted on any intranet for the System; electronic mail distribution lists; and the Operations Manuals. The foregoing list of Confidential Information is illustrative only and does not necessarily include all matters considered confidential by us. You hereby acknowledge that you have not developed or been engaged in any program or system similar to the System and that the System was unknown to you prior to the execution of your first Franchise Agreement. We shall have the right to obtain injunctive relief in the event of breach of this Section 5.f. by you, in addition to any and all other remedies and damages available to us.

**g. Indemnification.** You have a duty to defend us from and against any and all liability whatsoever, direct or indirect. In addition you shall protect, indemnify, and hold harmless us and our affiliates, and the officers, directors and employees of ours and their affiliates (the “Indemnitees”) harmless against any and all, direct and indirect, causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys’ fees) arising directly or indirectly from, as a result of, or in connection with your conduct under this Agreement, including, without limitation, those alleged to be caused by the Indemnitees’ negligence, unless (and then only to the extent that) the claims, obligations or damages are determined to be caused solely by the Indemnitees’ gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. You agree that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, to: (i) choose counsel; (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or you, any claim against the Indemnitees in their sole discretion. Indemnitees will not be required to mitigate damages or seek recovery through an insurer.

**h. Protection of Marks.** You acknowledge that you have no interest in or to the Marks and your right to use the Marks is derived solely from individual Franchise Agreements. You acknowledge that we or our affiliates are the exclusive owner of the Marks and all goodwill associated therewith, and any unauthorized use of the Marks is and shall be deemed an infringement of our rights or our affiliates. You further agree that you will not, during the term of this Agreement and after termination or expiration hereof for any reason whatsoever, dispute or contest, directly or indirectly, the validity, ownership or enforceability of the Marks, nor directly or indirectly attempt to dilute the value of the goodwill attached to the Marks, nor counsel, procure or assist anyone else to do the same. You shall operate under the trade name designated or approved by us and shall use no other name in conducting its licensed business. The actual legal name of the entity constituting you, however, specifically shall not include, in any fashion, any of the Marks.

## 6. INDEPENDENT CONTRACTORS.

**a. Independence of Parties.** Neither this Agreement, nor the contacts or negotiations that resulted in this Agreement, create a fiduciary relationship or other special relationship between us and you. You agree that you are an independent business person, and, as such, is an independent contractor throughout the term of this Agreement and is solely responsible for any and all obligations incurred by you. No agency, employment, or partnership is created or implied by the terms of this Agreement, and you are not and shall not hold yourself out as our (or our affiliates') agent, legal representative, partner, subsidiary, joint venture or employee. Further, the parties, their agents or employees have no right, power or authority to bind or obligate the other. No act of assistance given by us shall be construed to have altered this relationship. You are the only party that is in day-to-day control of your business, even though we will share the brand and Marks as specified in this Agreement, and neither this Agreement nor our course of conduct is intended, nor may any of the systems, guidance, processes, or requirements under which you operate (i) alter that basic fact or (ii) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

**b. Hold Harmless.** You assume full risk for the conduct of its business as an independent business person and shall hold us free and harmless from any claim, demand, liability, action, suit or proceeding asserted or claimed by any third party arising out of the malfeasance, nonfeasance or other act or omission to act concerning the operation of any of the Salons or your development business. Under no circumstances shall we be liable for any act, omission, negligence, debt or any obligation of yours.

**c. Control of Business.** As an independent contractor, you exercise full, complete and unfettered control over, and have full responsibility for, any and all employee and labor relations matters incident to the operation of your development business and all of your Salons, including the hiring, firing, training, disciplining, compensation, work schedules and other terms and conditions of employment of your employees. The conduct of your business shall be determined by its own judgment and discretion, subject to the provisions of this Agreement and the provisions of the Franchise Agreements, setting forth the System as it shall be adopted or revised from time to time.

## 7. ASSIGNMENT OF AGREEMENT.

**a. Assignment.** This Agreement is personal in nature and entered into in reliance upon and in consideration of the skill, qualifications and representations of, and trust and confidence reposed in you and/or your owners. Therefore, you may not sell, transfer, assign, divide, or otherwise dispose of this Agreement or any of its obligations, duties, rights or privileges under this Agreement under any circumstances. None of your owners as of the Effective Date may sell, transfer, assign, or otherwise dispose of their ownership interests in you under any circumstances as long as this Agreement is in effect. Any such transaction will be void and of no effect and will constitute a breach of this Agreement.

**b. Death or Disability.** Upon the death or incapacity of any person with an interest in this Agreement or in you, the executor, administrator or personal representative of such person shall make an assignment of such interest approved by us within 6 months after such death or incapacity. Such assignments, including assignments by devise or inheritance, shall be subject to the conditions set forth by us similar to those required in connection with an assignment our Franchise Agreement. In the case of assignment by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions allowed under this Section 7.b., the executor, administrator or personal representative of the decedent shall make an assignment of the decedent's interest to another party approved by us within 6 months of us providing notice to the executor, administrator or personal representative that the heirs or beneficiaries do not meet the conditions, which disposition shall be subject to all the terms and conditions

for assignments contained in our Franchise Agreement. If the interest is not disposed of within such 6-month period, we may terminate this Agreement, such failure shall be a default under this Agreement.

**c. Assignment to Corporation.** Provided you demonstrate to us that you (1) are, and will remain, the legal and beneficial owner of a majority of the stock of an assignee corporation and (2) shall act as the principal officer of the corporation, we shall allow you to incorporate and assign your rights to a corporation organized expressly for the purpose of fulfilling the terms of this Agreement without the payment of any assignment fee or outstanding promissory note. However, you and all other shareholders must personally guaranty the performance of the duties and responsibilities of you corporate assignee, including the payment of any fees.

**d. Assignment by Us.** The rights, duties and obligations under this Agreement may be assigned, transferred, divided, conveyed, pledged, encumbered, merged or given away by us and will inure to the benefit of our successors and assigns. We will provide you with written notice of any such assignment, transfer, division, conveyance, pledge, encumbrance, merger or grant and the assignee will be required to fully perform our obligations under this Agreement.

## **8. COVENANTS OF YOU DURING TERM.**

**a. Acknowledgment.** You acknowledge that we are engaged in licensing of the System and that our licenses are valuable because each licensee/franchisee obtains the right to use the Marks and the System and the right to receive certain services of ours. You further acknowledge that any appropriation or duplication of any part or all of the System for any use or purpose other than for the operation of a licensed Fantastic Sams Salon will impair the value of our business, the Marks and the licenses granted to other licensees/franchisees. You acknowledge that breach by you of one or more of your obligations under this Section 8 might cause us to suffer irreparable harm, namely harm for which damages would be an inadequate remedy. You further acknowledge that we might suffer irreparable harm due to delay if, as a condition to obtaining an injunction, restraining order, or other equitable remedy with respect to such a breach we were required to demonstrate that it would suffer irreparable harm. The parties therefore intend that if you breach one or more of your obligations under this Section 8, then for purposes of determining whether to grant an equitable remedy, any court will assume that that breach would cause us.

**b. Non-Compete.** Accordingly, you agree that during the term of this Agreement, you and your shareholders, partners, members, Guarantor(s), officers and directors shall not, directly or indirectly, on their own account or as an employee, agent, consultant, partner, member, officer, director or shareholder of any other person, firm, entity, partnership, company or corporation, own, lease, operate, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in a business that offers hair cutting, hair coloring, and/or hair care services and/or related products (“Haircare Business”); provided, however, that this restriction shall not apply to any Haircare Business operated or franchised by a company under common ownership with us or to the leasing of space in any commercial shopping center in which you have an interest. Furthermore, you acknowledge and agree that you shall be considered in default under this Agreement, and that this Agreement will be subject to termination, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of you (or, if you are other than an individual, each person that is subject to these covenants) engages in a Haircare Business that would violate this Section 8 if such person was subject to the covenants of this Section 8.

**c. Experience.** You further acknowledge that you have worked previously and has been gainfully employed in other fields in which it has sufficient skills and experience to be gainfully employed in a business other than in the haircare industry.

## 9. **TERMINATION.**

**a. Termination by You.** You have no right to unilaterally terminate this Agreement.

**b. Immediate Termination by Us.** At our option, we will have the immediate right to terminate this Agreement without affording you any opportunity to cure the default if any of the following occur:

1. you are involved in any act or conduct which materially impairs or otherwise is prejudicial to the goodwill associated with the name “Fantastic Sams,” any of the Marks, or the System;
2. You abandon, or fail to actively operate any Fantastic Sams Salon operated pursuant to an agreement with us for more than two (2) consecutive business days or five (5) days during any 30-day period, or provide us or any other party notice (written or oral) that you intend to permanently close or otherwise abandon the operation of the Salon;
3. You or any of your owners make a material misrepresentation or omission in the application for the Salon;
4. You remove the Fantastic Sams sign or signs from any Fantastic Sams Salon operated pursuant to an agreement with us while continuing to operate the Salon as a Haircare Business;
5. You be convicted of or plead no contest to any criminal misconduct relevant to the operation of the franchised business;
6. You receive 3 notices of default, as provided below in Section 9.c., in any consecutive 12-month period, whether or not such defaults are cured;
7. You breach any of your obligations under this Agreement to maintain the confidentiality of information relating to the System;
8. Upon the filing of any voluntary or involuntary petition of bankruptcy by you (or any owner of you), subject to applicable law;
9. Upon the making of any assignment for the benefit of creditors by you (or any owner of you);
10. Upon you making any assignment of this Agreement or ownership interests in you.; or
11. The nature of the breach is not curable.

Any termination under this Section 9.b. will be effective on our delivery of notice of termination to you. If any provision of this Section 9.b is inconsistent with applicable law, the applicable law will govern.

**c. We May Terminate Agreement.** In addition to the foregoing, we have the right to terminate this Agreement for any other material breach of this Agreement. For purposes of this Section, a material breach of this Agreement includes, but is not limited to, one or more of the following:

1. Violation of any covenant of you set forth in this Agreement;

2. Violation of any covenant in any Franchise Agreement or regional franchise agreement between you (or its affiliates) and us;

3. Use of any of the Marks or any other part of the System by you, your employees or agents in a manner contrary to the terms of this Agreement or any Franchise Agreement, or for a purpose not first authorized in writing by us and in any manner or for any purpose which materially impairs the exclusivity of any of the Marks or its attendant goodwill;

4. Commission of any act by you, your employees or agents that detracts from the favorable goodwill associated with Fantastic Sams or the successful operation of any Fantastic Sams Salon or our business operation; and

5. Violation of any of the business policies, practices, procedures or obligations prescribed or set forth in our confidential standard Fantastic Sams operations, policy and procedure manuals (the "Operations Manuals") which are part of the System, as they may be amended from time to time by us or our affiliates.

6. Upon any other material default by you not listed in Section 9.b, including failure to meet the development schedule.

**d. Notice.** Except for the termination at our option set forth in Section 9.b above, upon the occurrence of a material breach of this Agreement, we shall forward to you written notice of default.

1. For defaults under Section 9.c., you shall have 30 days from the mailing of such notice within which to cure the default of this Agreement. If the default is timely cured, this Agreement shall not be terminated.

2. If state law requires a minimum notice period greater than 30 days, the notice period shall be such required notice period.

**e. Enforcement.** Termination of this Agreement by us shall not be an exclusive remedy and shall not in any way affect the right of us to receive, collect and enforce Weekly Fees (defined in the Franchise Agreements) or other amounts payable by you or to enforce, in any manner, the provisions of this Agreement against you.

**f. You Responsibilities upon Termination.** Upon termination or expiration of this Agreement, in any manner, you shall:

1. Within 5 days, pay all fees and other amounts due and owing to us under this Agreement or any other contract, promissory note or other obligation payable by you to us;

2. Except as provided in Section 9.i, refrain from directly or indirectly participating as an owner, partner, director, shareholder, member, officer, employee, consultant, lender or agent, or serve in any other capacity in a Haircare Business within a 2.5 mile radius of any Fantastic Sams Salon (including, but not limited to the location of any Salon): (A) for the remainder of the unexpired term of this Agreement or (B) for a period of 2 years from the date of termination or expiration, whichever period is greater;

3. Except as provided in Section 9.i, not make use or avail itself of any of the trade secrets of, trade dress or information imparted by us, or disclose or reveal any such information or any portion thereof to others;

4. Except as provided in Section 9.i, not construct, equip, help, aid or assist any person or persons in the construction or equipping of any premises the trade dress, distinctive features or equipment layout which we have originated and developed and which are characteristic of premises operated by Fantastic Sams licensees/franchisees; and

5. Comply with all other applicable provisions of this Agreement, including those provisions containing obligations that continue beyond the termination or expiration of this Agreement.

**g. Restrictions; Injunction.** You and us acknowledge that the periods and geographical areas of restriction within which we have reserved our rights regarding the continued operation by you are essential to this Agreement, are fair and reasonable restrictions that afford necessary protection to us and do not unduly interfere with any public interest or impose an undue hardship upon you. You further agree that any violation by you of a provision of Section 9.f is likely to cause damage to us which may not be adequately compensated by money damages and, therefore, agrees that injunctive relief is appropriate, in addition to any other remedy provided for in this Agreement or by law, without waiving our right to submit any claim or controversy arising out of this Agreement to arbitration in accordance with this Agreement. You agree that we will not be required to obtain or post a performance bond or other security in connection with seeking such injunctive relief, and you also agree not to claim otherwise in any filing with a court.

**h. Reversion of Rights.** Upon expiration or termination of this Agreement for any reason, all rights to develop additional Salons in the Development Area and all other rights granted to you pursuant to this Agreement will automatically revert to us, and we will have the right to develop the Development Area or to contract with others for the development of the Development Area.

**i. Franchise Agreements Not Affected.** You will continue to operate the Salons owned and operated by you in the Development Area pursuant to the terms of each Franchise Agreement signed by you and us prior to the termination or expiration of this Agreement, and the rights and obligations of you and us with respect to the Salons in the Development Area will be governed by the terms of each Franchise Agreement.

## **10. ARBITRATION.**

Any controversy, dispute, or claim arising out of or relating to this Agreement or the parties' franchise relationship shall be submitted to binding arbitration in an arbitration to be administered by the American Arbitration Association ("AAA"). All disputes regarding the validity, interpretation, formation, or enforceability of the arbitration agreement are delegated to the arbitrator in the first instance. The arbitration proceedings will be conducted by 1 arbitrator, and, except as this Section otherwise provides, according to the AAA's then current Commercial Arbitration Rules (the "AAA Rules"). The parties agree to arbitrate in Wilmington, Delaware. The parties agree further that the Arbitrator may tender an interim ruling, including injunctive relief, and all claims of any type by either party, including counterclaims and defenses, are included in the jurisdiction of arbitration. Notwithstanding the foregoing, we may seek injunctive relief in a court of competent jurisdiction relating to the protection of its confidential information, marks, intellectual property, or to enforce the covenants set forth in Sections 8 and 9.f of this Agreement, as applicable.

Either party will send written Demand for Arbitration to (1) the other party, and (2) the Regional Office of the American Arbitration Association invoking the binding arbitration provisions of this Section. The arbitrator will be appointed in accordance with the AAA Rules. The parties further consent to the jurisdiction of any appropriate court to enforce the provisions of this Section and/or to confirm any award rendered by the arbitrator. Each party will bear its share of costs and fees of the arbitration in accordance with the AAA Rules. Should a party fail to pay its portion of any arbitration fees in accordance with the AAA Rules, such failure to pay will be grounds for dismissal of the non-paying party's claims.

Any costs or other expenses, including attorneys' fees, arbitrator's fees, interest and costs, incurred by the successful party arising out of or occurring because of the arbitration proceedings or any action to confirm and enforce an arbitration award, will be assessed by the arbitrator or the court against the unsuccessful party. For purposes of this Section, a party will be considered unsuccessful if it withdraws its Demand for Arbitration prior to a decision by the arbitrator. You specifically agree that this clause is entered into without any fraud, duress or undue influence on the part of us or any agent, broker, or employee thereof.

All arbitrations shall be the individual claims of the parties only and shall not be consolidated with any other arbitration or be part of any class or mass arbitration

Except for claims arising from your non-payment of amounts owed to us and/or our affiliates, you and we agree that any and all claims arising out of or relating to this Agreement or the relationship between the parties, will be barred unless a judicial or arbitration proceeding is brought within the earlier of (a) 1 year from the occurrence of the facts giving rise to such claim or action or (b) within 6 months from the date claimant knew or should have known of the facts giving rise to the claims or action.

The term "you," for purposes of this arbitration clause, includes the shareholders, owners, Guarantor(s), principals, members, or partners of you, or any person or entity claiming by or through any of the foregoing.

You specifically agree and acknowledge that claims arising out of or relating to this Agreement in any way against or by any person or entity, whether a signatory to this Agreement or not, will be resolved through arbitration.

**11. TERM.** This Agreement, unless terminated for any reason, shall continue in full force and effect until the anniversary of this Agreement corresponding to the final month of the development schedule.

**12. YOUR RESPONSIBILITY TO SUCCEED.**

**a. Responsibility.** You acknowledge that all shareholders, owners, partners, members, principals and Guarantor(s) of yours ("Principals") have read this Agreement and the Franchise Disclosure Document and that they understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all the Salons and thereby to protect and preserve the goodwill of the System and the Marks. You acknowledge that all Principals have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that the success of the venture is largely dependent upon their business abilities. We expressly disclaim the making of, and you acknowledge that no Principal has received or relied upon any guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. You acknowledge that no Principal has received or relied upon any representations by us or by any of our owners, principals, guarantors, officers, directors or employees (our "Personnel") that are contrary to the statements made in the Franchise Disclosure Document or to the terms herein. You acknowledge that, in all of their dealings with us and all of our Personnel, our Personnel acted only in a representative capacity and not in an individual capacity. You acknowledge that this Agreement, and all business dealings between you, any Principal and our Personnel as a result of this Agreement, are solely between you and us. You further represent to us, as an inducement to entry into this Agreement, that no Principal made any misrepresentation to us in order to obtain this Agreement.

**b. Future Changes.** You recognize and acknowledge that this Agreement requires it to open the Salons in the future pursuant to the development schedule. You further acknowledge that the estimated expenses and investment requirements set forth in our Franchise Disclosure Document are subject to increase over time, and that future Salons developed by you may involve greater initial investment and

operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement.

### 13. **MISCELLANEOUS.**

**a. Severability.** If any article, section, part, term, sentence or provision of this Agreement is determined to be invalid for whatever reason, all of the remaining articles, sections, parts, terms, sentences and provisions of this Agreement will remain in full force and effect as if the invalid item were deemed not to be a part of this Agreement.

**b. Venue and Jurisdiction.** Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above, will be brought in state or federal court in Wilmington, Delaware. We also have the right to file any such suit against you in the federal or state court where the Salon is located. We and you irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. The provisions of this Section 13.b will survive the termination of this Agreement.

**c. Entire Agreement.** This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

**d. Amendments.** This Agreement may be modified, changed or amended only by written agreement signed by both parties. Notwithstanding this Section, we may unilaterally modify, revise and update the Operations Manuals or other materials concerning the System, in any manner not inconsistent with this Agreement.

**e. Cost of Enforcing.** In the event it becomes necessary for either party to institute any action or proceeding to secure or protect such party's rights under this Agreement, the successful party will be entitled to recover in any judgment its attorneys' fees, together with court costs, and any and all filing fees and litigation expenses.

**f. Waivers.** Either party may waive any covenant or condition to be performed by the other party only by executing a written agreement to that effect. Further, any waiver by either party of any default or breach or series of defaults or breaches in performance of any of the terms, provisions, covenants or conditions of this Agreement to be performed by the other party will not constitute a waiver of any other breach, default or waiver of any terms, provisions, covenants or conditions to be performed by the other party.

**g. Interpretation of Rights.** The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

1. **Our Rights.** Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. **Our Reasonable Business Judgment.** Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision



or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other of our individual interests. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

**h. Successors and Assigns.** This Agreement will inure to the benefit of any permitted successor or assign of either of the parties. Any assignee or successor in interest to you or us will assume all of the rights, duties, privileges and responsibilities of you or us in this Agreement. We further acknowledge and agree that any restrictions and limitations on assignment will apply to members of your immediate family and to any stockholders, members, partners, officers, directors, agents, subsidiaries and affiliates of yours, if a corporation, partnership or limited liability company, as to their respective interests in you.

**i. Notice.** Any and all notices required or permitted under this Agreement must be in writing and will be personally delivered, sent by a recognized overnight delivery service, by registered U.S. Mail, by electronic mail with a read receipt, or by other means which provides the sender with evidence of delivery, or of rejected delivery, to us at Fantastic Sams Franchise Corporation, Attn: General Counsel, 6901 East Fish Lake Road, #170, Maple Grove, MN 55369 or to such other address that we may prescribe from time to time, and to you at the Salon or the address for you listed on Exhibit A. Notices will be deemed to have been received as follows: by personal delivery -- at the time of delivery; by overnight delivery service -- on the next business day following the date on which the Notice was given to the overnight delivery service; certified mail – 3 days after the date of mailing, electronic mail- the same day the notice is sent; and all notices required by this Agreement, including those related to requests, acts or omissions of the Guarantor(s), will be effective when delivered to you. You alone are liable for forwarding any notices to your officers, directors, employees, shareholders, owners, Guarantor(s), principals, members and/or partners. In the event that you are an if you are an entity, you acknowledge and agree that notice to any one owner of the entity, as designated in Exhibit A or by other means deemed sufficient by us, will be considered sufficient notice to you under this Agreement. Our address and the Address for you may be changed at any time by either party by written notice given to the other party as provided in this Section.

**j. Governing Law.** Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act respecting Section 10 above, this Agreement will be governed by and construed under the laws of the State of Delaware, without regard to any conflict of laws principles of such state. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state designated above.

**k. WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL.** EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 10.b., 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.

**l. Terms.** Any reference in this agreement to “including” will mean “including, but not limited to.”

**m. Counterparts.** This Agreement may be executed in multiple counterparts, each of which will be deemed to be an original and all of which taken together will constitute one and the same agreement.

The parties agree that scanned or electronic signatures will have the same effect and validity, and may be relied upon in the same manner, as original signatures.

#### **14. GUARANTY AND OWNERSHIP.**

All of your Guarantors will sign the Guaranty and Assumption Agreement substantially in the form attached to this Agreement as **Exhibit C** (the “Guaranty Agreement”). We may also require the spouse of any Guarantor to sign the Guaranty Agreement. Any person or entity that at any time after the date of this Agreement becomes a Guarantor of yours under the provisions of this Section 13 or otherwise will, as a condition to becoming a Guarantor, sign the Guaranty Agreement, and you must ensure that any proposed new Guarantor signs the Guaranty Agreement. “Guarantor” means any person or entity who directly or indirectly owns an interest in you. If any corporation or other entity other than a partnership is a Guarantor, a “Guarantor” also will mean a shareholder or owner of an interest in such corporation or other entity. If a partnership is a Guarantor, a “Guarantor” also will mean each general partner of such partnership and, if such general partner is an entity, each owner of an interest in such general partner.

**Exhibit A** completely and accurately describes all of your owners and their interests in you as of the Effective Date. You and your owners agree to sign and deliver to us a revised **Exhibit A** to reflect any changes in your ownership information.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed this Multi-Unit Development Agreement on the day and year first written above.

**YOU:**

\_\_\_\_\_  
(Print Your Individual or Entity Name)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**GUARANTOR(S):** All shareholders, if a corporation; all partners, if a partnership; or all members, if a limited liability company.

\_\_\_\_\_  
, individually

\_\_\_\_\_  
, individually

**US:**

Fantastic Sams Franchise Corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**  
**INFORMATION SHEET**

**DEVELOPMENT FEE**

Development Fee: \$ \_\_\_\_\_

**DEVELOPMENT SCHEDULE**

Salon Opening Schedule	Number of Salons Required to be Opened During the Time Period	Cumulative Number of Salons Required to be Opened and, After Opening, Continuously Operated
__ months from the Effective Date		
__ months from the Effective Date		
__ months from the Effective Date		

**OWNERSHIP INFORMATION**

Your Residence and/or Principal Place of Business (“Address for Franchisee”):

\_\_\_\_\_

Your Telephone Number/Email: \_\_\_\_\_

You are a \_\_\_\_\_ (sole proprietor / general partnership / corporation / LLC / LLP).

If you are a corporation, LLC or LLP, you are organized under the laws of the State of \_\_\_\_\_.

If you are a corporation, LLC or LLP, the following is a list of the names and addresses of each shareholder, officer, partner or member who is involved in the franchised business with their percentage of ownership and position held within the business entity:

<u>NAME</u>	<u>COMPLETE ADDRESS</u>	<u>OWNERSHIP</u>	<u>OFFICE</u>

**EXHIBIT B**  
**DESCRIPTION OF DEVELOPMENT AREA**  
**(Counties)**

**TO BE INITIALED BY BOTH PARTIES**

**YOU:** \_\_\_\_\_ **US:** \_\_\_\_\_

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**Exhibit C: State-Specific Addenda**

## CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

### Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

### Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

### Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of State of Delaware. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement requires binding arbitration. The arbitration will occur in Wilmington, Delaware with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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.

The financial performance figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.



## CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement requires application of the laws of State of Delaware. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Wilmington, Delaware with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_

Its:

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its:

Date: \_\_\_\_\_

## CALIFORNIA ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Unit Development Agreement, to the extent that the Multi-Unit Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Multi-Unit Development Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Multi-Unit Development Agreement requires application of the laws of State of Delaware. This provision may not be enforceable under California law.

The Multi-Unit Development Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Multi-Unit Development Agreement requires binding arbitration. The arbitration will occur in Wilmington, Delaware with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Multi-Unit Development Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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 Multi-Unit Development Agreement.

3. Except as expressly modified by this Addendum, the Multi-Unit Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Multi-Unit Development Agreement. In the event of any conflict between this Addendum and the Multi-Unit Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

## ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

## ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
Its:  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its:  
Date: \_\_\_\_\_

## ILLINOIS ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Unit Development Agreement, to the extent that the Multi-Unit Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Multi-Unit Development Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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 Multi-Unit Development Agreement.

3. Except as expressly modified by this Addendum, the Multi-Unit Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Multi-Unit Development Agreement. In the event of any conflict between this Addendum and the Multi-Unit Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.



FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
Its:  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its:  
Date: \_\_\_\_\_

## MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

### Item 17. Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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.

## MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

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.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
Its:  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its:  
Date: \_\_\_\_\_

## MARYLAND ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Multi-Unit Development Agreement, to the extent that the Multi-Unit Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Multi-Unit Development Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Multi-Unit Development Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

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 Multi-Unit Development Agreement.

3. Except as expressly modified by this Addendum, the Multi-Unit Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Multi-Unit Development Agreement. In the event of any conflict between this Addendum and the Multi-Unit Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
Its:  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its:  
Date: \_\_\_\_\_

## MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

### State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

### Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

### Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

### Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

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.



## MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C,

or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

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.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its:

Its:

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## MINNESOTA ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Multi-Unit Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C,

or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Multi-Unit Development Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Multi-Unit Development Agreement.

3. Except as expressly modified by this Addendum, the Multi-Unit Development Agreement Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Multi-Unit Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

## NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

### Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT J OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

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.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its:

Its:

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.



## NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

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.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_

Its:

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its:

Date: \_\_\_\_\_

## NORTH DAKOTA ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Multi-Unit Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Multi-Unit Development Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Multi-Unit Development Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

The Multi-Unit Development Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Multi-Unit Development Agreement.

3. Except as expressly modified by this Addendum, the Multi-Unit Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Multi-Unit Development Agreement. In the event of any conflict between this Addendum and the Multi-Unit Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_

Its:

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its:

Date: \_\_\_\_\_

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

## VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

### Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According 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 grounds 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.”

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.

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According 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.”

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.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
Fantastic Sams Franchise Corporation

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

## WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

### Item 17, Additional Disclosure:

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.



WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT  
AGREEMENT, FRANCHISEE COMPLIANCE QUESTIONNAIRE, AND RELATED  
AGREEMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISEE

## WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

### Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

**Exhibit D: Franchise Corp Financial Statements**

**Fantastic Sams Franchise Corporation**

(a wholly-owned subsidiary of Fantastic Sams

International Corporation)

**Financial Statements**

**For the years ended December 31, 2023 and 2022**

**Fantastic Sams Franchise Corporation**  
**(a wholly-owned subsidiary of Fantastic Sams International Corporation)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Fantastic Sams Franchise Corporation  
Woburn, Massachusetts

### Opinion

We have audited the accompanying financial statements of Fantastic Sams Franchise Corporation which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fantastic Sams Franchise Corporation as of December 31, 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 of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fantastic Sams Franchise Corporation 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 the 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 financial statements that are 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 Fantastic Sams Franchise Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**INDEPENDENT AUDITOR'S REPORT**  
**(continued)**

**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 are 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 GAAS 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment 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 procedures 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 Fantastic Sams Franchise Corporation'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fantastic Sams Franchise Corporation'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.

Miami, Florida  
April 15, 2024

*Barclais CPA, LLC*

Barclais CPA, LLC



## Fantastic Sams Franchise Corporation

### Balance Sheets As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 1)	\$ 310,897	\$ 360,897
Restricted cash (Note 1)	311,230	282,732
Accounts receivable, net of allowance of \$53,652 and \$53,652, respectively (Note 1)	433,129	278,736
Intercompany receivables - current (Note 2)	18,097,916	17,911,788
Notes receivable - current portion (Note 1)	183,062	144,734
Inventory, net (Note 1)	-	-
Prepaid expenses and other current assets	<u>98,522</u>	<u>304,513</u>
<b>Total current assets</b>	<b>19,434,756</b>	<b>19,283,400</b>
Notes receivable, non-current (Note 1)	160,408	104,887
Property and equipment, net (Notes 1 and 4)	522,018	227,856
Operating leases right-of-use asset, (Notes 1 and 6)	431,239	485,000
Intangible assets, net (Notes 1 and 5)	8,832,336	10,555,406
Trademark (Notes 1 and 5)	24,208,836	24,213,099
Goodwill (Notes 1 and 5)	20,394,906	20,394,906
Security deposits	<u>29,596</u>	<u>30,966</u>
<b>Total assets</b>	<b><u>\$ 74,014,095</u></b>	<b><u>\$ 75,295,520</u></b>

See accompanying notes to financial statements.

## Fantastic Sams Franchise Corporation

### Balance Sheets As of December 31, 2023 and 2022

#### Liabilities and Stockholder's Equity

	<u>2023</u>	<u>2022</u>
<b>Current liabilities</b>		
Notes payable	\$ 477,056	\$ -
Intercompany payables - current (Note 2)	3,537,638	3,422,837
Deferred revenues (Note 1)	294,785	260,817
Operating lease liability (Note 6)	281,009	285,000
Accrued expenses and other current liabilities	938,769	880,977
	<hr/>	<hr/>
<b>Total current liabilities</b>	5,529,257	4,849,631
Deferred taxes (Note 3)	5,962,319	6,645,202
Operating lease liability (Note 6)	158,233	200,000
Other long-term liabilities	-	5,340
	<hr/>	<hr/>
<b>Total Liabilities</b>	11,649,809	11,700,173
<b>Stockholder's Equity</b>		
Common stock, \$0.01 par value; 100 shares authorized, issued and outstanding	1	1
Additional paid-in capital	48,992,950	48,992,952
Retained earnings	13,371,335	14,602,394
	<hr/>	<hr/>
<b>Total Stockholder's Equity</b>	62,364,286	\$ 63,595,347
	<hr/>	<hr/>
<b>Total Liabilities and Stockholder's Equity</b>	<u>\$ 74,014,095</u>	<u>\$ 75,295,520</u>

See accompanying notes to financial statements.

## Fantastic Sams Franchise Corporation

### Statements of Operations For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Revenues (Note 1)</b>	\$ 12,010,254	\$ 11,788,328
Cost of sales	<u>-</u>	<u>-</u>
<b>Gross profit</b>	12,010,254	11,788,328
<b>Operating expenses</b>		
Sales and marketing	804,163	450,105
General and administrative	6,520,795	7,328,435
Depreciation and amortization (Notes 1, 4 and 5)	<u>2,440,238</u>	<u>2,692,805</u>
Total operating expenses	<u>9,765,196</u>	<u>10,471,345</u>
<b>Income from operations</b>	2,245,058	1,316,983
<b>Other income (expenses)</b>		
Interest expense, net	(3,200,494)	(2,467,867)
Other expenses, net	<u>(820,480)</u>	<u>(532,243)</u>
Total other expenses, net	<u>(4,020,974)</u>	<u>(3,000,110)</u>
<b>Income (loss) before income taxes</b>	(1,775,916)	(1,683,127)
Provision for income taxes (Note 3)	<u>(544,855)</u>	<u>(475,015)</u>
<b>Net income (loss)</b>	<u>\$ (1,231,061)</u>	<u>\$ (1,208,112)</u>

See accompanying notes to financial statements.

## Fantastic Sams Franchise Corporation

### Statements of Stockholder's Equity For the years ended December 31, 2023 and 2022

	Common Stock, \$0.01 par value		Additional Paid-in capital	Retained earnings	Total stockholder's equity
	Shares	Amount			
Balance at December 31, 2021	100	\$ 1	\$ 48,992,952	\$ 15,810,506	\$ 64,803,459
Net Income	-	-	-	\$ (1,208,112)	\$ (1,208,112)
Balance at December 31, 2022	100	\$ 1	\$ 48,992,952	\$ 14,602,394	\$ 63,595,347
Net Loss				\$ (1,231,061)	\$ (1,231,061)
Balance at December 31, 2023	100	\$ 1	\$ 48,992,952	\$ 13,371,333	\$ 62,364,286

See accompanying notes to financial statements.

**Fantastic Sams Franchise Corporation**

**Statements of Cash Flows**  
**For the years ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ (1,231,061)	\$ (1,208,112)
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	2,440,237	2,692,805
Bad debt reserve	-	32,298
Deferred taxes	(682,883)	50,000
Inventory reserve write-back	-	(2,000)
<b>(Increase) decrease in:</b>		
Accounts receivable - trade	(154,393)	(29,095)
Intercompany receivables	(186,128)	(1,104,629)
Other receivables		172,575
Inventories		19,323
Prepaid expenses and other current assets	205,991	(189,206)
Deposits	1,370	-
ROU assets	53,761	
Intercompany payables	114,801	(582,128)
Deferred revenues	33,968	74,380
Accrued expenses and other current liabilities	57,792	(189,592)
Other long-term liabilities	(51,098)	(7,037)
	<u>602,357</u>	<u>(270,418)</u>
<b>Net cash (used in) provided by operating activities</b>		
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(357,066)	(110,394)
Acquisition of intangibles	(650,000)	(151,264)
(Issuance) receipts of notes receivable	(93,849)	124,370
	<u>(1,100,915)</u>	<u>(137,288)</u>
<b>Net cash provided by (used in) investing activities</b>		
<b>Net cash provided by financing activities</b>	<u>477,056</u>	<u>                    </u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(21,502)	(407,706)
<b>Cash and cash equivalents - beginning of year</b>	<u>643,629</u>	<u>1,051,335</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 622,127</u>	<u>\$ 643,629</u>

See accompanying notes to financial statements.

# Fantastic Sams Franchise Corporation

## Notes to the Financial Statements For the years ended December 31, 2023 and 2022

### **Note 1** **Summary of Significant Accounting Policies**

#### **Business and Nature of Operations**

Fantastic Sams Franchise Corporation (“FSFC” or the “Company”) owns and operates a three-tiered franchise system in which it licensed rights within geographic regions to regional Subfranchisors (“Regional Owners”) that in turn sub-license to individual Fantastic Sams franchisees (“Subfranchisees”) within their respective regions. FSFC no longer offers the opportunity to operate as a Fantastic Sams Subfranchisor. FSFC currently offers the opportunity to become a franchisee to develop and operate a Fantastic Sams salon. The Fantastic Sams brand was developed in 1974 and the franchise system is one of the largest hair care franchises in the United States. As of December 31, 2023 and 2022, there were 8 and 8 Subfranchisors operating in 13 and 13 states with 77 and 91 Subfranchisee salons, respectively. Systemwide there were 565 and 614 active domestic franchisee and subfranchisee (“Franchisees”) salons, respectively. FSFC does not offer franchises for salons in an area where a Subfranchisor operates.

The Company is a wholly-owned subsidiary of Fantastic Sams International Corporation (“FSIC” or “Parent Corp.”), which, as of December 31, 2023, was a wholly-owned subsidiary of Dessange Group North America, Inc. (“DGNA” or “Holding Company”).

The Company is subject to a number of risks that could affect future operations and financial performance. These risks include, but are not limited to, significant competition, dependence on key individuals, annual performance fluctuations, and failure to effectively manage changes in the Company’s business environment.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Revenue Recognition**

Revenue consists of revenues from franchising activities and is recognized based on the term of the franchise agreements in accordance with ASC 952. Revenues from franchising activities include initial franchise fees, ongoing franchise fees and other royalty rebates based on product sales.

**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements**

**For the years ended December 31, 2023 and 2022**

**Note 1    Summary of Significant Accounting Policies (continued)**

**Revenue Recognition (continued)**

The Company is responsible for licensing Fantastic Sams franchise rights for geographic regions to Regional Owners. The license agreements with Regional Owners are generally for terms of 20 years.

The Company collects a weekly franchise fee from individual Franchisees in regions where the Company franchises directly with the Franchisees. The franchise fee is typically a fixed amount. The franchise agreements with Franchisees are generally for a 10 year term. The franchise license agreements require the Franchisees to pay an initial, non-refundable fee up to \$50,000.

Also, the Company collects a weekly royalty based on weekly franchise fees collected by Regional Owners and a monthly royalty based on a percentage of the average wholesale price for Fantastic Sams branded hair care products purchased by Franchisees from Regional Owners. Franchisees are required to purchase certain hair care products from the Company approved distributors. Product revenues are recognized in accordance with the agreements the Company maintains with the distributors.

Revenues from the license sale of franchise rights are generally recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided by the Company to the Franchisees have been performed. Unrecognized amounts are reported net of related deferred commissions paid to parties for efforts in the sale of new licenses. In the case of multiple unit license sales, the Company recognizes 15% of the initial MUDA fees at the time the sale and the remaining balance of the fees over the term of the contracts.

On January 1, 2018, the Company adopted ASC 606 – Revenues from contracts with customers using the modified retrospective method. The Company generates revenue from multiple unit development agreements (MUDA) that allow franchisees to open Fantastic Sams hair salons. The Company recorded a net decrease in retained earnings of \$847,352 as of January 1, 2018 due to the cumulative effect of adopting ASC 606.

The Company also sponsors training, educational classes and other events from time to time. Revenue from these events is deferred until the event has occurred.

For the years ended December 31,	2023	2022
Franchise fees	\$ 9,600,563	\$ 9,887,919
Initial franchise fees	528,189	397,096
Other revenues	1,881,502	1,503,313
<b>Total revenues</b>	<b>\$ 12,010,254</b>	<b>\$ 11,788,328</b>

**Fantastic Sams Franchise Corporation****Notes to the Financial Statements  
For the years ended December 31, 2023 and 2022****Note 1   Summary of Significant Accounting Policies (continued)****Cash and Cash Equivalents**

The Company considers all highly liquid investments with an initial maturity date of three months or less, when purchased, to be cash equivalents. Additionally, as of December 31, 2023 and 2022, the Company had \$311,230 and \$282,732 respectively, classified as restricted cash related to the sale of gift certificates. For the restricted cash, there is a corresponding offset in accrued expenses and other current liabilities on the accompanying balance sheets.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and accounts receivable. The Company invests a portion of its cash and cash equivalents with certain accredited financial institutions which management believes to have strong credit ratings. As of December 31, 2023, and 2022, the Company had bank balances exceeding the federally insured limit of \$250,000 of \$900,088 and \$110,466, respectively.

Concentrations of credit risk with respect to accounts receivable are limited due to the credit worthiness of customers comprising the Company's customer base. Management regularly monitors the credit worthiness of its customers and believes that it has adequately provided for any exposure to potential credit losses.

**Accounts and Notes Receivable**

The Company's accounts and notes receivable are due from Regional Owners and Franchisees. The Company reviews their credit history before extending credit and, generally, collateral is not required. The Company establishes any allowances for doubtful accounts based upon the credit risk, historical trends and other information of specific borrowers. The Company writes off accounts receivable when they are deemed uncollectible.

**Inventory**

Inventory consists primarily of finished goods including products to be sold to the end customers.



## Fantastic Sams Franchise Corporation

### Notes to the Financial Statements For the years ended December 31, 2023 and 2022

#### **Note 1** **Summary of Significant Accounting Policies (continued)**

##### **Property and Equipment**

Property and equipment, including leasehold improvements, are stated at cost or their approximate fair values if obtained through an acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from two to five years. Leasehold improvements are depreciated using the straight-line method over the estimated useful life of the asset or the term of the lease, whichever is shorter.

Maintenance and repairs are expensed when incurred. Significant renewals and betterments are capitalized in accordance with the Company's capitalization policy.

##### **Goodwill**

Goodwill represents the excess purchase price over the identifiable assets acquired and liabilities assumed. The Company is required to evaluate goodwill and other intangible assets not subject to amortization for impairment at least annually or when circumstances indicate the carrying value of the goodwill or other intangible assets may be impaired. The Company does not believe that goodwill is impaired as of December 31, 2023 and 2022.

##### **Other Intangible and Long-Lived Assets**

Other intangible assets consist primarily of covenants to not compete, contractual rights and licenses. Intangible assets are recorded apart from goodwill if they arise from a contractual right and are capable of being separated from the entity and sold, transferred, licensed, rented or exchanged individually. The useful life and amortization methodology of intangible assets are determined based on the period in which they are expected to contribute directly to cash flows. Intangible assets that are determined to have a definite life are amortized over their estimated useful lives as follows:

Non-compete covenants	2-3 years
Contractual rights	10-20 years
Licenses	15 years

Long-lived assets, other than goodwill, are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. When any such impairment exists, the related assets are written down to fair value. The Company did not record any impairment losses during the years ended December 31, 2023 and 2022.

**Fantastic Sams Franchise Corporation****Notes to the Financial Statements  
For the years ended December 31, 2023 and 2022****Note 1**    **Summary of Significant Accounting Policies (continued)****Fair Value Measurements**

The Company follows the provisions of ASC 820 Fair Value Measurement which defines fair value, establishes a framework for measuring fair value in accordance with US GAAP and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

Level 1 - Inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 - Inputs utilize data points that are observable such as quoted prices, interest rates and yield curves.

Level 3 - Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Cash equivalents consist of money market funds. The fair value measurements of money market funds are classified as Level 1 as they are based on quoted market prices in active markets.

At December 31, 2023, and 2022, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximated their estimated fair values because of the short maturity of these financial instruments.

**Income Taxes**

The Company accounts for income taxes using the asset and liability method. This method generally provides that deferred tax assets and liabilities be recognized for temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities. A valuation allowance is required to reduce the potential deferred tax asset when it is more likely than not that all or some portion of the potential deferred tax asset will not be realized. The impact on deferred taxes of changes in tax rates and laws, if any, are applied to the years during which temporary differences are expected to be settled and reflected in the financial statements in the period of enactment.

**Fantastic Sams Franchise Corporation****Notes to the Financial Statements  
For the years ended December 31, 2023 and 2022****Note 1**    **Summary of Significant Accounting Policies (continued)****Income Taxes (continued)**

The Company follows the provisions of ASC 740-10-25 which clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. ASC 740- 10-25 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting for interim periods and disclosures for uncertain tax positions.

The Company's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statement of operations. For the years ended December 31, 2023 and 2022, there were no uncertain tax positions and no estimated interest or penalties were recognized.

In accordance with an Accounting Standards Update issued by the Financial Accounting Standards Board in 2015, the Company has classified all deferred tax amounts as a non-current as of December 31, 2023 and 2022.

**Advertising Costs**

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2023 and 2022 were \$170,714 and \$175,383, respectively, with digital advertising being the most significant medium purchased in each year.

**Reclassifications**

Certain reclassifications have been made to prior year amounts to conform to the current year presentations.

**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements**

**For the years ended December 31, 2023 and 2022**

**Note 2    Intercompany Transactions**

Transactions between and among related parties occur in the normal course of business. These transactions can relate to revenue or expense items reported in the Company’s statements of operations for the years presented, or cash concentrations, inventory purchases and other balance sheet transactions. DGNA uses centralized treasury and payment distribution functions for all its subsidiaries. These functions are performed by FSIC. This arrangement results in due-to-FSIC or due from-FSIC balances on the Company’s books at the end of each reporting period. All intercompany activities flow from individual entities within the group through FSIC and to the recipient. The result is a vertical intercompany relationship rather than a horizontal (entity to entity) relationship. This allows the centralization of treasury and disbursements.

As of December 31, 2023 and 2022, intercompany balances were as follows:

	2023	2022
Intercompany receivables – current:		
Intercompany receivables – FSIC	\$ 18,097,916	\$ 17,911,788
Total intercompany receivables – current	18,097,916	17,911,788
Intercompany payables – current:		
Income tax payable – DGNA	3,537,638	3,422,837
Total intercompany payables – current	\$ 3,537,638	\$ 3,422,837

For the years ended December 31, 2023 and 2022, intercompany transactions were as follows:

	2023	2022
DGNA - Interest expense	\$ 3,200,494	\$ 2,467,867

**Note 3    Income Taxes**

The Company and its affiliates file a consolidated U.S. federal tax return. As such, the Company applies the separate return method for purposes of calculating each affiliate’s provision for income taxes. The individual affiliate’s current and deferred tax provision is first calculated on a stand alone basis, and the results are then combined to derive the consolidated tax provision

## Fantastic Sams Franchise Corporation

### Notes to the Financial Statements For the years ended December 31, 2023 and 2022

#### **Note 3**    **Income Taxes (continued)**

For the years ended December 31, 2023 and 2022, the provision for income taxes was as follows:

December 31,	2023	2022
Current taxes – Federal	\$ 130,000	\$ (525,015)
Current taxes – States	8,028	-
Deferred taxes	(682,883)	50,000
<b>Provision for Income Taxes</b>	<b>\$ (544,855)</b>	<b>\$ (475,015)</b>

For the years ended December 31, 2023 and 2022, the components of the net deferred tax liability were as follows:

December 31,	2023	2022
Bad debt allowance	\$ 58,219	\$ 15,000
Accrued compensation	52,953	40,000
Deferred revenues	-	-
Deferred rent	-	-
Other timing differences	902,490	-
Depreciation and Amortization	(6,975,981)	(6,700,202)
<b></b>	<b>\$ (5,962,319)</b>	<b>\$ (6,645,202)</b>

**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements  
For the years ended December 31, 2023 and 2022**

**Note 4    Property and Equipment**

Property and equipment consist of the following:

December 31,	2023	2022
Computer equipment	\$ 428,975	\$ 401,720
Computer software	1,429,824	1,423,785
Furniture and fixtures	254,447	254,447
Signage	14,679	14,679
Leasehold improvements	283,318	283,318
Construction in process	413,383	89,611
<b>Total</b>	<b>\$ 2,824,626</b>	<b>\$ 2,467,560</b>
<b>Less accumulated depreciation</b>	<b>\$ (2,302,608)</b>	<b>\$ (2,239,704)</b>
<b>Property and Equipment, net</b>	<b>\$ 522,018</b>	<b>\$ 227,856</b>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$62,904 and \$95,849, respectively.

**Note 5    Intangible Assets, Trademark and Goodwill**

Allocated intangible assets consist of the following:

December 31,	2023	2022
Non-compete agreements	\$ 375,224	\$ 369,224
Accumulated amortization	(370,554)	(367,804)
	4,670	1,420
Contractual rights	12,775,477	12,769,737
Accumulated amortization	(10,720,238)	(9,772,515)
	2,055,239	2,997,222
Licenses & other	19,614,478	18,976,218
Accumulated amortization	(12,842,051)	(11,419,454)
	6,772,427	7,556,764
<b>Total Intangible Assets, net</b>	<b>\$ 8,832,336</b>	<b>\$ 10,555,406</b>

**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements  
For the years ended December 31, 2023 and 2022**

**Note 5 Intangible Assets, Trademark and Goodwill (continued)**

Intangible assets are being amortized over their respective useful lives ranging from 10 to 20 years.

The Company recorded amortization expense relating to intangible assets for the years ended December 31, 2023 and 2022 of \$2,377,333 and \$2,592,685 respectively.

As of December 31, 2023, the following is a schedule of future amortization of intangible assets:

Fiscal years ending December 31,	Amount
2024	\$ 2,045,338
2025	2,038,582
2026	1,969,964
Thereafter	2,209,749
Total	\$ 8,263,633

Other Intangible assets as of December 31, 2023 and 2022 consist of the following:

December 31,	2023	2022
Trademark	\$ 24,244,874	\$ 24,244,874
Accumulated amortization	(36,038)	(31,775)
Total Other Intangible Assets, net	\$ 24,208,836	\$ 24,213,099

As of December 31, 2023 and 2022, goodwill consists of the following:

Goodwill acquired in connection with acquisition of FSHC - January 12, 2012	\$ 14,765,264
Goodwill acquired in connection with Ely Region acquisition	812,000
Goodwill acquired in connection with W&T Region acquisition	396,339
Goodwill acquired in connection with Walmax acquisition	120,000
Goodwill acquired in connection with Global Franchising Group acquisition	204,000
Goodwill acquired in connection with Copeland region acquisition	1,359,000
Goodwill acquired in connection with FSRM region acquisition	2,666,303
Goodwill acquired in connection with McCall region acquisition	72,000
Total Goodwill	\$ 20,394,906

There were no changes in goodwill from the date of purchase through December 31, 2023.

**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements  
For the years ended December 31, 2023 and 2022**

**Note 6    Leases**

The Company adopted the new lease standard under ASC 842 using the modified retrospective approach on January 1, 2022. The Company made an accounting policy election to not recognize an asset and a liability for existing leases with a remaining term of 12 months or less.

	Year Ending 2023-12
<b>Lease expense</b>	
Finance lease expense	
Amortization of ROU assets	-
Interest on lease liabilities	-
Operating lease expense	374,579
Variable lease expense	-
<b>Total</b>	<u><u>374,579</u></u>

**Other Information**

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	-
Financing cash flows from finance leases (i.e. principal portion)	-
Operating cash flows from operating leases	380,217
ROU assets obtained in exchange for new finance lease liabilities	-
ROU assets obtained in exchange for new operating lease liabilities	278,047
Weighted-average remaining lease term in years for finance leases	-
Weighted-average remaining lease term in years for operating leases	2
Weighted-average discount rate for finance leases	-
Weighted-average discount rate for operating leases	0

<b>Maturity Analysis</b>	Finance	Operating
2024-12	-	289,792
2025-12	-	75,534
2026-12	-	48,810
2027-12	-	37,805
2028-12	-	3,158
Thereafter	-	-
Total undiscounted cash flows	-	455,099
Less: present value discount	-	(15,857)
Total lease liabilities	-	<u><u>439,242</u></u>



**Fantastic Sams Franchise Corporation****Notes to the Financial Statements****For the years ended December 31, 2023 and 2022****Note 7**    **Commitments and Contingencies**

The Company is involved in a lawsuit with Transom Symphony OpCo, LLC d/b/a Beauty Quest Group in 2023. Fantastic Sams Franchise Corporation vs. Transom Symphony OpCo, LLC d/b/a Beauty Quest Group: Civil Docket No. 2381CV00865, Middlesex Superior Court, Massachusetts, filed on March 27, 2023. Plaintiff, Fantastic Sams Franchise Corporation (FSFC) filed this claim against Transom Symphony OpCo, LLC d/b/a Beauty Quest Group (BQG) on March 27, 2023. The complaint is being brought for claims of breach of contract, breach of warranty, breach of the covenant of good faith and fair dealing, violation of the Massachusetts and Connecticut Unfair Trade Practices Statutes and fraudulent inducement. This stems from a License, Production and Fulfilment Agreement dated September 23, 2021, between the parties. On May 31, 2023, BQG filed a counterclaim in this case against FSFC for breach of contract, breach of covenant of good faith and fair dealing, tortious interference with contractual and business relations, violation of Connecticut Unfair Trade Practices Act and violation of Massachusetts General Laws Chapter 93A. The parties are currently at the discovery stage of the proceedings, and a trial date has not yet been set.

**Note 8**    **Employee Retirement Plan**

The Fantastic Sams 401(k) Profit Sharing Plan (the “401(k) Plan”) is a qualified defined contribution plan in accordance with Section 401(k) of the Internal Revenue Code. All employees over the age of 21 may begin contributing on the first day of the month following their completion of twelve full months of service or any time thereafter. Eligible employees can make pretax contributions up to the maximum allowable by Code Section 401(k). The Company may make matching contributions equal to a discretionary percentage of the employee’s salary deductions, to be determined by the Company. For the years ended December 31, 2023 and 2022, the Company made matching contributions of \$73,481 and \$49,363 , respectively.

**Note 9**    **Assets Pledged as Collateral**

As of December 31, 2023 and 2022, Dessange Group North America, Inc. has related party notes payable. The notes are collateralized by substantially all of the assets of DGNA and its subsidiaries including the assets of the Company.

**Note 10**    **Subsequent Events**

The company evaluated all events or transactions that occurred after December 31, 2023 through April 15, 2024, the date these financial statements were available to be issued. No significant event occurred during the period from December 31, 2023 to April 15, 2024

**Fantastic Sams Franchise Corporation**  
(a wholly-owned subsidiary of Fantastic Sams  
International Corporation)

**Financial Statements**  
**For the years ended December 31, 2022 and 2021**

**Fantastic Sams Franchise Corporation**  
**(a wholly-owned subsidiary of Fantastic Sams International Corporation)**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Fantastic Sams Franchise Corporation  
Woburn, Massachusetts

**Opinion**

We have audited the accompanying financial statements of Fantastic Sams Franchise Corporation which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fantastic Sams Franchise Corporation as of December 31, 2022 and 2021, 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 of Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fantastic Sams Franchise Corporation 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 the 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 financial statements that are 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 Fantastic Sams Franchise Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**INDEPENDENT AUDITOR'S REPORT**  
(continued)

**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 are 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 GAAS 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment 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 procedures 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 Fantastic Sams Franchise Corporation'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fantastic Sams Franchise Corporation'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.

Miami, Florida  
April 26, 2023

*Barclais CPA, LLC*

Barclais CPA, LLC

**Fantastic Sams Franchise Corporation**

**Balance Sheets**  
**As of December 31, 2022 and 2021**

**Assets**

	<u>2022</u>	<u>2021</u>
<b>Current assets</b>		
Cash and cash equivalents (Note 1)	\$ 360,897	\$ 775,053
Restricted cash (Note 1)	282,732	276,282
Accounts receivable, net of allowance of \$53,652 and \$40,385, respectively (Note 1)	278,736	454,514
Intercompany receivables - current (Note 2)	17,911,788	16,807,159
Notes receivable - current portion (Note 1)	144,734	148,451
Inventory, net (Note 1)	-	17,323
Prepaid expenses and other current assets	304,513	115,307
<b>Total current assets</b>	<u>19,283,400</u>	<u>18,594,089</u>
Notes receivable, non-current (Note 1)	104,887	225,540
Property and equipment, net (Notes 1 and 4)	227,856	213,310
Operating leases right-of-use asset, (Notes 1 and 6)	485,000	-
Intangible assets, net (Notes 1 and 5)	10,555,406	12,998,091
Trademark (Notes 1 and 5)	24,213,099	24,216,107
Goodwill (Notes 1 and 5)	20,394,906	20,394,906
Security deposits	30,966	30,966
<b>Total assets</b>	<u><u>\$ 75,295,520</u></u>	<u><u>\$ 76,673,009</u></u>

See accompanying notes to financial statements.

**Fantastic Sams Franchise Corporation**

**Balance Sheets**  
**As of December 31, 2022 and 2021**

**Liabilities and Stockholder's Equity**

	<u>2022</u>	<u>2021</u>
<b>Current liabilities</b>		
Intercompany payables - current (Note 2)	\$ 3,422,837	\$ 4,004,965
Deferred revenues (Note 1)	260,817	186,437
Operating lease liability (Note 6)	285,000	-
Accrued expenses and other current liabilities	880,977	1,070,569
	<hr/>	<hr/>
<b>Total current liabilities</b>	4,849,631	5,261,971
Deferred taxes (Note 3)	6,645,202	6,595,202
Operating lease liability (Note 6)	200,000	-
Other long-term liabilities	5,340	12,377
	<hr/>	<hr/>
<b>Total Liabilities</b>	11,700,173	11,869,550
<b>Stockholder's Equity</b>		
Common stock, \$0.01 par value; 100 shares authorized, issued and outstanding	1	1
Additional paid-in capital	48,992,952	48,992,952
Retained earnings	14,602,394	15,810,506
	<hr/>	<hr/>
<b>Total Stockholder's Equity</b>	\$ 63,595,347	\$ 64,803,459
	<hr/>	<hr/>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 75,295,520</b>	<b>\$ 76,673,009</b>
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

**Fantastic Sams Franchise Corporation**

**Statements of Operations**  
**For the years ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenues (Note 1)</b>	\$ 11,788,328	\$ 13,217,164
Cost of sales	-	1,000
<b>Gross profit</b>	11,788,328	13,216,164
<b>Operating expenses</b>		
Sales and marketing	450,105	395,667
General and administrative	7,328,435	6,269,768
Depreciation and amortization (Notes 1, 4 and 5)	2,692,805	2,806,985
Total operating expenses	10,471,345	9,472,420
<b>Income from operations</b>	1,316,983	3,743,744
<b>Other income (expenses)</b>		
Interest expense, net	(2,467,867)	(2,272,023)
Other expenses, net	(532,243)	(101,467)
Total other expense, net	(3,000,110)	(2,373,490)
<b>Income (loss) before income taxes</b>	(1,683,127)	1,370,254
Provision for income taxes (Note 3)	(475,015)	400,000
<b>Net income (loss)</b>	<u>\$ (1,208,112)</u>	<u>\$ 970,254</u>

See accompanying notes to financial statements.



**Fantastic Sams Franchise Corporation**

**Statements of Stockholder's Equity**  
**For the years ended December 31, 2022 and 2021**

	Common Stock, \$0.01 par value		Additional Paid-in capital	Retained earnings	Total stockholder's equity
	Shares	Amount			
Balance at December 31, 2020	100	\$ 1	\$ 48,992,952	\$14,840,252	\$ 63,833,205
Net Income	-	-	-	\$ 970,254	\$ 970,254
Balance at December 31, 2021	100	\$ 1	\$ 48,992,952	\$15,810,506	\$ 64,803,459
Net Loss				\$ (1,208,112)	\$ (1,208,112)
Balance at December 31, 2022	100	\$ 1	\$ 48,992,952	\$14,602,394	\$ 63,595,347

See accompanying notes to financial statements.

## Fantastic Sams Franchise Corporation

### Statements of Cash Flows For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ (1,208,112)	\$ 970,254
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	2,692,805	2,806,986
Bad debt reserve	32,298	(19,031)
Deferred taxes	50,000	150,000
Inventory reserve write-back	(2,000)	-
<b>(Increase) decrease in:</b>		
Accounts receivable - trade	(29,095)	72,722
Intercompany receivables	(1,104,629)	(4,159,891)
Other receivable	172,575	-
Inventories	19,323	40
Prepaid expenses and other current assets	(189,206)	3,409
Deposits	-	25,337
<b>Increase (decrease) in:</b>		
Intercompany payables	(582,128)	138,109
Deferred revenues	74,380	(102,254)
Accrued expenses and other current liabilities	(189,592)	80,248
Other long-term liabilities	(7,037)	(3,717)
	<u>(270,418)</u>	<u>(37,788)</u>
<b>Net cash (used in) provided by operating activities</b>		
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(110,394)	(115,939)
Acquisition of intangible assets	(150,000)	-
Acquisition of trademarks	(1,264)	(4,755)
(Issuance) receipts of notes receivable	124,370	(91,357)
	<u>(137,288)</u>	<u>(212,051)</u>
<b>Net cash provided by (used in) investing activities</b>		
<b>Net increase (decrease) in cash and cash equivalent</b>	(407,706)	(249,839)
<b>Cash and cash equivalent - beginning of period</b>	<u>1,051,335</u>	<u>1,301,174</u>
<b>Cash and cash equivalent - end of period</b>	<u>\$ 643,629</u>	<u>\$ 1,051,335</u>

See accompanying notes to financial statements.

**Fantastic Sams Franchise Corporation****Notes to the Financial Statements  
For the years ended December 31, 2022 and 2021****Note 1**    **Summary of Significant Accounting Policies****Business and Nature of Operations**

Fantastic Sams Franchise Corporation (“FSFC” or the “Company”) owns and operates a three-tiered franchise system in which it licensed rights within geographic regions to regional Subfranchisors (“Regional Owners”) that in turn sub-license to individual Fantastic Sams franchisees (“Subfranchisees”) within their respective regions. FSFC no longer offers the opportunity to operate as a Fantastic Sams Subfranchisor. FSFC currently offers the opportunity to become a franchisee to develop and operate a Fantastic Sams salon. The Fantastic Sams brand was developed in 1974 and the franchise system is one of the largest hair care franchises in the United States. As of December 31, 2022 and 2021, there were 8 and 9 Subfranchisors operating in 13 and 14 states with 91 and 97 Subfranchisee salons, respectively. Systemwide there were 614 and 701 active domestic franchisee and subfranchisee (“Franchisees”) salons, respectively. FSFC does not offer franchises for salons in an area where a Subfranchisor operates.

The Company is a wholly-owned subsidiary of Fantastic Sams International Corporation (“FSIC” or “Parent Corp.”), which, as of December 31, 2022, was a wholly-owned subsidiary of Dessange Group North America, Inc. (“DGNA” or “Holding Company”).

The Company is subject to a number of risks that could affect future operations and financial performance. These risks include, but are not limited to, significant competition, dependence on key individuals, annual performance fluctuations, and failure to effectively manage changes in the Company’s business environment.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition**

Revenue consists of revenues from franchising activities and is recognized based on the term of the franchise agreements in accordance with ASC 952. Revenues from franchising activities include initial franchise fees, ongoing franchise fees and other royalty rebates based on product sales.

**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements  
For the years ended December 31, 2022 and 2021**

**Note 1**     **Summary of Significant Accounting Policies (continued)**

**Revenue Recognition (continued)**

The Company is responsible for licensing Fantastic Sams franchise rights for geographic regions to Regional Owners. The license agreements with Regional Owners are generally for terms of 20 years.

The Company collects a weekly franchise fee from individual Franchisees in regions where the Company franchises directly with the Franchisees. The franchise fee is typically a fixed amount. The franchise agreements with Franchisees are generally for a 10 year term. The franchise license agreements require the Franchisees to pay an initial, non-refundable fee up to \$50,000.

Also, the Company collects a weekly royalty based on weekly franchise fees collected by Regional Owners and a monthly royalty based on a percentage of the average wholesale price for Fantastic Sams branded hair care products purchased by Franchisees from Regional Owners. Franchisees are required to purchase certain hair care products from the Company approved distributors. Product revenues are recognized in accordance with the agreements the Company maintains with the distributors.

Revenues from the license sale of franchise rights are generally recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided by the Company to the Franchisees have been performed. Unrecognized amounts are reported net of related deferred commissions paid to parties for efforts in the sale of new licenses. In the case of multiple unit license sales, the Company recognizes 15% of the initial MUDA fees at the time the sale and the remaining balance of the fees over the term of the contracts.

On January 1, 2018, the Company adopted ASC 606 – Revenues from contracts with customers using the modified retrospective method. The Company generates revenue from multiple unit development agreements (MUDA) that allow franchisees to open Fantastic Sams hair salons. The Company recorded a net decrease in retained earnings of \$847,352 as of January 1, 2018 due to the cumulative effect of adopting ASC 606.

The Company also sponsors training, educational classes and other events from time to time. Revenue from these events is deferred until the event has occurred.

For the years ended December 31,	2022	2021
Franchise fees	\$ 9,887,919	\$ 11,145,000
Initial franchise fees	397,096	88,594
Other revenues	1,503,313	1,983,570
<b>Total revenues</b>	<b>\$ 11,788,328</b>	<b>\$ 13,217,164</b>

**Fantastic Sams Franchise Corporation****Notes to the Financial Statements  
For the years ended December 31, 2022 and 2021****Note 1**    **Summary of Significant Accounting Policies (continued)****Cash and Cash Equivalents**

The Company considers all highly liquid investments with an initial maturity date of three months or less, when purchased, to be cash equivalents. Additionally, as of December 31, 2022 and 2021, the Company had \$282,732 and \$276,282 respectively, classified as restricted cash related to the sale of gift certificates. For the restricted cash, there is a corresponding offset in accrued expenses and other current liabilities on the accompanying balance sheets.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and accounts receivable. The Company invests a portion of its cash and cash equivalents with certain accredited financial institutions which management believes to have strong credit ratings. As of December 31, 2022, and 2021, the Company had bank balances exceeding the federally insured limit of \$250,000 of \$110,466 and \$524,622 respectively.

Concentrations of credit risk with respect to accounts receivable are limited due to the credit worthiness of customers comprising the Company's customer base. Management regularly monitors the credit worthiness of its customers and believes that it has adequately provided for any exposure to potential credit losses.

**Accounts and Notes Receivable**

The Company's accounts and notes receivable are due from Regional Owners and Franchisees. The Company reviews their credit history before extending credit and, generally, collateral is not required. The Company establishes any allowances for doubtful accounts based upon the credit risk, historical trends and other information of specific borrowers. The Company writes off accounts receivable when they are deemed uncollectible.

**Inventory**

Inventory consists primarily of finished goods including products to be sold to the end customers.

**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements  
For the years ended December 31, 2022 and 2021**

**Note 1      Summary of Significant Accounting Policies (continued)**

**Property and Equipment**

Property and equipment, including leasehold improvements, are stated at cost or their approximate fair values if obtained through an acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from two to five years. Leasehold improvements are depreciated using the straight-line method over the estimated useful life of the asset or the term of the lease, whichever is shorter.

Maintenance and repairs are expensed when incurred. Significant renewals and betterments are capitalized in accordance with the Company’s capitalization policy.

**Goodwill**

Goodwill represents the excess purchase price over the identifiable assets acquired and liabilities assumed. The Company is required to evaluate goodwill and other intangible assets not subject to amortization for impairment at least annually or when circumstances indicate the carrying value of the goodwill or other intangible assets may be impaired. The Company does not believe that goodwill is impaired as of December 31, 2022 and 2021.

**Other Intangible and Long-Lived Assets**

Other intangible assets consist primarily of covenants to not compete, contractual rights and licenses. Intangible assets are recorded apart from goodwill if they arise from a contractual right and are capable of being separated from the entity and sold, transferred, licensed, rented or exchanged individually. The useful life and amortization methodology of intangible assets are determined based on the period in which they are expected to contribute directly to cash flows. Intangible assets that are determined to have a definite life are amortized over their estimated useful lives as follows:

Non-compete covenants	2-3 years
Contractual rights	10-20 years
Licenses	15 years

Long-lived assets, other than goodwill, are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. When any such impairment exists, the related assets are written down to fair value. The Company did not record any impairment losses during the years ended December 31, 2022 and 2021.

**Fantastic Sams Franchise Corporation****Notes to the Financial Statements  
For the years ended December 31, 2022 and 2021****Note 1**    **Summary of Significant Accounting Policies (continued)****Fair Value Measurements**

The Company follows the provisions of ASC 820 Fair Value Measurement which defines fair value, establishes a framework for measuring fair value in accordance with US GAAP and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

Level 1 - Inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 - Inputs utilize data points that are observable such as quoted prices, interest rates and yield curves.

Level 3 - Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Cash equivalents consist of money market funds. The fair value measurements of money market funds are classified as Level 1 as they are based on quoted market prices in active markets.

At December 31, 2022, and 2021, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximated their estimated fair values because of the short maturity of these financial instruments.

**Income Taxes**

The Company accounts for income taxes using the asset and liability method. This method generally provides that deferred tax assets and liabilities be recognized for temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities. A valuation allowance is required to reduce the potential deferred tax asset when it is more likely than not that all or some portion of the potential deferred tax asset will not be realized. The impact on deferred taxes of changes in tax rates and laws, if any, are applied to the years during which temporary differences are expected to be settled and reflected in the financial statements in the period of enactment.

**Fantastic Sams Franchise Corporation****Notes to the Financial Statements  
For the years ended December 31, 2022 and 2021****Note 1** **Summary of Significant Accounting Policies (continued)****Income Taxes (continued)**

The Company follows the provisions of ASC 740-10-25 which clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. ASC 740-10-25 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting for interim periods and disclosures for uncertain tax positions.

The Company's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statement of operations. For the years ended December 31, 2022 and 2021, there were no uncertain tax positions and no estimated interest or penalties were recognized.

In accordance with an Accounting Standards Update issued by the Financial Accounting Standards Board in 2015, the Company has classified all deferred tax amounts as a non-current as of December 31, 2022 and 2021.

**Advertising Costs**

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2022 and 2021 were \$175,383 and \$241,761, respectively, with digital advertising being the most significant medium purchased in each year.

**Reclassifications**

Certain reclassifications have been made to prior year amounts to conform to the current year presentations.



**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements**  
**For the years ended December 31, 2022 and 2021**

**Note 2**     **Intercompany Transactions**

Transactions between and among related parties occur in the normal course of business. These transactions can relate to revenue or expense items reported in the Company’s statements of operations for the years presented, or cash concentrations, inventory purchases and other balance sheet transactions. DGNA uses centralized treasury and payment distribution functions for all its subsidiaries. These functions are performed by FSIC. This arrangement results in due-to-FSIC or due from-FSIC balances on the Company’s books at the end of each reporting period. All intercompany activities flow from individual entities within the group through FSIC and to the recipient. The result is a vertical intercompany relationship rather than a horizontal (entity to entity) relationship. This allows the centralization of treasury and disbursements.

As of December 31, 2022 and 2021, intercompany balances were as follows:

	2022	2021
Intercompany receivables – current:		
Intercompany receivables – FSIC	\$ 17,911,788	\$ 16,807,159
Total intercompany receivables – current	17,911,788	16,807,159
Intercompany payables – current:		
Income tax payable – DGNA	3,422,837	4,004,965
Total intercompany payables – current	\$ 3,422,837	\$ 4,004,965

For the years ended December 31, 2022 and 2021, intercompany transactions were as follows:

	2022	2021
DGNA - Interest expense	\$ 2,467,867	\$ 2,272,023

**Note 3**     **Income Taxes**

The Company and its affiliates file a consolidated U.S. federal tax return. As such, the Company applies the separate return method for purposes of calculating each affiliate’s provision for income taxes. The individual affiliate’s current and deferred tax provision is first calculated on a stand alone basis, and the results are then combined to derive the consolidated tax provision

**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements  
For the years ended December 31, 2022 and 2021**

**Note 3**    **Income Taxes (continued)**

For the years ended December 31, 2022 and 2021, the provision for income taxes was as follows:

December 31,	2022	2021
Current taxes – Federal	\$ (525,015)	\$ 160,000
Current taxes – States	-	90,000
Deferred taxes	50,000	150,000
<b>Provision for Income Taxes</b>	<b>\$ (475,015)</b>	<b>\$ 400,000</b>

For the years ended December 31, 2022 and 2021, the components of the net deferred tax assets were as follows:

December 31,	2022	2021
Deferred tax assets:		
Bad debt allowance	\$ 15,000	\$ 19,554
Accrued compensation	40,000	33,310
Deferred revenues	-	2,811
Deferred rent	-	3,479
Other timing differences	-	562
Depreciation and Amortization	(6,700,202)	(6,654,918)
	<b>\$ (6,645,202)</b>	<b>\$ (6,595,202)</b>

The company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2019.

**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements  
For the years ended December 31, 2022 and 2021**

**Note 4    Property and Equipment**

Property and equipment consist of the following:

December 31,	2022	2021
Computer equipment	\$ 401,720	\$ 401,720
Computer software	1,423,785	1,403,002
Furniture and fixtures	254,447	254,447
Signage	14,679	14,679
Leasehold improvements	283,318	283,318
Construction in process	89,611	-
<b>Total</b>	<b>\$ 2,467,560</b>	<b>\$ 2,357,166</b>
Less accumulated depreciation	(2,239,704)	(2,143,856)
<b>Property and Equipment, net</b>	<b>\$ 227,856</b>	<b>\$ 213,310</b>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$95,849 and \$200,428, respectively.

**Note 5    Intangible Assets, Trademark and Goodwill**

Allocated intangible assets consist of the following:

December 31,	2022	2021
Non-compete agreements	\$ 369,224	\$ 367,224
Accumulated amortization	(367,804)	(367,221)
	1,420	3
Contractual rights	12,769,737	12,768,737
Accumulated amortization	(9,772,515)	(8,800,079)
	2,997,222	3,968,658
Licenses & other	18,976,218	18,829,218
Accumulated amortization	(11,419,454)	(9,799,788)
	7,556,764	9,029,430
<b>Total Intangible Assets, net</b>	<b>\$ 10,555,406</b>	<b>\$ 12,998,091</b>

**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements**  
**For the years ended December 31, 2022 and 2021**

**Note 5**     **Intangible Assets, Trademark and Goodwill (continued)**

Intangible assets are being amortized over their respective useful lives ranging from 10 to 20 years.

The Company recorded amortization expense relating to intangible assets for the years ended December 31, 2022 and 2021 of \$2,592,685 and \$2,606,557 respectively.

As of December 31, 2022, the following is a schedule of future amortization of intangible assets:

Fiscal years ending December 31,	Amount
2023	\$ 2,291,773
2024	2,045,338
2025	2,038,582
2026	1,969,964
Thereafter	2,209,749
Total	\$ 10,555,406

Other Intangible assets as of December 31, 2022 and 2021 consist of the following:

December 31,	2022	2021
Trademark	\$ 24,244,874	\$ 24,243,610
Accumulated amortization	(31,775)	(27,503)
Total Other Intangible Assets, net	\$ 24,213,099	\$ 24,216,107

As of December 31, 2022 and 2021, goodwill consists of the following:

Goodwill acquired in connection with acquisition of FSHC - January 12, 2012	\$ 14,765,264
Goodwill acquired in connection with Ely Region acquisition	812,000
Goodwill acquired in connection with W&T Region acquisition	396,339
Goodwill acquired in connection with Walmax acquisition	120,000
Goodwill acquired in connection with Global Franchising Group acquisition	204,000
Goodwill acquired in connection with Copeland region acquisition	1,359,000
Goodwill acquired in connection with FSRM region acquisition	2,666,303
Goodwill acquired in connection with McCall region acquisition	72,000
Total Goodwill	\$ 20,394,906

There were no changes in goodwill from the date of purchase through December 31, 2022.

**Fantastic Sams Franchise Corporation**

**Notes to the Financial Statements  
For the years ended December 31, 2022 and 2021**

**Note 6**      **Leases**

The Company adopted the new lease standard under ASC 842 using the modified retrospective approach on January 1, 2022. The Company made an accounting policy election to not recognize an asset and a liability for existing leases with a remaining term of 12 months or less.

Future minimum lease payments on the operating lease liabilities are estimated as follows:

Fiscal years ending December 31,	
2023	285,000
2024	185,000
2025	10,000
2026	5,000
Thereafter	-
Total	485,000

Operating lease expense was \$431,000 and \$319,000 for the years ended December 31, 2022 and 2021, respectively.

**Fantastic Sams Franchise Corporation****Notes to the Financial Statements**  
**For the years ended December 31, 2022 and 2021****Note 7**      **Commitments and Contingencies**

From time-to-time, the Company is involved in various legal proceedings. Although the Company is unable to quantify the exact financial impact of these matters, it believes that none of the currently pending matters will have an outcome material to the financial condition or business.

**Note 8**      **Employee Retirement Plan**

The Fantastic Sams 401(k) Profit Sharing Plan (the “401(k) Plan”) is a qualified defined contribution plan in accordance with Section 401(k) of the Internal Revenue Code. All employees over the age of 21 may begin contributing on the first day of the month following their completion of twelve full months of service or any time thereafter. Eligible employees can make pretax contributions up to the maximum allowable by Code Section 401(k). The Company may make matching contributions equal to a discretionary percentage of the employee’s salary deductions, to be determined by the Company. For the years ended December 31, 2022 and 2021, the Company made matching contributions of \$49,363 and \$57,426 , respectively.

**Note 9**      **Assets Pledged as Collateral**

As of December 31, 2022 and 2021, Dessange Group North America, Inc. has related party notes payable. The notes are collateralized by substantially all of the assets of DGNA and its subsidiaries including the assets of the Company.

**Note 10**      **Subsequent Events**

The company evaluated all events or transactions that occurred after December 31, 2022 through April 26, 2023, the date these financial statements were available to be issued. No significant event occurred during the period from December 31, 2022 to April 26, 2023

**Exhibit E:**

**LISTS OF FRANCHISEES**

SYSTEMWIDE  
SALON OWNERS AS OF DECEMBER 31, 2023

Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Brenda	McCloud	McCloud Investment Corp.	933 W Center St Ste A	Greenwood	AR	72936	4792526602
Brenda	McCloud	McCloud Inv. Corp.	9103 Highway 71 South	Fort Smith	AR	72908	4794345183
Keli & Matthew	Atwell	Best Atwell Investment LLC	2131 Fayetteville Rd Suite 2	Van Buren	AR	72956	4794719274
Carlos	Ojeda	Ojeda Hair Group LLC	2920 N. Power Road Ste 109	Mesa	AZ	85215	4802184557
Rakesh	Parikh	R&R Salons LLC	11219 E Via Linda D2	Scottsdale	AZ	85259	4803140362
Cynthia	Escobedo	Precision Color & Cuts LLC	5707 W Northern Avenue 101	Glendale	AZ	85301	6238473855
Carlos	Ojeda	Ojeda Hair Group LLC	2235 S. Power Road Suite 119	Mesa	AZ	85209	4802180188
Mary	Prevost	MPrevost2, LLC	1240 E. Baseline Road Suite 103	Mesa	AZ	85204	4805390466
Veronica	Martinez	A & V SALON LLC	21391 N. Lake Pleasant Parkway Suite 1830	Peoria	AZ	85382	6233766114
Rakesh	Parikh	R&R Salons LLC	6340 S Rural Rd. 101	Tempe	AZ	85283	4808200865
Lina	Valdez	LMV Enterprises, LLC	3120 W. Carefree Highway Ste. 11	Phoenix	AZ	85086	6235870329
Mohammad	Khan	AFS Growth, LLC	4040 S. Arizona Avenue Ste 19	Chandler	AZ	85248	4808832283
Kevin	Behunin	Desert Pines Capital, LLC	1233 South Plaza Way	Flagstaff	AZ	86001	9282267279
Mohammad	Khan	AFS Growth, LLC	17031 W. Bell Rd. Suite 109	Surprise	AZ	85374	6235445266
Rakesh	Parikh	R&R Salons LLC	1260 Gail Gardner Way Ste 127	Prescott	AZ	86305	9285410090
Kelly	Benjamin	SSCK, LLC	7025 E Florentine Rd Ste 101	Prescott Valley	AZ	86314	9287593550
Kelly	Dixon	Kelden Group, LLC	2665 E. Broadway Rd. Suite B113	Mesa	AZ	85204	4808895613
Rakesh	Parikh	R&R Salons LLC	2880 E. Germann Rd. Suite 10	Chandler	AZ	85286	4807262624
Colleen	Morones	Salon Investments, LLC	4461 S White Mountain Rd Suite D-3	Show Low	AZ	85901	9285321275
Michael	Marrs	Tray Tray Cuts, Inc.	15231 N 87th St Suite 105	Scottsdale	AZ	85260	4804430228
Jason and Lisa	Hayman	JLB Hayman, LLC	560 N Estrella Parkway Suite 11	Goodyear	AZ	85338	6239329949
Monica	Vacatello	Monica B. Vacatello, LLC	13980 W. Bell Rd Ste 15	Surprise	AZ	85374	6235445290
Mohammad	Khan	AFS Growth, LLC	12958 W Indian School	Litchfield Park	AZ	85340	6235353989
Larra	Robles		860 S. Watson Rd., Ste 103	Buckeye	AZ	85326	6233273463
Michael	Marrs	Scimarr Inc	3141 E. Indian School Rd. Ste 109	Phoenix	AZ	85016	6029550365
Mohammad	Khan	AFS Growth, LLC	3310 South Higley Rd Ste. C-102	Gilbert	AZ	85297	4802754000
Cynthia	Prinz	RAC LLC	1385 E. Warner Road, Suite 102	Gilbert	AZ	85296	4806337457
David	Fields	Deerfields Enterprises, Inc.	5722 Telephone Rd Suite 18	Ventura	CA	93003	8056472885



Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Martha	Barton	Fantastic Sams OF Riverside	3267 Arlington Ave	Riverside	CA	92506	9516842407
Richard	Hernandez	Fantastic Sam's RE, Inc.	2955 Van Buren Blvd Suite D-1	Riverside	CA	92503	9513542408
Jenik	Yakopian		347 N. Santa Cruz Ave.	Los Gatos	CA	95030	4083951147
Robert S.	Mavaddat	Angeliki Corp.	180 W Foothill Bvd D	Monrovia	CA	91016	6263592543
Robert S.	Mavaddat	Angeliki Corp.	3645 East Foothill	Pasadena	CA	91107	6263514720
Kristen	Au	TACK INC.	6946 Katella	Cypress	CA	90630	7148913272
Shahla	Vazin		411 Silver Spur	Rolling Hills Estates	CA	90274	3105444416
Shahnaz	Vazin		4661 Torrance Blvd.	Torrance	CA	90503	3103709895
Martha	Barton	Fantastic Sams OF Riverside	321 East Alessandro 2-C	Riverside	CA	92508	9517800108
Masoumeh (May)	Barati		17484 E. Yorba Linda Blvd.	Yorba Linda	CA	92886	7149935512
Parisa	Dahesh		3998 Cochran St 2	Simi Valley	CA	93063	8055840665
Faranak/Abbas	Eskandary/Javaheri		11658 San Vicente Blvd.	Los Angeles	CA	90049	3108208300
Vanessa	Gomez		10960 Los Alamitos Blvd.	Los Alamitos	CA	90720	5625948602
Wagih	Awad	MRTW Corp	343 North Pass Avenue	Burbank	CA	91505	8188409291
Maral	Yeretsyan		5419 Hollywood Blvd. Suite D	Los Angeles	CA	90027	3234690191
Rosie	Roknipour	Rosie R, Inc.	30886 S. Coast Hwy	Laguna Beach	CA	92677	9494998393
Azam (Amy)	Vazin	Nader & Azam Vazin, Inc.	2470 S. Western Ave. Suite B	San Pedro	CA	90732	3105215395
Inderjeet	Harika	City Salon 21 Inc.	110 Hidden Valley Parkway B	Norco	CA	92860	9518080223
Guadalupe	Higuera	GM Salon Corp.	15030 E. Whittier Blvd.	Whittier	CA	90603	5626985983
Navin Satish	Sahni	Nivano Inc	20025 Lake Forest Drive Ste.106	Lake Forest	CA	92630	9498996767
Magda	Nieblas	M2M, Inc.	387 Magnolia Avenue 104	Corona	CA	92879	9513711905
Inderjeet	Harika	New Salon Corporation	29991 Canyon Hills Road 1711	Lake Elsinore	CA	92532	9512447788
Kent	Hazlett	Svenson, LLC	464 N Lone Hill Ave	San Dimas	CA	91773	9095991182
Phi/Jeannie	Tran/Ho		30035 Alicia Parkway	Laguna Niguel	CA	92677	9494957267
Abdur	Rauf	Styles and Trends, Inc.	4164 N. Sierra Way	San Bernardino	CA	92407	9094758451
James	Lang		5500 Grossmont Center Drive #217	La Mesa	CA	91942	6196681179
Christina	Ngo		2532 E. Chapman	Orange	CA	92869	7145381724
Inderjeet	Harika	New Salon Corporation	11882 De Palma Rd 2-C	Corona	CA	92883	9512772002
Ghobrial/Amal	Youssef	Jacob And Jennifer, Inc.	13502 Whittier Boulevard Suite C	Whittier	CA	91764	5626966655
Ting	Aguilar	T N T Ventures	17037 Brookhurst St. Suite 2	Fountain Valley	CA	92708	7149626419

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Forough	Zamani		660 E. Los Angeles Avenue	Simi Valley	CA	93065	8055841495
Ben/Maryam	Fathi/Noorbakhsh	BM Investment Group, Inc.	2461 Santa Monica Boulevard	Santa Monica	CA	90404	3104535103
Sally	Wong		2500 E Imperial Hwy 162	Brea	CA	92821	7142579603
Greg S.	Terry II	Rekoj LLC	25970 Iris Avenue 5-B	Moreno Valley	CA	92551	9514858155
Martha	Barton	Fantastic Sams of Riverside, Inc.	3380 La Sierra Ave 101	Riverside	CA	92503	9513547244
Mansour	Ghassemzadeh	Lasour Beauty Corporation	6939 Schaefer Ave G	Chino	CA	91710	9095918700
Richard	Sohn	RLME Enterprises, LLC	7945 Haven Ave Ste 100	Rancho Cucamonga	CA	91730	9094767022
Robert S.	Mavaddat	Angeliki Corporation	127 W Route 66	Glendora	CA	91741	6269637524
Tahereh & Seyed & Madjid	Hedjazi	Ocean Gate, Inc.	14394 Oceangate Avenue	Hawthorne	CA	90250	3106449737
Lourdes	Lagos	Rumelu Inc.	1181 Broadway	Chula Vista	CA	91911	6196911981
Fui Lin (Patti)	Kew	The Kew Enterprise	12081 Central Avenue	Chino	CA	91710	9096280322
Shujul & Naveeda	Bari	B& R Salons, Inc.	11040 Bollinger Canyon Rd. Suite G	San Ramon	CA	94582	9257367864
Marc/Doug	Karren/Shaddle	CTC Capital, LLC	730 Otay Lakes Rd.	Chula Vista	CA	91910	6194820121
Alis	Yousefi		12040 Ventura Blvd	Studio City	CA	91604	8185086071
Ejmin	Avanesian	FSSO ENTERPRISES INC,	14527 Ventura Blvd.	Sherman Oaks	CA	91403	8183851914
Mike/Sinai/Soheil	Lavi/Lahijani/Lahijani	Atlantic West One, Inc.	2222 South Atlantic Blvd.	Monterey Park	CA	91754	3237223379
Azam (Amy)	Vazin	Nader & Azam Vazin, Inc.	980 N. Western Ave. Suite F	San Pedro	CA	90732	3108317500
Abdur	Rauf	Maxcorp Styles, Inc.	14435 Moreno Beach Drive Ste 103	Moreno Valley	CA	92555	9512420100
Darlene	Cazimero	Nenaw, Corp.	9534 Winter Gardens Blvd. Suite E	Lakeside	CA	92040	6195619977
Dave	Nelson	Black Falcon Ventures LP	9460 Mira Mesa Blvd Suite G	San Diego	CA	92126	8585309005
Nona	Aganisyan	The JLINZ Group Inc.	26500 Agoura Rd Ste 100	Calabasas	CA	91302	8188809300
Azniv	Galstian	LAHV Enterprises, Inc.	18129 Chatsworth St	Granada Hills	CA	91344	8184889365
Nadia	Ishak	On Edge, LLC	9723 Mission Gorge Rd.	Santee	CA	92071	6194488199
Victoria H.	Hoang	Moosetran LLC	25365 Crenshaw Blvd Ste E	Torrance	CA	90505	3105392191
Bishan	Seneviratne	Konde, Inc	310 E Grand Ave Ste 110	El Segundo	CA	90245	3106065646
Patrick	Papin	HCT Sun, LLC	8870 Navajo Rd	San Diego	CA	92119	6194663090
Barbara	Lucas	Deja Vu Properties, Inc.	14880 Dale Evans Parkway Suite 910	Apple Valley	CA	92307	7609913036

## SYSTEMWIDE SALON OWNERS AS OF DECEMBER 31, 2023

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Jeffrey	Scruggs	J&B Salons, Inc.	12075 Carmel Mountain Rd Suite 212	San Diego	CA	92128	8586305235
Jeffrey	Scruggs	J&B Salons, Inc.	1605 South Melrose Dr Suite E	Vista	CA	92081	7605987232
Navin Satish	Sahni	Nivano Inc	17655 E-Harvard Avenue	Irvine	CA	92614	9497568665
Christina	Ngo		5630 E 2nd Street	Long Beach	CA	90803	5626216666
Roshanak	Eskandary		22808 Victory Blvd	Woodland Hills	CA	91367	8188889393
Tania Angelica	Rios	Veri Capi Enterprises Inc.	4952 W 190th St	Torrance	CA	90503	3105426700
David	Fields	Deerfields Enterprises, Inc.	5776 Calle Real	Goleta	CA	93117	8059647781
David	Fields	Deerfields Enterprises, Inc.	1084 Casitas Pass Rd	Carpinteria	CA	93013	8056847052
David	Fields	Deerfields Enterprises, Inc.	3303 State St Suite C	Santa Barbara	CA	93105	8055695551
David	Fields	Deerfields Enterprises, Inc.	705 North H St	Lompoc	CA	93436	8057357881
David	Fields	Deerfields Enterprises, Inc.	1140 E Clark Ave	Orcutt	CA	93455	8059370856
David	Fields	Deerfields Enterprises, Inc.	1950 Cliff Dr	Santa Barbara	CA	93109	8059663801
David	Fields	Deerfields Enterprises, Inc.	3910 Broad St Ste 1	San Luis Obispo	CA	93401	8055470440
David	Fields	Deerfields Enterprises, Inc.	214 East Highway 246	Buellton	CA	93427	8056931918
David	Fields	Deerfields Enterprises, Inc.	8140 El Camino Real	Atascadero	CA	93422	8054622092
Ted	Nelson	FS Hawaii Salons, Inc.	3755 Murphy Canyon Rd Suite B	San Diego	CA	92123	8584960900
Dave	Nelson	Black Falcon Ventures LP	4203 Genesee Ave Suite A 104	San Diego	CA	92123	8582681798
Dave	Nelson	Black Falcon Ventures LP	2518 Jamacha Rd #304	El Cajon	CA	92019	6196708810
Richard	Sohn	RLME Enterprises, LLC	4150 E 4th St F	Ontario	CA	91764	9094763796
Roshanak	Eskandary		2639 Lincoln Blvd	Santa Monica	CA	90405	3103991636
Michael	Kuryllo	Michael K. Investments, Inc.	2621 Green River Rd	Corona	CA	92882	9513717045
Gerardo	Gutierrez	Meckierrez, LLC	3245 University Ave B	San Diego	CA	92104	6192833300
Harry	Galstian	LAHV Enterprises, Inc.	502 South Lake Ave.	Pasadena	CA	91101	6263455145
Bill	Machi	Vytal Corp.	321 East Alameda Ave.	Burbank	CA	91502	8189558446
Karina	Villegas	Choco Donuts Corporation	3817 Grand Ave Ste C	Chino	CA	91710	9093649379
Walter	Ramirez		3151 Zinfandel Dr. Suite 4	Rancho Cordova	CA	95670	9164766980
Michael	Kuryllo	Michael K. Investments, Inc.	39252 Winchester Rd. Ste. 101	Murrieta	CA	92563	9516770241
Karina	Villegas	Choco Donuts Corporation	1484 E. 2nd Street Suite C	Beaumont	CA	92223	9518453111
Shawn	Edwards	R&S Corporate Enterprises LLC	20625 Yorba Linda Boulevard	Yorba Linda	CA	92886	9493407647

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Peter and Valerie	Fuller	Juluis Anthony, Inc.	8500 W. Crestline Avenue Unit G3	Littleton	CO	80123	3039710696
Lisa (Elizabeth)	Effler	The Effler Corp.	262 E. 29th Street	Loveland	CO	80538	9706670023
Michael	Pavlich	The Path, Inc.	7735 Wadsworth Blvd. Suite B	Arvada	CO	80003	3034673900
Brian	Sears	W & L Enterprises, LLC	9567 S. University Blvd Ste D3	Highlands Ranch	CO	80126	3036834086
Brian	Sears	W & L Enterprises, LLC	6616 S. Parker Road Suite 104	Aurora	CO	80016	7208703904
Jaclyn	Nguyen	T & P Hair Salon Inc.	3918 Wadsworth Boulevard 6	Wheat Ridge	CO	80033	3034213500
Raymond	Ginnetti	FRS Group, Inc.	6883 Mesa Ridge Parkway	Fountain	CO	80817	7193900102
Tam	Tran		18121 East Hampden Avenue Unit H	Aurora	CO	80013	7208701229
Lisa (Elizabeth)	Effler	Begg, Inc.	3810 W 10th St Ste A1	Greeley	CO	80634	9703518900
Robyn	Sanchez	RYL Inc LLC	16526 Keystone Blvd. Unit D	Parker	CO	80134	7205365276
Jerry & Mei Rong	Dinger & Zou-Dinger	J&J Investment Company, Inc.	11068 W. Jewell Ave. C-4	Lakewood	CO	80232	3039889692
Michael	Pavlich	The Path, Inc.	9975 Wadsworth Pkwy Unit G	Westminster	CO	80021	3039400476
Rajni	Jhawar	Bon Ton Roula LLC	7150 Leetsdale Drive 406	Denver	CO	80224	3033338288
Peter and Valerie	Fuller	Julius Anthony, Inc.	7341 E 29th Ave	Denver	CO	80238	3033167701
Michael	Pavlich	The Path, Inc.	6488 Ward Rd	Arvada	CO	80004	3034224206
Krystle	Badgett	Belmar Crossing Hair Salon Inc.	7111 W Alameda Ave Ste H	Lakewood	CO	80226	3039223714
Linda and Darren	Oppegaard	Linco, LLC	7939 S Broadway	Littleton	CO	80122	7202831667
Christie	Hale	CK Cutters, Inc.	2134 Main Street	Dunedin	FL	34698	7277343008
Jeffrey T.	Morris	Felmorr Holdings, LLC	10760 N. 56th Street	Temple Terrace	FL	33617	8139887267
Thomas & Linda	Brudek	Ladek Enterprises, Inc.	440 E. Burleigh Blvd.	Tavares	FL	32778	3523430757
Mary M.	Blanco	F & S OF Pensacola, Inc.	8950 Pensacola Blvd.	Pensacola	FL	32534	8504791459
Jon	Bennett	Mia's Fantastic Sam's Personel, Inc.	99 N.E. Eglin Pkwy. Suite 22-C	Fort Walton Beach	FL	32548	8506647711
Jon	Bennett	Mia's Fantastic Sam's Personel, Inc.	1136 John Sims Parkway	Niceville	FL	32578	8506787711
Mary M.	Blanco	F & S OF Pensacola, Inc.	4600 Mobile Highway Suite 103	Pensacola	FL	32506	8504570000
Jeffrey T.	Morris	Felmorr Holdings, LLC	378 Havendale Boulevard	Auburndale	FL	33823	8639677486
Jeffrey T.	Morris	Felmorr Holdings, LLC	4267 Us Highway 98 North	Lakeland	FL	33809	8638596362

SYSTEMWIDE SALON OWNERS AS OF DECEMBER 31, 2023

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Mark & Jean & Eleanor	Rossano	F.S J.A.X. Enterprises, Inc.	950 Blanding Blvd 24	Orange Park	FL	32065	9042766606
Deanna	Watson	DT Watson LLC	2641 E. Gulf to Lake Hwy.	Inverness	FL	34453	3526377244
Donna M.	Hatalovich	Mycelon West, Inc.	4313 S. Tamiami Trail	Venice	FL	34293	9414926784
Jeffrey T.	Morris	Felmorr Holdings, LLC	2480 W. Brandon Blvd.	Brandon	FL	33511	8136817267
Mary M.	Blanco	F & S Pensacola, Inc.	3755 Gulf Breeze Parkway	Gulf Breeze	FL	32561	8509349554
Jon	Bennett	Mia's Fantastic Sam's Personel, Inc.	13019 Sorrento Rd.	Pensacola	FL	32507	8504929858
Mary M.	Blanco	F&S OF Pensacola, Inc.	36 South Blue Angel Parkway	Pensacola	FL	32506	8504535107
Jon	Bennett	Alverben Enterprises, Inc.	13820 Little Rd.	Hudson	FL	34667	7278699369
Jeffrey T.	Morris	Felmorr Holdings, LLC	115 W Alexander St	Plant City	FL	33566	8137547267
Jeffrey T.	Morris	Felmorr Holdings, LLC	11736 E M.L.K. Jr Blvd FL 574	Seffner	FL	33584	8136542302
Jeffrey T.	Morris	Felmorr Holdings, LLC	307 Cypress Gardens Blvd.	Winter Haven	FL	33880	8632998411
Mary M.	Blanco	F&S OF Pensacola	4918 Hwy 90	Pace	FL	32571	8509940247
Ann M.	Chmil	Campione Enterprises, LLC	3663 Orlando Dr.	Sanford	FL	32773	4073239045
Barbara	Harman	Harman & Harman, Inc.	1163 S. Pinellas Ave.	Tarpon Springs	FL	34689	7279391701
Jon	Bennett	Alverben Enterprises, Inc.	13142 Cortez Blvd.	Brooksville	FL	34613	3525972686
Jie	Zhao	Hope GP Inc.	4707 66th St. North	Kenneth City	FL	33709	7275455383
Jie	Zhao	Hope GP Inc.	6800 Gulfport Boulevard	South Pasadena	FL	33707	7273457769
Lee & Michelle	Kline	KLM Hair Salon, LLC	5722 Cortez Rd West	Bradenton	FL	34210	9417956350
Jie	Zhao	Hope GP Inc.	5373 Ehrlich Road	Tampa	FL	33625	8132653334
Scott	La Pre	Lapco Enterprises, Llc	13250 N. Dale Mabry	Tampa	FL	33618	8139620222
Patrick	Esposito	Quantum Faith, Inc.	511 SW Pine Island Rd.	Cape Coral	FL	33993	2394587681
Doris	Wethington		5002 34th Street South	St. Petersburg	FL	33711	7278660328
Jeffrey T.	Morris	Felmorr Holdings, LLC	11235 US 301 N 103	Parrish	FL	34219	9417768484
Barbara	Harman	Harman & Harman, Inc.	36129 East Lake Road	Palm Harbor	FL	34685	7277876999
Jeffrey T.	Morris	Felmorr Holdings, LLC	11215 E State Road 70 Unit 103	Bradenton	FL	34202	9417390300
Michael (Kathleen - 10757)	Gravley, Sr.	Ten Palms, LLC	228 State Route 312 Unit 18	St. Augustine	FL	32086	9048246595
Michael	Fealko	TSP Fealko, LLC	1310 N. Feron Blvd.	Crestview	FL	32536	8506820983
Wayne	Gillespie		5200 East Hwy 100 Suite 103B	Palm Coast	FL	32164	3862069595
Lynda	Turow	Raymor Enterprises, LLC	2237 Gulf to Bay Blvd.	Clearwater	FL	33765	7274660400

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Jason	Metnick	SkyTea Management Company, LLC	3640 Bee Ridge Rd.	Sarasota	FL	34233	9419228645
Hoang/Thu Huong	Mai/Nguyen	Skyway Mai, LLC	4412 Park Blvd.	Pinellas Park	FL	33781	7275417404
Scott	Brown	Southwest Florida Salons, LLC	7101 Cypress Lakes Dr	Fort Myers	FL	33907	2392887410
Barbara	Harman		33843 US Highway 19 North	Palm Harbor	FL	34684	7277710100
Jon	Bennett	Alverben Enterprises, Inc.	9664 US Highway 19	Port Richey	FL	34668	7278481127
Jason	Metnick	SkyTea Management Company, LLC	14824 Tamiami Trail	North Port	FL	34287	9414268588
Scott	Brown	Southwest Florida Salons, LLC	7950 Dani Dr Ste 305	Fort Myers	FL	33966	2393370009
Jon	Bennett	Alverben Enterprises, Inc.	5417 US 19 104	New Port Richey	FL	34652	7278467267
Danielle Nicole	Grigsby	D.N.G. Enterprises, LLC	9838 U. S. 301 South	Riverview	FL	33578	8136717116
Filor	Dule	Floke, Inc.	3392 Tampa Road	Palm Harbor	FL	34684	7277855430
Lynda	Turow	Raymor Enterprises, LLC	10597 Ulmerton Rd.	Largo	FL	33771	7275855544
Jennifer	Boffey	Jenson Management LLC	182 W. State Route 434 Suite 1004	Longwood	FL	32750	4072601143
Jeffrey T.	Morris	Felmorr Holdings, LLC	3846 Sun City Blvd	Sun City Center	FL	33573	8136342850
Jon	Bennett	Mia's Fantastic Sam's Personel, Inc.	7334 W. Waters Ave.	Tampa	FL	33634	8138865555
Edward	Williams	WILLIAMSAMC LLC	2290 4th Street North	St. Petersburg	FL	33704	7278236206
Latori Aeisha	Easterling	My Truth, LLC	17445 US Hwy 192 Ste 7	Clermont	FL	34714	3522416500
Lee & Michelle	Kline	KLM Hair Salon, LLC	6092 14th Street West	Bradenton	FL	34207	9417557565
Jon	Bennett	Alverben Enterprises, Inc.	5020 Mission Square Lane	Zephyrhills	FL	33542	8137885290
Debra	Duda	III Generations, LLC	5400 SW College Rd Suite 306	Ocala	FL	34474	3522375036
Jon	Bennett	Alverben Enterprises, Inc.	5340 Little Rd 108	New Port Richey	FL	34655	7273768300
H Richard	Bowles	Legacy Management of Central Florida Inc	16837 E Colonial Dr	Orlando	FL	32820	4075689558
Scott	Brown	Southwest Florida Salons, LLC	2311 Santa Barbara Blvd.	Cape Coral	FL	33991	2398005207
Debra	Duda	III Generations, LLC	721 Kristine Way	The Villages	FL	32163	3527501001
Rachel Regina	Cato	Captain Rachel Charters, LLC	3150 Tampa Road #6	Oldsmar	FL	34677	7277896063
Janine	Del Vecchio	Naples Paradise Salons, LLC	5983 Pine Ridge Rd. Suite 108	Naples	FL	34119	2396539889

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Michael	Fealko	TSP Fealko, LLC	8650 Navarre Parkway	Navarre	FL	32566	8503966987
Scott	Brown	Southwest Florida Salons, LLC	18900 S Tamiami Trail Ste 9	Fort Myers	FL	33908	2397664906
Scott	Brown	Southwest Florida Salons, LLC	3280 Tamiami Trail	Port Charlotte	FL	33952	9416271007
Scott	Brown	Southwest Florida Salons, LLC	6694 Bayshore Road Suite C-8	North Fort Myers	FL	33917	2395797267
Khalilah	Jackson	KayLee's beauty and style LLC	1780 Jonesboro Road	McDonough	GA	30253	7708987903
Vitalis	Ndukong	Beri Hair Salon LLC	400 Walmart Way	Dahlonega	GA	30533	7068647348
Sherry Ann	Britt	BL Beauty LLC.	4274 Washington Rd. Suite 7	Evans	GA	30809	7064268888
Jung Ja	McDonald-Chock	United Hair, Inc.	94-050 Farrington Hwy Suite E3-2	Waipahu	HI	96797	8086763916
Jason	Ching		590 Farrington Highway 180	Kapolei	HI	96707	8086746601
Lee	Wong		3221 Waialae Ave.	Honolulu	HI	96816	8087326200
Jung Ja	McDonald-Chock	United Hair, Inc.	91-919 Fort Weaver Rd.	Ewa Beach	HI	96706	8086897878
Joanne	Le	Uilani Investment, LLC	1620 School St.	Honolulu	HI	96817	8088414415
Myles & Yonghui	Fujiwara	Y. Fujiwara Enterprises, Llc	98-1005 Moanalua Road Unit 854	Aiea	HI	96701	8084852299
Thuy	Liang	N & T, LLC	1235 Wilder Avenue	Honolulu	HI	96822	8085285559
San San Wint	Bailey	Ink Inc.	1618 South King Street Unit #2	Honolulu	HI	96826	8089558422
Diana & Donald	Crockett	DDCC, LLC	95 Kipapa Drive Suite 221	Mililani	HI	96789	8086237733
Frederic P./Belinda B.	Dalan	Dalan Hair Services, LLC	94-1221 Ka Uka Boulevard Suite B-106	Waipahu	HI	96797	8086718600
Mohammed Nadeem	Khan	Turnkey Business, LLC	4711 N. Harlem Avenue	Harwood Heights	IL	60706	7088677900
Rick	Franklin	RJF Corporation	2100 Troy Road 102	Edwardsville	IL	62025	6186567267
Noor Khaleel	Anwer	THE STYLING SUITE INC.	19808 S. Harlem Avenue	Frankfort	IL	60423	8154690080
Rick	Franklin	RJF Corporation	1828 Vaughn Rd.	Wood River	IL	62095	6182597267
Theresa	Erickson	FSNL Corp.	280 E Lincoln Hwy Unit A	New Lenox	IL	60451	8154621755
Noor Khaleel	Anwer	THE STYLING SUITE INC.	6316 west 95th Street	Oak Lawn	IL	60453	7085987267
Judith	Dye	Utah Corp.	833 S Ridge Rd	Minooka	IL	60447	8154679130
Noor Khaleel	Anwer	THE STYLING SUITE INC.	269 North Weber Rd	Bolingbrook	IL	60490	6307597330
Noor Khaleel	Anwer	THE STYLING SUITE INC.	8 West Gartner Rd Suite 136	Naperville	IL	60540	6303552168
Kevin	McCrary	Kroiter Management, Inc.	7226 Madison St	Forest Park	IL	60130	7087714650

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Paul William	Rivard		2212 State St	New Albany	IN	47150	8129488467
Paul William	Rivard	Challenger Concepts, Inc.	3966 Newton St.	Jasper	IN	47546	8126341996
Paul William	Rivard	Challenger Concepts, Inc.	1607 W. McClain Avenue	Scottsburg	IN	47170	8127525655
Glen	Adams	Teca, Inc.	2363 Hwy 135 NW Ste 108	Corydon	IN	47112	8127340918
Paul William	Rivard	Challenger Concepts, Inc.	206 S 5th Avenue	Princeton	IN	47670	8123863333
Paul William	Rivard	Challenger Concepts, Inc.	3150 English Station	Madison	IN	47250	8122737100
Paul William	Rivard	Challenger, Inc.	621 Highway 66 East	Tell City	IN	47586	8125477550
Paul William	Rivard	Challenger Concepts, Inc.	3082 John Williams Boulevard	Bedford	IN	47421	8122787267
Paul William	Rivard	Challenger Concepts, Inc.	1717 South State Rd. 57 Suite C	Washington	IN	47501	8122542600
Wendy	Tumey	WDT Corporation	1835 N. Kinser Pike	Bloomington	IN	47404	8123300987
Paul William	Rivard	Challenger Concepts, Inc.	750 Eastern Blvd	Clarksville	IN	47129	8122888812
Paul William	Rivard	Challenger Concepts, Inc.	646 Kimmell Rd.	Vincennes	IN	47591	8122911929
Paul William	Rivard	Challenger Concepts, Inc.	1323 E. Hackberry St. Suite 102	Salem	IN	47167	8128960011
Steven	Barrett	Littell Enterprises, Inc.	1204 South Rock Road	Wichita	KS	67207	3166867736
Steven	Barrett	Littell Enterprises, Inc.	4738 South Broadway	Wichita	KS	67216	3165243552
Steven	Barrett	Littell Enterprises, Inc.	2790 South Seneca	Wichita	KS	67217	3162659466
Tammy	Eickhoff	TJ Ventures, Inc.	8157 State Ave.	Kansas City	KS	66112	9132998820
Tammy	Eickhoff	TJ Ventures, Inc.	2823 South 47th Street	Kansas City	KS	66106	9136779928
Tammy	Eickhoff	TJ Ventures, Inc.	11212 W 75th St.	Shawnee	KS	66203	9132681032
Tammy	Eickhoff	TJ Ventures, Inc.	9633 West 87th Street	Overland Park	KS	66212	9138311007
Glen	Adams	Teca, Inc.	3932 Taylorsville Road	Louisville	KY	40220	5024582303
Dan	Brisker	Jade Business Concepts, Inc.	117 6th St.	Ashland	KY	41101	6063248080
Glen	Adams	Teca, Inc.	5527 Newcut Road	Louisville	KY	40214	5023613675
Glen	Adams	Teca, Inc.	125 Walmart Drive	Campbellsville	KY	42718	2708492160
Dan	Brisker	Jade Business Concepts, Inc.	493 N Carol Malone Blvd	Grayson	KY	41143	6064748886
Glen	Adams	Teca, Inc.	106 W. John Rowan Boulevard	Bardstown	KY	40004	5023489138
Glen	Adams	Teca, Inc.	5016 Mud Lane Suite 103	Louisville	KY	40229	5029683112
Rosemary	Adams	Teca, Inc.	3628 S. Hurstborne Ln.	Louisville	KY	40299	5026710227
Glen	Adams	Teca, Inc.	10113 Dixie Highway	Louisville	KY	40272	5024481015
Stephanie	Michelli	SBPM LLC	1597 Gause Blvd	Slidell	LA	70458	9856432383
Ira	Weber	B & W, Inc.	737 Veterans Memorial Blvd.	Metairie	LA	70005	5048359279



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Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Stephanie	Michelli	SBPM LLC	1905 W. Thomas Street Suite E	Hammond	LA	70401	9855421222
Staci	Gatlin	WEGSR LLC	845 W. Pine St. Suite 2f	Ponchatoula	LA	70454	9853868222
Austin	Poole	RAND Ventures, LLC	2354 S. Range Ave.	Denham Springs	LA	70726	2256642233
Jason	Hicks		2951 East Texas Street Suite E	Bossier City	LA	71111	3187415571
Tammy	Marshall		941 E. South Lewis 941-E	New Iberia	LA	70560	3373673517
Amber	Vice	ATP, LLC	109 Rue Centre Suite 4	Abbeville	LA	70510	3374226142
James R.	Mobley		200 Hector Connolly Rd 104	Carencro	LA	70520	3375652151
James R.	Mobley		1417 South Beglis Parkway	Sulphur	LA	70663	3375274680
James R.	Mobley	JW Salons, LLC	10218 Sullivan Rd Suite C	Central	LA	70818	2252613131
Morticia	Thompson	MHT, Inc.	218 C St Nazaire	Broussard	LA	70518	3373302228
Christopher	Janes	CMJ Salons, LLC	3121 Highway 28 E	Pineville	LA	71360	3184452957
Mikka	Romero	Salon Sesh Young, LLC	103 Centre Sarcelle Blvd Ste 505	Youngsville	LA	70592	3374516860
Jessica	Williams	LMCJ LLC	28050 Walker S. Rd., Suite K	Walker	LA	70785	2256650056
Mikka	Romero	Salon Sesh LLC	3524 Kaliste Saloom Road Unit 301	Lafayette	LA	70508	3379811186
Jean	Bernard	SPRE Enterprises, Inc.	390 Rhode Island Avenue Unit 1	Fall River	MA	2721	5086782720
John	Kile	Second Shift Ventures Middleton, LLC	232 South Main Street Suite C	Middleton	MA	1949	9787506656
John	Kile	Second Shift Ventures Beverly, LLC	45 Enon Street	Beverly	MA	1915	9789211888
John	Kile	Second Shift Ventures Tewksbury, LLC	1900 Main Street	Tewksbury	MA	1876	9788519966
John	Kile	Second Shift Ventures Tyngsboro, LLC	440 Middlesex Road	Tyngsboro	MA	1879	9786497717
John	Kile	Second Shift Ventures Danvers, LLC	64 Maple Street	Danvers	MA	1923	9787743134
John	Kile	Second Shift Ventures Woburn, LLC	84 Washington St Suite B	Woburn	MA	1801	7819399959
John	Kile	Second Shift Ventures, LLC	352 Cambridge Road	Woburn	MA	1801	7812817473
John	Kile	Second Shift Ventures Stoughton LLC	417 Washington Street	Stoughton	MA	2072	7813444628
John	Kile	Second Shift Ventures Raynham LLC	325 New State Highway	Raynham	MA	2767	5083861666
Michelle & Garrick	Wasserleben	Mei-Wang, Inc.	835 Rockville Pike Suite H	Rockville	MD	20852	3017625554
Anthony H.	Fry	Canton Haircare, Inc.	44706 Ford Road	Canton	MI	48187	7344595528

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Anthony H.	Fry	Ypsilanti Hair Care, Inc.	6044 Rawsonville Road	Belleville	MI	48111	7344810300
Leah	Reinmann	Hamburg Fantastic Sams LLC	9612 Chilson Commons Circle	Hamburg	MI	48169	8102316705
Anthony H.	Fry	Ypsilanti Hair Care, Inc.	2321 Ellsworth Rd.	Ypsilanti	MI	48197	7344347267
Dijana	Bogoevski	Trnina, Inc.	2253 18 Mile Road	Sterling Heights	MI	48314	5867261390
Anthony H.	Fry	Ann Arbor Hair Care, Inc.	1862 Whittaker Road	Ypsilanti	MI	48197	7344838126
Matthew	Moskowitz	MOSKOWITZ VENTURES, LLC	9864 E. Grand River Suite 220	Brighton	MI	48116	8102291900
Kendra	Monday	Monday Hair LLC	1180 W Front St	Monroe	MI	48161	7342419320
Todd/Scott	Wells	The Wells Group, LLC	1456 S. Sheldon Rd.	Plymouth	MI	48170	7344149470
Sofia	Hermiz	SMS World, LLC	28632 Harper Avenue	St. Clair Shores	MI	48081	5867770610
Kashmira	Kharas	KCY, Inc.	48893 Hayes Road	Shelby Township	MI	48315	5865321566
Jay	Cummings	Jay & Karen Cummings Company, LLC	10090 Highland Rd.	Hartland	MI	48353	8106324400
Sofia	Hermiz	SMS World, LLC	23511 Nine Mack Dr.	St. Clair Shores	MI	48080	5867727267
Jerry	Cunningham	Cunningham Cuts Sparta, LLC	545 S State	Sparta	MI	49345	6168872755
Jarett	Reinmann	A2 1 FANSAMS LLC	3131 Oak Valley Drive	Ann Arbor	MI	48103	7349946425
Michael	Bunney	MMM Enterprises, Inc.	33000 7 Mile Rd	Livonia	MI	48152	2484268588
Michelle	Felker		770 E 16th Street	Holland	MI	49423	6168487266
Jamie	Gardella	GJB Investments, LLC	16733 Middlebelt Rd.	Livonia	MI	48154	7345258511
Jerry	Cunningham	Cunningham Cuts, LLC	4089 Alpine Ave NW Suite C	Comstock Park	MI	49321	6166083128
Jerry	Cunningham	CC Cascade, LLC	2700 Kraft Ave SE Suite D	Grand Rapids	MI	49546	6168050353
Jean	Whitacre	Shear Creation, Inc.	5115 Burning Tree Rd. Suite 304	Duluth	MN	55811	2187234027
Jason	Sarazine	JSK Enterprises LLC	7145 E. Point Douglas Road S Suite 130	Cottage Grove	MN	55016	6514585990
John	Prichard	Kingdom Business, Inc.	101 Willow Bend	Crystal	MN	55428	7635339979
Danielle	Torres	Soul Sisters LLC	12778 Riverdale Blvd Ste 102	Coon Rapids	MN	55448	7638627882
Gerard	Gay	JG Hair Care, Llc	1804 Broadway St. So.	Alexandria	MN	56308	3207626521
Chelsea	Long	CCBLK, LLC	1754 Market Drive	Stillwater	MN	55082	6514390797
Kim	Senne	Kim's Style L.L.C.	455 99th Avenue NW	Coon Rapids	MN	55433	7637867267
Scot	Ziessman	Sweetman-Monticello, LLC	1543 E. 7th Street	Monticello	MN	55362	7632953001

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Angela Lynn	Derby	Angel Doll Hair LLC	3841 St. Francis Blvd.	Anoka	MN	55303	7634279191
John	Prichard	Kingdom Business, Inc.	10904 Baltimore St. NE	Blaine	MN	55449	7637861888
Dean	Ahuja	A2Z BE, LLC	8413 Lyndale Avenue South	Bloomington	MN	55420	9529442900
John E.	Rauenhorst	Rauenhorst Enterprises, Inc.	14273 Bank Street	Becker	MN	55308	7632627726
John	Prichard	Kingdom Business, Inc.	18033 Zane Street NW Ste. B	Elk River	MN	55330	7634416878
Todd	Anderson	Creative Inspirations, LLC	957 East Frontage Road	Litchfield	MN	55355	3206932566
John	Prichard	Kingdom Business, Inc.	1966 Bunker Lake Blvd.	Andover	MN	55304	7637544390
Jim and Caryl	Nelson	Samtastic, LLC	5466 St. Croix Trail Unit B	North Branch	MN	55056	6512370399
David	Schultz	CCT Enterprises, LLC	201 Sioux Road Suite 101	Mankato	MN	56001	5073454007
David	Schultz	CCT Enterprises, LLC	1015 West Frontage Road Ste 102	Owatonna	MN	55060	5072147267
Pamela	Engbretson	Jopac, Inc.	975 Frontenac Drive	Winona	MN	55987	5074525333
Michael	Goede	Terug Geven Inc.	1275 East County Road D Suite 101	Maplewood	MN	55109	6517391109
Linda J.	Mason	Tresses LLC	10150 Hudson Road	Woodbury	MN	55129	6517389393
Chris	Nagel	CNR International, Inc.	6334 Vinewood Lane	Maple Grove	MN	55311	7635507955
Scott	Learned	MACS Style LLC	3603 Round Lake Boulevard NW #103	Anoka	MN	55303	7634220520
John E.	Rauenhorst	Rauenhorst Enterprises, Inc.	13690 Rogers Drive Suite 120	Rogers	MN	55374	7634281183
John E.	Rauenhorst	Rauenhorst Enterprises, Inc.	717 Apollo Drive Suite 130	Lino Lakes	MN	55014	7637848688
Mark	Shobe	River Road Management Inc.	610 Crossroads Campus Dr.	Buffalo	MN	55313	7636822770
Jason	Sarazine	JSK Enterprises LLC	1749 No. Frontage Rd.	Hastings	MN	55033	6514388937
John E.	Rauenhorst	Rauenhorst Enterprises, Inc.	3453 Lake Drive 145	Blaine	MN	55014	7637869180
John	Prichard	Kingdom Business, Inc.	18350 Pilot Knob Road	Farmington	MN	55024	6514607267
Dean	Ahuja	A2Z Salons, LLC	10165 Hennepin Town Road Ste 107	Eden Prairie	MN	55347	9527460999
Jason	Sarazine	JSK Enterprises LLC	210 Tyler Road No. Spot B 210	Red Wing	MN	55066	6513881490
Gerard	Gay	JG Haircare, Llc	15175 Edgewood Dr.	Baxter	MN	56425	2188281971
Tae	Choi	E Lae, Inc.	5625 Xerxes Ave. No.	Brooklyn Center	MN	55430	7635608233
Virginia	Rowland	Avante Hair 2, LLC	5005 Excelsior Blvd.	St. Louis Park	MN	55416	9523450003
Virginia	Rowland	Avante Hair, LLC	5330 Cedar Lake Road	St. Louis Park	MN	55416	9529330082
David	Schultz	CCT Enterprises, LLC	1906 8th St. NW Suite B	Austin	MN	55912	5074344635
Chris	Nagel	Grove Salons, Inc.	9859 Maple Grove Parkway N.	Maple Grove	MN	55369	7633916664

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David	Schultz	CCT Enterprises, LLC	1754 Commerce Dr Ste 102	Mankato	MN	56003	5073882112
Mark	Shobe	River Road Management Inc.	720 Vista Blvd.	Waconia	MN	55387	9524429787
Mark	Shobe	River Road Management Inc.	1005 Crossing Drive Suite 110	Delano	MN	55328	7633559566
John	Prichard	Kingdom Business, Inc.	18445 Orchard Trail	Lakeville	MN	55044	9528987267
John	Prichard	Kingdom Business, Inc.	16731 Highway 13 South Suite 108-1	Prior Lake	MN	55372	9524473500
John	Prichard	Kingdom Business, Inc.	7610 University Avenue NE	Fridley	MN	55432	7635720228
Linda J.	Mason	Tresses LLC	7455 Currell Blvd Ste 112	Woodbury	MN	55125	6513408475
Andrew	Ronningen	FS5, LLC	3505 Vicksburg Lane No Ste 600	Plymouth	MN	55447	7635510800
Dean	Ahuja	A2Z Salons, LLC	720 Main St Ste 106	Mendota Heights	MN	55118	6514545900
David	Schultz	CTM Enterprises, LLC	1226 Minnesota Ave. Suite 101	St. Peter	MN	56082	5079345957
Mark	Shobe	River Road Management Inc.	810 Walnut St	Chaska	MN	55318	9523615426
Mark	Shobe	River Road Management Inc.	725 Baltimore Avenue SW	Hutchinson	MN	55350	3204559317
Christina	LaMere	Queen LaMere, LLC	3833 Lexington Avenue North Ste 107	Arden Hills	MN	55126	6514840511
Kinnari	Patel	AUM Enterprises LLC	304 19th Avenue N. Ste B	Princeton	MN	55371	7636310466
John	Prichard	Kingdom Business, Inc.	555 Broadway Ave Ste 4	Forest Lake	MN	55025	6514642288
John E.	Rauenhorst	Rauenhorst Enterprises, Inc.	4143 West Division St	St. Cloud	MN	56301	3202590066
Mary (Gatton)	Olinger	Olinger Enterprises, LLC	2352 Hendrickson Rd	Albert Lea	MN	56007	5073738888
Michael	Goede	Terug Geven Inc.	1023 Helmo Ave	Oakdale	MN	55128	6517307267
John	Prichard	Kingdom Business, Inc.	8090 Old Carriage Court Ste A	Shakopee	MN	55379	9523034990
Douglas	Ringwelski	GFP Inc.	2922 Pentagon Dr. NE	St. Anthony	MN	55418	6127888700
Kinnari	Patel	AUM Enterprises LLC	201 Balsam St N Cambridge	Cambridge	MN	55008	7636911856
Stephen & Lori	McCloskey	Two Angels, Inc.	1639A West County Road C	Roseville	MN	55113	6514152727
John	Prichard	Kingdom Business, Inc.	15624 Pilot Knob Road Ste. 100-200	Apple Valley	MN	55124	9524235565
Jason	Sarazine	JSK Enterprises LLC	300 Western Avenue Suite 105	Faribault	MN	55021	5078052528
Cyndy	Copeland	C & W Enterprises, Ltd	14511 Manchester Road	Manchester	MO	63011	6363911577
Cyndy	Copeland	C & W Enterprises, Ltd	115 Concord Plaza Shopping Center	St. Louis	MO	63128	3148494450
Cyndy	Copeland	C & W Enterprises, Ltd	3847 Mckelvey Road	Bridgeton	MO	63044	3142989919
Joanne	Carson	Carson Enterprises, Inc.	5522 Northeast Antioch Rd.	Kansas City	MO	64119	8164555440

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Joanne	Carson	Carson Enterprises, Inc.	17911 E. 24 Hwy	Independence	MO	64056	8162572522
Rex M. & Jan W.	Proctor	Findley Investment Partners, Ltd.	2051 Zumbahl Road	St. Charles	MO	63303	6369476661
Patrick	Felling	Freher LLC	8213 N. Lindbergh	Florissant	MO	63031	3148301848
Patrick	Felling	Freher LLC	2305 Elm St.	St. Charles	MO	63301	6369405422
Ken & Renee	Geile	Zipper Clippers, LLC	1945 Richardson Rd.	Arnold	MO	63010	6364645522
Cyndy	Copeland	C & W Operations, Ltd.	424 SW Ward	Lee's Summit	MO	64081	8165251144
Patrick	Felling	Freher LLC	249 E. 5th St.	Eureka	MO	63025	6369385780
Jeremy	Plymale	JP Salons, LLC	1808 Wentzville Pkwy	Wentzville	MO	63385	6363277010
Jeremy	Plymale	JP Salons, LLC	1625 A. Roy Drive	Washington	MO	63090	6362399696
Patrick	Felling	Freher LLC	2979 A Highway K. Deer Creek Crossing Shopping Center	O'Fallon	MO	63366	6362724599
Beverly	Hingle	Southern Salons, LLC	229 Frontage Road Suite A	Picayune	MS	39466	6017993886
Jim	Harlow	Magnolia Style, LLC	2346 Mcingvale Rd.	Hernando	MS	38632	6622983079
Jim	Harlow	Magnolia Style, LLC	775 Goodman Rd. 775-31	Southaven	MS	38671	6623493082
Jim	Harlow	Magnolia Style, LLC	5940 Goodman Rd. Suite B	Olive Branch	MS	38654	6628954247
Sylvia	Palmer	Sybil Ventures, Inc.	1505 S. Glenburnie Rd. Ste. 14	New Bern	NC	28562	2526361144
Sylvia	Palmer	Sybil Ventures, Inc.	4130 W. Vernon Ave. Unit B-2	Kinston	NC	28504	2525271338
Sylvia	Palmer	Sybil Ventures, Inc.	307 North Berkeley Blvd	Goldsboro	NC	27534	9197782900
Hope	Peedin	Blessed By Angels, LLC	1971 High House Rd	Cary	NC	27513	9194620220
Alvin	Mathis	M2M, Inc.	556 E Jackson Blvd 11	Erwin	NC	28339	9108927267
Sylvia	Palmer		5136 Hwy 70 Suite B-5	Morehead City	NC	28557	2522403806
Dick	Kauffman	Paradix Development Corp.	7968 Raeford Rd	Fayetteville	NC	28304	9102239770
Heather	Wheeler	Wheeltastic Enterprises, LLC	1800 Skibo Road	Fayetteville	NC	28303	9104871110
Fenil	Patel	Fen & San, Inc.	3057 Market Center Dr Suite R3	Morrisville	NC	27560	9193880410
Dick	Kauffman	Paradix Development Corp.	5555 Waldos Beach Rd	Fayetteville	NC	28306	9104247267
Robert	Dunmire	BOBECA, LLC	13600 Falls of Neuse Rd Suite 104	Raleigh	NC	27614	9195549643
Sylvia	Palmer	Sybil Ventures, Inc.	9869 Ocean Highway West Unit 3-09	Calabash	NC	28467	9105753966
Jennifer	Super	J & E Salons, Inc.	4749 Ramsey St	Fayetteville	NC	28311	9106306030
Dick	Kauffman	Precise Hair Skin Body Corporation	1255 N. Brightleaf Blvd.	Smithfield	NC	27577	9842013356
Heather	Wheeler	Wheeltastic Enterprises, LLC	1663 Buffalo Lake Rd	Sanford	NC	27332	9194995327

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Ronda	Taylor	Jacksonville FS, Inc.	835 Piney Green Rd	Jacksonville	NC	28546	9102191077
Ronda	Taylor	Jacksonville FS, Inc.	521 Yopp Rd Ste 204	Jacksonville	NC	28546	9105777274
Matthew	Leaser	TJ Blades Inc.	93 Weaver Blvd	Weaverville	NC	28787	8286457731
Heather	Wheeler	Wheeltastic Enterprises, LLC	5131 NC Hwy 42 West	Garner	NC	27529	9197730888
Teresa	Wilson	Kingdom Business Partners, LLC	Flowers Crossroads 14 Flowers Crossroads way	Clayton	NC	27527	9193598663
		Paradix Development Corp.	140 Hays Lane	Wilmington	NC	28411	9106811183
Jiaqi	Li	LI.Jiaqi.Salon.121, LLC	2660 Hwy 210 E Suite 104	Hampstead	NC	28443	9106672298
Di	Yang	Yang.Di.Salon.101, LLC	5539 Carolina Beach Rd	Wilmington	NC	28412	9107691657
Parish Henry	Moffitt	Templeton Salons, Inc.	7032 Brighton Park Drive Suite 230	Mint Hill	NC	28227	9802995018
Dick	Kauffman	Paradix Development Corp.	7268 GB Alford Hwy	Holly Springs	NC	27540	9195579333
Dick	Kauffman	Paradix Development Corp.	3460 Ten Ten Road	Cary	NC	27518	9193629044
Heather	Wheeler	Wheeltastic Enterprises, LLC	5041 Fayetteville Rd	Lumberton	NC	28358	9107350344
Dick	Kauffman	Paradix Development Corp.	3503 North Main Street	Hope Mills	NC	28348	9104244641
Alvin	Mathis	M2M, Inc.	1351 Sunset Ave G	Clinton	NC	28328	9105927267
Parish Henry	Moffitt		3090 E Franklin Blvd. Ste 6	Gastonia	NC	28056	9802511469
Heather	Wheeler	Wheeltastic Enterprises, LLC	275 Ivey Lane	Pinehurst	NC	28374	9104201686
Heather	Wheeler	Wheeltastic Enterprises, LLC	2660 NC 24-87	Cameron	NC	28326	9104362944
Parish Henry	Moffitt	Templeton Salons, Inc.	16011 Lancaster Highway Unit B	Charlotte	NC	28277	7049102108
Parish Henry	Moffitt	Templeton Salons, Inc.	523 Brentwood Rd 3	Denver	NC	28037	7049664227
Dana/Robert/William	Palmer	Sybil Ventures, Inc.	2120 East Firetower Road Ste. 113	Greenville	NC	27858	2523297267
Dick	Kauffman	Paradix Development Corp.	413 Emissary Dr. Ste. 5002	Cary	NC	27519	9844650009
Michelle	Weaver		1995 Startown Road Suite 207	Hickory	NC	28681	8283238255
John	Kile	Second Shift Ventures Manchester, LLC	North Side Plaza 63 Hamel Dr	Manchester	NH	3104	6032222268
John	Kile	Second Shift Ventures Manchester South, LLC	373 South Willow Street	Manchester	NH	3103	6032227227
John	Kile	Second Shift Ventures Hudson, LLC	212 Lowell Rd	Hudson	NH	3051	6039435568
John	Kile	Second Shift Ventures Salem, LLC	291 S. Broadway	Salem	NH	3079	6039124991
John	Kile	Second Shift Ventures Nashua LLC	2 Cellu Drive	Nashua	NH	3063	6038094458

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Marianne	Romola	Gavin Freda Associates, LLC	1161 Route 23 South	Kinnelon	NJ	7405	9738386002
John	Kile	Second Shift Ventures Hillsborough LLC	450 Amwell Road Ste. 11	Hillsborough	NJ	8844	9082810148
Jaymee	Lawrence	BEAUTY BY JAYMEE LLC	505 E. Windmill Lane Suite 1-A	Las Vegas	NV	89123	7022702401
Jaymee	Lawrence	BEAUTY BY JAYMEE LLC	55 S Valle Verde Drive Suite 200	Henderson	NV	89012	7028379800
Jaymee	Lawrence	BEAUTY BY JAYMEE LLC	2654 W. Horizon Ridge Parkway Suite 11	Henderson	NV	89052	7026176720
Jaymee	Lawrence	BEAUTY BY JAYMEE LLC	9775 S Maryland Parkway Ste. D	Las Vegas	NV	89183	7023611381
Kyle	Kenny	CURRENT VENTURE LLC	9101 W. Sahara Ave Suite 102	Las Vegas	NV	89117	7022430849
Jaymee	Lawrence	BEAUTY BY JAYMEE LLC	615 N. Stephanie St.	Henderson	NV	89014	7024512711
Rick	Friend	Samaron, Inc.	1916 Village Center Circle	Las Vegas	NV	89134	7022336984
Anand	Gandhi	2007 AAG Buffalo, Inc.	2476 Seneca St.	Buffalo	NY	14210	7168222214
Anand	Gandhi	2007 AAG Buffalo, Inc.	8220-B Transit Road	Williamsville	NY	14221	7166881861
Robert	Cornell	Cornell Franchising, Inc.	98 Wolf Road	Colonie	NY	12205	5184594955
Robert	Cornell	Mohawk Franchising, Inc.	Rt. 30 North	Amsterdam	NY	12010	5188435863
John	Murphy	Salon Cristina LLC	1683 Route 9	Clifton Park	NY	12065	5183719322
Robert	Cornell	Cornell Franchising, Inc.	270 Saratoga Road	Scotia	NY	12302	5183991341
Debra	Penesso	Penesso, Inc.	596 Columbia Turnpike	East Greenbush	NY	12061	5184794504
Angela	Nelson	JAGG, Inc.	175 Broad Street	Glens Falls	NY	12801	5187612087
John	Murphy	Salon Cristina LLC	15 Trieble Ave	Ballston Spa	NY	12020	5183630102
John	Murphy	Salon Cristina LLC	1400 Altamont Ave.	Schenectady	NY	12303	5183569128
Susan	McNamara	ASHAWN, LLC	234 N. Comrie Avenue	Johnstown	NY	12095	5187362066
Tracy	Capparra	Travin of W.N.Y., Inc.	3812 South Park Ave.	Blasdell	NY	14219	7168258155
John	Murphy	Salon Cristina LLC	579 Troy Schenectady Rd 229	Latham	NY	12110	5187827676
Anand	Gandhi	2007 AAG Buffalo, Inc.	2563 Union Rd Suite 300	Cheektowaga	NY	14227	7166682618
Anand	Gandhi	A5G5, Inc.	1274 French Road	Cheektowaga	NY	14227	7166689433
Dan	Brisker	Jade Business Concepts, Inc.	4631 Gallia St.	New Boston	OH	45662	7404564296
Dan	Brisker	Jade Business Concepts, Inc.	2145 Eastern Avenue	Gallipolis	OH	45631	7404467267
Dan	Brisker	Jade Business Concepts, Inc.	609 E. Main St.	Jackson	OH	45640	7402867267

Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Bonnie Lynn	Lovejoy	Lovejoy Elyria Corp	819 Chestnut Commons Dr.	Elyria	OH	44035	4403661115
Bonnie Lynn	Lovejoy	MBCM Lovejoy, LLC	746 E Aurora Rd Suite 3	Macedonia	OH	44056	3304683586
Scott	Woodliff		15124 Lleytons Court Ste 109	Edmond	OK	73013	4053414433
Joe & Michele	D'Ambrosio		1819 Lincoln Way	White Oak	PA	15131	4126726811
Debra	Penrod (Ruggeri)	Jaco, Inc.	660 E. Pittsburgh St	Greensburg	PA	15601	7248321785
David	Ruggeri	SYBRNIC, Inc. (A Subsidiary OF Jaco, Inc.)	800 Summit Ridge Plaza	Mount Pleasant	PA	15666	7245474111
Debra	Penrod (Ruggeri)	Jaco, Inc.	1400 Greengate Centre Circle	Greensburg	PA	15601	7248379177
David	Ruggeri	SYBRNIC, Inc. (A Subsidiary OF Jaco, Inc.)	7 Hill Top Plaza	Kittanning	PA	16201	7245432601
John	Kile	Second Shift Ventures Hatfield LLC	1456 Ferry Road Unit 102	Doylestown	PA	18901	2153450717
David	Ruggeri	SYBRNIC, Inc. (A Subsidiary OF Jaco, Inc.)	206 Resort Plaza	Blairsville	PA	15717	7244595610
William	Tonet	Tonet-One, LLC	220 Buffalo Plaza Route 356	Sarver	PA	16055	7242950101
Penny	Tonet	Tonet-One, LLC	270 Tarentum Bridge Road	New Kensington	PA	15068	7243390580
Rachel	Vlosich	RKVlo, INC.	2061 A Golden Mile Highway	Plum	PA	15239	7247333020
Joe and Bobbi	Citro	Citro Mutual Funding Inc	605 Pittsburgh Rd. Ste 50	Uniontown	PA	15401	7244374247
John	Kile	Second Shift Ventures Allentown LLC	289 Cetronia Road	Allentown	PA	18104	6103518181
John	Kile	Second Shift Ventures Hatfield LLC	1571 Bethlehem Pike	Hatfield	PA	19440	2674771596
John	Kile	Second Shift Ventures Quakertown LLC	215 N. West End Boulevard	Quakertown	PA	18951	2155382530
John	Kile	Second Shift Ventures Warwick, LLC	2404 Warwick Avenue	Warwick	RI	2889	4017385979
John	Kile	Second Shift Ventures North Kingstown, LLC	6174 Post Road	North Kingstown	RI	2852	4018856797
John	Kile	Second Shift Ventures, LLC	1015 Tiogue Avenue	Coventry	RI	2816	4018238770
Jean	Bernard	SPRE Enterprises, Inc.	601 Metacom Avenue	Warren	RI	2885	4012451065
John	Kile	Second Shift Ventures Wakefield, LLC	55 Old Tower Hill Road	Wakefield	RI	2879	4017892210
John	Kile	Second Shift Ventures Westerly, LLC	100 Franklin Street	Westerly	RI	2891	4015961900
Teresa	Curran	Curran & Co., Inc.	557 Killingly Street	Johnston	RI	2919	4013518918
Balasundaram	Srinivasan	Smuka, LLC	330 Franklin Rd 124	Brentwood	TN	37027	6153772950



## SYSTEMWIDE SALON OWNERS AS OF DECEMBER 31, 2023

Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Balasundaram	Srinivasan	Smuka, LLC	1940-B Shady Brook St.	Columbia	TN	38401	9313816062
Balasundaram	Srinivasan	Smuka, LLC	4410-B Lebanon Road	Hermitage	TN	37076	6158852750
Balasundaram	Srinivasan	Smuka, LLC	1022B Glenbrook Way	Hendersonville	TN	37075	6158242513
Balasundaram	Srinivasan	Smuka, LLC	445 Hwy 46 South	Dickson	TN	37055	6154413080
Balasundaram	Srinivasan	Smuka, LLC	4001 Hughes Crossing	Franklin	TN	37064	6157946463
Balasundaram	Srinivasan	Smuka, LLC	401 S. Mt. Juliet Rd.	Mt. Juliet	TN	37122	6157582935
Balasundaram	Srinivasan	Smuka, LLC	1960-D Madison Street	Clarksville	TN	37043	9316474625
Balasundaram	Srinivasan	Smuka, LLC	617-B South Cumberland	Lebanon	TN	37087	6154437096
Jim	Harlow	Bluff City Style III, LLC	571 Erin Drive	Memphis	TN	38117	9016838355
Donald/Mark	Henson/Patton	Donmarcos, LLC	622 W Poplar Avenue Suite 1	Collierville	TN	38017	9018530899
Cam	Cao	Gallivant Ventures, LLC	9160 Highway 64 Suite 16	Lakeland	TN	38002	9013831500
Jim	Harlow	Bluff City Style I, LLC	8 N. McLean Blvd.	Memphis	TN	38104	9012761405
Jim	Harlow	Bluff City Style IV, LLC	6490 Memphis Arlington Rd.	Bartlett	TN	38135	9012664001
Sean	West	St. Dolphin Companies, LLC	7820 Poplar Ave 10	Germantown	TN	38138	9017575262
Carla	Smith	Quincy Industries, LLC	1023 B Mineral Wells Ave	Paris	TN	38242	7316449058
Shannon	Hutcherson	SMH Styles, LLC	105-F Stonebrook Place	Jackson	TN	38305	7316647376
Balasundaram	Srinivasan	Smuka, LLC	3284 Franklin Rd. Ste. F	Murfreesboro	TN	37128	6156247758
Cheryl	Pendergrass	Jackson Enterprises Southeast LLC	1735 North Main Street Ste B	Shelbyville	TN	37160	9314924999
Balasundaram	Srinivasan	Smuka, LLC	1715 South Rutherford Boulevard Suite M	Murfreesboro	TN	37130	6153968996
Arvind & Kalpana	Shah		11910 Preston Road Suite 208	Dallas	TX	75230	9723878037
Jaine	Yolidma Cantu		1713 Fry Rd.	Katy	TX	77449	2815786909
Hong	Dang		2447 South Day	Brenham	TX	77833	9792517104
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	923 10th Street	Floresville	TX	78114	8303932233
Jana L.	Miller	KJL Enterprises, Inc.	1540 North Highway 77 Suite 2	Waxahachie	TX	75165	9729233231
LaRonda	Hunter	MLH Salons, Inc.	1453 North Saginaw Boulevard Suite 145	Saginaw	TX	76179	8178474247
Danielle	Clarke	Clarke 521 LLC	12770 South Freeway Suite 164	Burleson	TX	76028	8174265822
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	1901 Nacogdoches Rd. Suite 102	San Antonio	TX	78209	2109302933
Rebecca	Sill	gwhizfixer, LLC	6203 Central City Blvd.	Galveston	TX	77551	4097403722

## SYSTEMWIDE SALON OWNERS AS OF DECEMBER 31, 2023

Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Ermis & Yanira	Orellana	FS Orellana Company, Inc.	5614 W. Grand Pkwy South Ste 105	Richmond	TX	77406	8325958009
Danielle	Clarke	Clarke 521 LLC	1301 E. Debbie Lane	Mansfield	TX	76063	8174531941
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	14414 US Hwy 87 W Suite B	La Vernia	TX	78121	8307797267
Virginia	Alvarson	Trichotex Primostar, LLC	9500 Ray White Rd Ste 169	Keller	TX	76244	8177417267
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	10730 Potranco Rd Ste 121	San Antonio	TX	78251	2105210806
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	9110 North Loop 1604 W Ste 111	San Antonio	TX	78249	2105217772
LaRonda	Hunter		6650 North Beach Street Ste 102	Fort Worth	TX	76137	8174285030
Mirza-Sofian A.	Baig	CZARHIAN LLC	5230 De Zavala Road Ste 220	San Antonio	TX	78249	2106999377
Jane	Willyerd	Zelos, Inc.	17460 North Interstate 35 Frontage Rd 416	Schertz	TX	78154	2105902007
Duc Tien	Tran	CF Cosmetics	1630 E Lamar Blvd Ste 128	Arlington	TX	76011	8172998514
Stephen	Wright		3138 Southeast Military Dr Ste. 109	San Antonio	TX	78235	2103370300
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	10650 Culebra Rd Ste 112	San Antonio	TX	78251	2106844331
Negasi	Tesfay		7000 Independence Pkwy Ste 152	Plano	TX	75025	9724910614
Khurram	Khan	KAK Enterprises, LLC	8111 Mainland Dr	San Antonio	TX	78240	2105091450
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	19337 McDonald Street	Lytle	TX	78052	8307723800
Jaine	Yolidma Cantu		8503 NW Military Highway 115	San Antonio	TX	78231	2104089075
LaRonda	Hunter	MLH Salons, Inc.	417 E Hwy 199 Suite 1	Springtown	TX	76082	8175237300
Jaine	Yolidma Cantu	StylistX, LLC	1443 FM 1463 #600	Katy	TX	77494	8324375989
Duc Tien	Tran	CF Cosmetics	4001 West Green Oaks Blvd. Ste. 117	Arlington	TX	76016	8175165711
Rakesh	Vazir	Arihan, LLC	2339 E. Evans Rd. #102	San Antonio	TX	78259	2104025440
Dennis	Armstrong		4750 Gattis School Rd	Hutto	TX	78634	5124674005
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	3910 McCullough Ave. Ste. 104	San Antonio	TX	78212	2108261299
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	703 US Highway 90 East	Castroville	TX	78009	8305383233
Stacy	Thibodeaux		17700 San Pedro Ave R120	San Antonio	TX	78232	2103756199

SYSTEMWIDE SALON OWNERS AS OF DECEMBER 31, 2023

Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Rebecca	Sill	Finger Curls, LLC	3729 E League City Pkwy Suite 140	League City	TX	77573	2819579167
Sathyan	Sreedharan	Westwood Salon and Spa, Inc.	5417 FM 1488 Magnolia Suite E	Magnolia	TX	77354	3467030071
Mirza-Sofian A.	Baig	CZARHIAN LLC	665 S. Walnut Ave., Suite 108	New Braunfels	TX	78130	8306252535
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	26108 Overlook Parkway Suite 1105	San Antonio	TX	78260	2107573505
Jaine	Yolidma Cantu	StylistX, LLC	1507 E. Court Court Plaza Retail Center	Seguin	TX	78155	8304334541
Amanda	Cruz	CRUZCO LLC	1767 W 4700 S	Taylorsville	UT	84118	8019662600
Shawn	Jorgensen	Jorgensen Franchise Group, Inc.	185 E 30 N	American Fork	UT	84003	8017639994
Shawn	Jorgensen	JFG Orem LLC	1549 North State Street	Orem	UT	84057	8018028081
Eugene T./Sydnee	Medley/McMillan	S & T Salons, LLC	1032 E. Fort Union Blvd	Midvale	UT	84047	8012551112
Andrea & Elliot	Jenkins	Vermillion Ventures, LLC	2055 E. 9400 S	Sandy	UT	84093	8017339966
Trang	Villamil	MI&CA Enterprises, LLC	2993 S 5600 W	West Valley City	UT	84120	8019660182
Shawn	Jorgensen	JFG Orem Two LLC	76 South State St.	Orem	UT	84058	8012219595
Aaron	Spencer	8 Point Circle, LLC	1374 N Redwood Rd 2	Saratoga Springs	UT	84043	8017666722
Euralph	Villamil	MI&CA Enterprises, LLC	4645 South 4000 West Unit C	West Valley City	UT	84120	8018402422
Gerald	Cleveland	FS Salons, LLC	684 East 11400 South Suite T	Draper	UT	84020	8015232292
Gerald	Cleveland	CRUZCO LLC	546 S 1750 W	Springville	UT	84663	8014895958
Amanda	Cruz	CRUZCO LLC	7759 South 4800 West Unit D	West Jordan	UT	84084	8012551330
Richard	Winget	RHW Legacy LLC	875 W Red Cliffs Dr 8	Washington	UT	84780	4356888455
Richard	Winget	RHW Legacy LLC	2628 S Pioneer Rd Unit C	St. George	UT	84790	4356561016
Pamela	Tseu Atkinson	OPA FS BUSINESS LLC	275 West 200 North Suite 5	Kaysville	UT	84037	8017196588
Alvin	Hammonds, Jr.	A. Hammonds, LLC	11404 Belvedere Vista Ln	North Chesterfield	VA	23235	8043038695
Melody	Jamieson	Northwind Corporation	6230 North Division Rd.	Spokane	WA	99207	5094871322
Melody	Jamieson	Northwind Corporation	13817 E. Sprague Ave.	Spokane	WA	99216	5099244978
Dennis & Carol	Holloway	FS OF Idaho, Inc.	12204 N. Division Suite C	Spokane	WA	99218	5094673158
Will and Gigi	Rauckman	Paroc, Inc.	2839 Mall Dr Suite 2	Eau Claire	WI	54701	7158352774
Will and Gigi	Rauckman	Paroc, Inc.	321 E. Prairie View Rd.	Chippewa Falls	WI	54729	7157235747

Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Dennis & Laurie	McGill	Sea Dream, Inc.	2181 E Lincoln	Rhineland	WI	54501	7153627722
Dayin Luzon	Rodriguez	Dayin LLC	225734 Rib Mountain Drive	Wausau	WI	54401	7153592724
John	Prichard	Kingdom Business, Inc.	228 Paperjack Dr.	New Richmond	WI	54017	7152469080
John	Prichard	Kingdom Business, Inc.	2127 Coulee Rd.	Hudson	WI	54016	7153779600
Kasandra	Enkro	KE CUTS, Inc.	4551 8th St. South Ste. 104	Wisconsin Rapids	WI	54494	7154232277
John	Prichard	Kingdom Business, Inc.	1587 Paulson Rd.	River Falls	WI	54022	7154267808
Tamara	Kellerman	KB Cuts, LLC	2936 New Pinery Road	Portage	WI	53901	6087451212
Ashley	Dieck	Queen's Landing LLC	207 Highway 64	Antigo	WI	54409	7156271100
Drew	Hansen	Alden Corporation	2304 S Main Street Suite 6	Rice Lake	WI	54868	7152341885
Don	Richter	DMC Enterprises, LLC	3511 Murray Street Suite 1	Marinette	WI	54143	7157324711
Holly Marie	Kuhn	HSC Rootz and Tangles LLC	2619 Eastern Ave	Plymouth	WI	53073	9208924500
Lydia	Rybarczyk	Ram Styles, LLC	224 McCoy Blvd Suite 109	Tomah	WI	54660	6083724747
Kelly	School	KAWS, LLC	954 Janesville St Suite 3	Oregon	WI	53575	6088352500
Kasandra	Enkro	KE CUTS, Inc.	1820 Plover Rd Suite B	Plover	WI	54467	7153440351
Richelle	Brunn	Couleur BLOC LLC	2412 State Rd	La Crosse	WI	54601	6087882266
Dan	Brisker	Jade Business Concepts, Inc.	101 7th Avenue	Huntington	WV	25701	3045297267
Dan	Brisker	Jade Business Concepts, Inc.	3 Hospitality Dr	Ripley	WV	25271	3043727790

SYSTEMWIDE AGREEMENT SIGNED BUT OUTLET NOT OPENED  
SALON OWNERS AS OF DECEMBER 31, 2023

Owner First Name	Owner Last Name	Salon Address	State	Salon Phone
Raquel	Edwards	To be determined	CA	9494666065

SYSTEMWIDE FRANCHISEE EXIT LIST

JANUARY 1, 2023 TO DECEMBER 31, 2023

Owner Last Name	City	State	Zip code	Salon Phone
Gorski/Taylor	Daphne	AL	36526	2056619122
Gorski/Taylor	Mobile	AL	36619	2056619122
Mikel	Jacksonville	AR	72076	
Duarte	Glendale	AZ	85301	6109300000
Flowers	Chandler	AZ	85248	4802055064
Flowers	Gilbert	AZ	85297	4802055064
Gonzalez	Mesa	AZ	85207	6027898889
Marrs	Scottsdale	AZ	85258	4802314436
Raymond	Flagstaff	AZ	86001	9212146304
Cook	Lake Forest	CA	92630	7143251015
Eugenio	Lemon Grove	CA	91945	
Eugenio	Lemon Grove	CA	91945	
Gomez	Los Alamitos	CA	90720	5627547587
Gutierrez	San Diego	CA	92126	6194033093
Haghighat/Shafa	Yucaipa	CA	92399	9497606758
Mendez	Oxnard	CA	93030	4324136960
Ng	Baldwin Park	CA	91706	7146133090
Sadrebazzaz/Firozi	Reseda	CA	91335	8186353677
Saini	Corona	CA	92883	9517809460
Seneviratne	Torrance	CA	90505	3104208480
Spencer	Moreno Valley	CA	92551	9515442662
Dinger & Zou-Dinger	Littleton	CO	80127	3039937888
McTague	Littleton	CO	80127	7204674195
McTague	Arvada	CO	80004	7204674195
Cato	Tampa	FL	33634	9415249664
Duda	Lady Lake	FL	32159	3309842929
Morris	Lakeland	FL	33813	4074894615

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

Owner Last Name	City	State	Zip code	Salon Phone
Strout	Fruit Cove	FL	32259	9048062037
Turow	Clearwater	FL	33756	8138873432
Turow	Largo	FL	33771	8138873432
Madaus	Evans	GA	30809	7063065494
Sakata	Aiea	HI	96701	
Weaver	Lincoln	IL	62656	2174156764
Holder	Greenfield	IN	46140	3178493837
Rivard	Seymour	IN	47274	8129488912
Adams	Louisville	KY	40219	8003193716
Adams	Shepherdsville	KY	40165	8003193716
DenDekker	Radcliff	KY	40160	2708770703
Harris	New Orleans	LA	70130	5049571361
Hingle	Slidell	LA	70458	9859602711
Mobley	Youngsville	LA	70592	2252467082
Reda	Prairieville	LA	70769	2252751144
Bell	Ann Arbor	MI	48103	5173042850
Bunney	Farmington Hills	MI	48335	2487192323
Sadik	Warren	MI	48092	5868994969
Barry	Duluth	MN	55807	
Gay	Bemidji	MN	56601	3207660919
Johnson	Cottage Grove	MN	55016	6513343398
Johnson	Woodbury	MN	55129	6513343398
Johnson	Hastings	MN	55033	6513343398
Johnson	Red Wing	MN	55066	6513343398
Johnson	Woodbury	MN	55125	6513343398
McCloskey	Coon Rapids	MN	55448	7637421265
McCloskey	Anoka	MN	55303	7637421265
Moch	Minneapolis	MN	55405	6122096680
Nagel	Roseville	MN	55113	7634244648
Nagel	Edina	MN	55435	7634244648

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Owner Last Name	City	State	Zip code	Salon Phone
Patel	Coon Rapids	MN	55433	6122422788
Prichard	Plymouth	MN	55442	6127512663
Prichard	Shakopee	MN	55379	6127512663
Prichard	Brooklyn Park	MN	55443	6127512663
Prichard	Shakopee	MN	55379	6127512663
Steele	Eagan	MN	55121	6127512663
Steele	Faribault	MN	55021	6127512663
Steele	Burnsville	MN	55337	6127512663
Steele	Inver Grove Heights	MN	55057	6127512663
Swanstrom	Champlin	MN	55316	7633154464
Carson	Independence	MO	64050	8165609655
Carson	Independence	MO	64055	8165609655
Copeland	St. Louis	MO	63125	9134386400
Ardestani	Clayton	NC	27527	9196083063
Gandhi	Mint Hill	NC	28227	8282567207
Gandhi	Gastonia	NC	28056	8282567207
Gandhi	Charlotte	NC	28277	8282567207
Gandhi	Denver	NC	28037	8282567207
Harmon	Fayetteville	NC	28303	9105789547
Harmon	Raeford	NC	28376	9105789547
Harmon	Fayetteville	NC	28304	9105789547
Harmon	Sanford	NC	27332	9105789547
Harmon	Garner	NC	27529	9105789547
Harmon	Lumberton	NC	28358	9105789547
Harmon	Pinehurst	NC	28374	9105789547
Harmon	Cameron	NC	28326	9105789547
Li	Wilmington	NC	28411	8883177429
Mathis	Wilson	NC	27893	9104892804
Mathis	Mount Olive	NC	28365	9104892804
Spriggs	Fayetteville	NC	28304	2102644479

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



Owner Last Name	City	State	Zip code	Salon Phone
Spriggs	Fayetteville	NC	28306	2102644479
Spriggs	Hope Mills	NC	28348	2102644479
Tavorath	Holly Springs	NC	27540	9848337777
Burger	Boonton	NJ	7005	9738383308
O'Donnell	Las Cruces	NM	88005	5756421059
Dalzell	Las Vegas	NV	89123	4803239695
Dalzell	Henderson	NV	89012	4803239695
Dalzell	Boulder City	NV	89005	4803239695
Dalzell	Henderson	NV	89052	4803239695
Dalzell	Las Vegas	NV	89183	4803239695
Dalzell	Henderson	NV	89014	4803239695
Yin	Las Vegas	NV	89117	
Penesso	Brunswick	NY	12180	5184952913
Hurst	Doylestown	PA	18901	2157941544
Penrod (Ruggeri)	Latrobe	PA	15650	7243315547
Gethers	Ladson	SC	29456	8437093731
Ballard	Wichita Falls	TX	76308	9404475900
Boenau	Leander	TX	78641	5126999127
Chen	Katy	TX	77449	2104156496
Mamdani	San Antonio	TX	78259	2104528275
Mamdani	San Antonio	TX	78249	2104528275
Mamdani	San Antonio	TX	78259	2104528275
McCurry	New Braunfels	TX	78130	8302284711
McCurry	New Braunfels	TX	78130	8302284711
O'Donnell	Boerne	TX	78006	5756421059
Sabatino	Seguin	TX	78155	2107714203
Allen	Washington	UT	84780	4357033384
Allen	St. George	UT	84790	4357033384
Hansen	West Jordan	UT	84088	8013694500
Jorgensen	Taylorsville	UT	84118	4352256558

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

Owner Last Name	City	State	Zip code	Salon Phone
Jorgensen	West Jordan	UT	84084	4352256558
Ponce/Stuart	Richmond	VA	23233	8043879767
Engebretson	La Crosse	WI	54601	7154918795
McGill	Wausau	WI	54401	7154901384
McGill	Weston	WI	54476	7154901384

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**Exhibit F: List of Regional Advertising Funds**

Region #	General Description of Designated Market Area	RAF Fee
Portion of 1	Los Angeles, CA	\$150.00
941	Sacramento, CA/Reno, NV	\$0.00
968	Dallas/Ft. Worth, TX	\$15.00
917	Houston, TX	\$25.00
937	Phoenix, AZ	\$50.00
893	San Antonio, TX	\$0.00
926	Providence, RI	\$0.00
Portions of 888/887	Minneapolis/St. Paul, MN	\$160.00
Portions of 888	Minneapolis/St. Paul, MN	\$160.00
909	Detroit, MI	\$125.00
Portions of 946/969	Kansas City, MO	\$130.00
Portions of 946/969	St. Louis, MO	\$75.00
Portions of 946/949	Des Moines, IA	\$0.00
971	Albany, NY	\$85.00
Portions of 991	Denver, CO	\$75.00
Portions of 991	Northern Colorado	\$50.00
Portions of 993	Salt Lake City, UT	\$100.00
Portions of 939	Memphis, TN	\$15.00

**Exhibit G: Franchise Disclosure Questionnaire**

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Fantastic Sams Franchise Corporation (the “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of a “Fantastic Sams” franchised business (the “Franchise”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchisor’s franchise disclosure document (the “Disclosure Document”) provided to you?		
2. Did you sign a receipt for the Disclosure Document indicating the date you received it?		
3. Other than the people you listed on the Disclosure Document receipt page when you originally signed it, have you spoken with anyone from the Franchisor regarding your purchase of the Franchise for a new or existing franchise? If so, please provide their names, address and phone number:  _____		
4. Do you understand all of the information contained in the Disclosure Document?		
5. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
6. Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: _____		
7. Do you understand the terms of and your obligations under the Franchise Agreement?		
8. Have you discussed the benefits and risks of operating the Franchise with an attorney, accountant or other professional advisor?		
9. Do you understand the risks associated with operating the Franchise?		
10. Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchise?		
12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate?		

QUESTION	YES	NO
13. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
14. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise?		
15. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		

If you answered “Yes” to any of questions eleven (11) through fifteen (15), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of the foregoing questions, please leave the following lines blank.

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**MARYLAND PROSPECTIVE FRANCHISEES:**

Do not sign this Questionnaire if you are a Maryland resident, or the franchise is to be located in Maryland.

\_\_\_\_\_  
FRANCHISE APPLICANT

\_\_\_\_\_  
FRANCHISE APPLICANT

\_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_, 20\_\_\_\_

**EXHIBIT H: TRANSFER AND CONSENT AGREEMENT**

## TRANSFER AND CONSENT AGREEMENT

THIS TRANSFER AND CONSENT AGREEMENT (the “Agreement”) is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, (the “Effective Date”), by and among **SELLER ENTITY**, a **ENTITY STATE limited liability company/corporation**, and **SELLER FRANCHISEE(S)** as individual guarantor(s) (collectively, “Transferor”); **BUYER ENTITY**, a **ENTITY STATE limited liability company/corporation**, (the “Transferee”); **BUYER FRANCHISEE(S)** as individual guarantor(s) (the “Transferee Guarantor”, collectively with the Transferee as the “Transferee Parties”); Fantastic Sams Franchise Corporation (“FSFC”); and Fantastic Sams National Advertising Fund, Inc. a Tennessee non-profit corporation (“FSNAF”).

### RECITALS

A. FSFC and Transferor entered into that certain Salon **Franchise Agreement** dated as of **FA SIGN DATE**, and certain schedules, exhibits, addenda, amendments, and attachments thereto (collectively, the “**Franchise Agreement**”) related to the opening and operation of a franchised Fantastic Sams Salon located at **SALON ADDRESS** (the “**Franchised Business**”) (**Location No. #** ) under the Fantastic Sams franchise system (the “System”).

B. Transferee is acquiring the assets of the Franchised Business from Transferor (the “**Transaction**”) and upon the closing of such Transaction, the Transferee desires to continue to operate the Franchised Business as a franchisee of FSFC starting on the Transfer Date (as defined below) (the “**Transfer**”).

C. The consent of FSFC to the Transfer and the approval of Transferee by FSFC in accordance with the current standards applied to prospective franchisees are required under the Franchise Agreement. Transferor has requested FSFC’s consent to the Transfer, and FSFC is willing to give its consent to the Transfer on the terms and conditions of this Agreement.

D. FSFC has approved Transferee as a franchisee for the Franchised Business, subject to (i) Transferee’s execution of FSFC’s current form of Fantastic Sams Franchise Agreement (the “**New Franchise Agreement**”), (ii) execution and delivery of this Agreement by Transferor, Transferee, FSFC and FSNAF and (iii) the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Definitions.** Capitalized terms used but not otherwise defined in this Agreement shall have the same meanings as set forth in the Franchise Agreement.
2. **Ownership of Franchised Business.** Transferor represents and warrants that it is the Franchisee under the Franchise Agreement and the sole, lawful owner of the Franchised Business.
3. **Termination of Transferor’s Rights.** Except as provided in Sections 6 and 8, Transferor acknowledges and agrees that (i) the Franchise Agreement, (ii) all of Transferor’s rights to operate the Franchised Business under the Franchise Agreement and (iii) any other licenses or rights granted by FSFC related to the Franchised Business shall fully and finally terminate upon the Transfer Date.
4. **Transferee Receipt of Disclosure Document.** Each Transferee Party acknowledges receipt of FSFC’s Franchise Disclosure Document dated \_\_\_\_\_ (the “**FDD**”).



5. **Consent of FSFC.** FSFC consents to the Transfer by Transferor to Transferee, and FSFC waives any right of first refusal with respect to the Transfer, provided that prior to \_\_\_\_\_ (the “Transfer Date”) the following conditions have been satisfied:

(a) Each Transferee Party has signed an “Acknowledgement of Receipt” which is the last page of the FDD referred to in Section 4 above.

(b) Transferee has executed, at least fourteen (14) calendar days after signing the receipt referred to in Section 5(a) above, a New Franchise Agreement for the Franchised Business (including all exhibits and attachments), and the Transferee Guarantor has executed the New Franchise Agreement as the Transferee’s guarantor. Further, each Transferee Party agrees that notwithstanding anything to the contrary, the term of the New Franchise Agreement will expire on \_\_\_\_\_.

(c) Transferee has paid FSFC a transfer fee of \$\_\_\_\_\_.

(d) Transferee has provided FSFC with a certificate of insurance for the Franchised Business, which evidences Transferee’s insurance coverage and limits, and lists FSFC as an additional insured and loss payee on any and all insurance policies.

(e) With respect to the Franchised Business, Transferor has satisfied all of its monetary obligations and submitted all reports required to be submitted under the Franchise Agreement through the Transfer Date.

(f) Concurrently with the consummation of the Transfer, Transferor shall deliver to Transferee the Operations Manual, product samples and all other proprietary information and/or intellectual property related to the Franchised Business (e.g. Manuals).

**(g) Transferee has agreed to perform the following upgrades to the Franchised Business:**

<b>Upgrade</b>	<b>To be Completed By:</b>

(h) Transferor has provided Transferee and FSFC with access to Transferor’s point of sale system (“**POS System**”) data for the three (3) months prior to the Transfer Date.

(j) Transferee acknowledges that is must attend and successfully complete all required training within 120 days of the Effective Date.

6. **Obligations of Transferor.** Transferor shall comply with those post-termination and post-transfer obligations set forth in the Franchise Agreement. Transferor acknowledges and agrees that the post-termination and post-transfer obligations in the Franchise Agreement apply to the Franchised Business. Finally, and notwithstanding anything to the contrary in this Agreement, all obligations of Transferor under the Franchise Agreement that expressly or by their nature survive the transfer of the Franchised Business shall continue in full force and effect as to Transferor.

7. **Previous Payments.** Transferor and Transferee Parties acknowledge and agree that all sums of money paid to FSFC related to the Franchise Agreement or the Franchised Business are and shall remain the sole property of FSFC, and that neither Transferor nor Transferee shall have any rights thereto.

8. **Acknowledgments.** Transferor and the Transferee Parties acknowledge and agree that: (i) FSFC has not participated in the Transfer and/or Transaction between Transferor and the Transferee Parties, including such Transfer's and Transaction's negotiation and documentation, and has no liability related thereto; (ii) FSFC has made no representations or warranties and has not furnished any information to Transferor or the Transferee Parties related to such Transfer; (iii) such Transfer is not effected by or through FSFC merely because FSFC has the right to approve Transferee or because FSFC requires that this Agreement be executed as a condition to approval of the Transfer of the Franchised Business; (iv) each has made such investigations of the other, the operations of the Franchised Business, and the risks of such transaction as it deems appropriate, and has not relied on FSFC for any portion of such investigations; (v) each has had ample opportunity to consult with its attorneys, accountants, and other business advisors prior to entering into such Transfer and this Agreement; (vi) no actions or statements by FSFC or its representatives have induced the Transferee Parties to enter into the Transfer and/or Transaction; and (vii) Transferee acknowledges that FSFC is not responsible for any financial information that Transferee has been provided for the Franchised Business which Transferee is responsible for verifying with Transferee's advisors. Transferor and the Transferee Parties jointly and severally represent and warrant to FSFC that on the transfer of the Franchised Business on the Effective Date, Transferee will own all of Transferor's right, title, and interest in and to the Franchised Business, and that no consent of any other third party is required to complete the transfer transaction. Transferor and the Transferee Parties acknowledge that FSFC will be the last party to execute this Agreement which may be after Transferor and the Transferee Parties complete the Transaction. Notwithstanding Section 3, Transferor shall be responsible for the fees due under the Franchise Agreement for operating the Franchised Business under the System until this Agreement and the documents referred to in Section 5 have been received and processed by FSFC, and Transferor and the Transferee Parties will resolve any issues related to when fees for operating the Franchised Business under the System commence for Transferee and cease for Transferor.

9. **Release of FSFC and FSNAF.** In further consideration of FSFC's consent to the Transfer given on the Effective Date under this Agreement, Transferor for themselves and their predecessors and affiliates, for each of their respective partners, owners, shareholders, agents, attorneys, employees, officers, directors and representatives, for all of their respective heirs, executors, administrators, personal representatives, successor, assigns and for all other person acting on their behalf or claiming under them (the "**Releasing Parties**"), hereby forever release, acquit and discharge FSFC and FSNAF, and their predecessors and affiliates, and each of their respective partners, owners, shareholders, agents, attorneys, employees, officers, directors and representatives, all of their respective heirs, executors, administrators, personal representatives, successor, assigns and all other person acting on their behalf ("**Franchisor Parties**") from any and all suits, claims, damages, controversies, rights, promises, debts, liabilities, demands, duties, obligations, costs expenses, actions and causes of action of every nature, character, description and kind, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected, related or unrelated to the Transfer, Transaction, Franchise Agreement, and/or Franchised Business, as to law and/or facts, which any of the Releasing Parties now owns or holds or has at any time heretofore owned or held, or may at any time own or hold against any of the Franchisor Parties, arising prior to, up to and including the Effective Date. Transferor on their own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the claims released by this paragraph.

*(If the Franchised Business Transferor operates under the Franchise Agreement is located in California or if Transferor or Transferee are residents of California, the following shall apply.)*

Waiver of Statutory Preservation Provisions. It is Transferor's and Transferee Parties' intention, on their own behalf and on behalf of the other Releasing Parties, in executing this release that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand, or cause of action released by Transferor and Transferee Parties or the other Releasing Parties. Transferor and Transferee Parties recognize that they or the other Releasing Parties may have some claim, demand, or cause of action against the Franchisor Parties of which he, she, or it is totally unaware and unsuspecting, which he, she, or it is giving up by executing this release. It is Transferor's and Transferee Parties' intention, on their own behalf and on behalf of the Releasing Parties, in executing this instrument that it will deprive him, her, or it of each such claim, demand, or cause of action and prevent him, her, or it from asserting it against the Franchisor Parties. In furtherance of this intention, Transferor and Transferee Parties, on their own behalf and on behalf of the other Releasing Parties, expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including without limitation, California and or any other jurisdiction in which the Releasing Parties reside.

Transferor and Transferee Parties acknowledge and represent that they have consulted with legal counsel before executing this release and that Transferor and Transferee Parties understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

10. **Governing Law; Forum; Attorneys' Fees.** This Agreement and all matters related to the validity, construction, interpretation, and enforcement of this Agreement shall be governed by the internal laws of the State of Delaware. In the event of any litigation, other dispute, or default related to this Agreement between FSFC on the one hand, and Transferor or the Transferee Parties on the other hand, including any litigation or dispute related to the making hereof: (i) any such litigation shall be brought in the state or federal court in or for Delaware, having jurisdiction over the subject matter, and the parties specifically and irrevocably consent to the personal jurisdiction of such courts over them and waive any objections thereto they may otherwise have had; and (ii) the non-prevailing party shall pay the prevailing party the prevailing party's reasonable costs and attorneys' fees related to such litigation, other dispute, or default, which in the event of litigation shall be taxed as costs, within five (5) days after demand therefor.

11. **Non-Disparagement.** Transferor hereby agrees that Transferor will not disparage the Fantastic Sams franchise system, FSFC or FSFC's stockholders, officers, directors and employees. For the purposes of this Section, "disparage" shall mean any negative statements, written or oral, made to business associates, personal contacts, or franchisees. Transferor agrees and acknowledges that this non-disparagement provision is a material term of this Agreement.

12. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed original, but all of which taken together shall constitute one and same instrument. The Parties hereto agree that they will each execute such documents and take such actions as are necessary to carry out the terms and provisions of this Agreement.

*(Signatures on the Following Page)*

[Signature Page to Transfer and Consent Agreement]

**IN WITNESS WHEREOF**, the undersigned have duly executed and delivered this Agreement effective as of the Effective Date.

**TRANSFEROR:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TRANSFeree:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Guarantors of Transferor:**

By: \_\_\_\_\_

By: \_\_\_\_\_

**Guarantors of Transferee:**

By: \_\_\_\_\_

By: \_\_\_\_\_

**FSFC:**

Fantastic Sams Franchise Corporation

By: \_\_\_\_\_  
Name: Thomas A. Boitz  
Title: Chief Executive Officer

**ACCEPTED:**

**FSNAF:**

Fantastic Sams National Advertising Fund, Inc.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Exhibit I: Form of Renewal Addendum**

**RENEWAL ADDENDUM TO FRANCHISE AGREEMENT  
BETWEEN FANTASTIC SAMS FRANCHISE CORPORATION  
AND  
FRANCHISEE**

THIS RENEWAL ADDENDUM (this “Addendum”) to the Franchise Agreement dated as of \_\_\_\_\_ (the “Agreement”), between FANTASTIC SAMS FRANCHISE CORPORATION, a Delaware corporation (“We/Us”), and YOUR ENTITY, a ENTITY STATE limited liability company/corporation, and YOUR NAME, individually (“YOUR NAME”), is entered into concurrently with the Agreement to amend and supplement certain terms and conditions of the Agreement. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Agreement.

**RECITALS**

WHEREAS, we and you are named as parties to that certain franchise agreement, dated FA SIGN DATE (the “Existing Franchise Agreement”) pursuant to which you operate a Fantastic Sams Salon located at SALON ADDRESS (Salon No. ) (the “Salon”); and

WHEREAS, the Existing Franchise Agreement [expired on / is set to expire on] EXPIRATION DATE and you desire to renew its franchise for the operation of the Salon, and we are willing to do so pursuant to the terms hereof.

**ADDENDUM**

NOW, THEREFORE, in consideration for the premises and for other good and valuable consideration, we and you agree as follows:

1. **Existing Franchise Agreement Terminated.** [Notwithstanding the expiration of the Existing Franchise Agreement on EXPIRATION DATE, you acknowledge and agree that the terms of the Existing Franchise Agreement govern your operation of the Salon through the Effective Date.] The parties acknowledge and agree that the Existing Franchise Agreement is terminated as of the Effective Date and that your ownership and operation of the Salon from and after the Effective Date of the Agreement will be governed by and subject to the Agreement.

2. **Development of the Salon.** We and you agree that the sections of the Agreement that pertain to the opening of the Salon and the Grand Opening Marketing Plan are deemed to have been satisfied as of the Effective Date.

3. **Fees.** Section 3.a of the Agreement is deleted in its entirety and replaced with the following language:

**Renewal Fee.** In consideration of the license granted in Section 1, you shall pay us the non-refundable sum of \$5,000. This fee is fully earned and non-refundable by us upon signing this Agreement.

4. **Remodeling.** As part of its obligations under the Agreement, you acknowledge and agree that you must complete the following milestones to conform with the current image of the System:

	<b>Milestone</b>	<b>Deadline</b>
1.	Paint to current colors	Within 30 days of Effective Date

2.	Upgrade to current signage	Within 6 months of Effective Date
3.	Upgrade POS System	Within 1 year of Effective Date

5. **Release.** You, for yourself and your agents, spouses, heirs, attorneys, employees, representatives, predecessors, successors, and assigns (collectively, the “**Releasing Parties**”), hereby fully and forever unconditionally releases and discharges us, our parents, subsidiaries, and affiliates, and our respective current and former owners, guarantors, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (collectively referred to as “**Parties**”) from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever (collectively, “**Claims**”), in law or in equity, whether known or unknown, which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with us or our Parties, however characterized or described, from the beginning of time until the date of this Addendum, including, without limitation, those arising out of or relating in any way to the Existing Franchise Agreement, the relationship created by the Existing Franchise Agreement, or the development, ownership, or operation of the Salon. You, on behalf of yourself and on behalf of the other Releasing Parties, further covenants not to sue any of our Parties on any of the Claims released by this section, and warrants and represents that the Releasing Parties have not assigned or otherwise transferred any Claims released by this section.

*(If the Franchised Business you operate under the Franchise Agreement is located in California or if you are a resident of California, the following shall apply.)*

**Waiver of Statutory Preservation Provisions.** It is your intention, on his own behalf and on behalf of the Releasing Parties, in executing this release that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand, or cause of action released by you or the Releasing Parties. You recognize that he or the Releasing Parties may have some claim, demand, or cause of action against our Parties of which he, she, or it is totally unaware and unsuspecting, which he, she, or it is giving up by executing this release. It is your intention, on his own behalf and on behalf of the Releasing Parties, in executing this instrument that it will deprive him, her, or it of each such claim, demand, or cause of action and prevent him, her, or it from asserting it against our Parties. In furtherance of this intention, you, on your own behalf and on behalf of the Releasing Parties, expressly waives any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including without limitation, California and or any other jurisdiction in which the Releasing Parties reside.

You acknowledges and represents that he has consulted with legal counsel before executing this release and that you understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.



6. **Miscellaneous.** All headings are solely for convenience of review and not intended to alter, define, limit, or construe the contents of those sections. The Agreement is amended only in the particulars set forth above, and all other provisions shall continue in full force and effect as set forth therein. The terms of this Addendum form an integral part, and are incorporated into and made a part, of the Agreement. Any and all references to the Agreement shall hereafter mean the Agreement, as amended in accordance with the terms and conditions of this Addendum. In the event of a conflict between the Agreement and this Addendum, the terms and conditions of this Addendum shall govern, control, and supersede any such inconsistent or conflicting terms. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Addendum. A signed copy of this Addendum delivered electronically.

**IN WITNESS WHEREOF**, the parties hereto have caused this Addendum to be executed and made effective as of the Effective Date.

**FRANCHISE CORP:**  
**Fantastic Sams Franchise Corporation**

**FRANCHISEE:**  
**FRANCHISEE ENTITY**

By: \_\_\_\_\_  
Name: Thomas A. Boitz  
Title: Chief Executive Officer

By: \_\_\_\_\_  
**FRANCHISEE, TITLE**

Franchisor's Execution Date:  
\_\_\_\_\_

**Guarantors:**  
By: \_\_\_\_\_  
FRANCHISEE, individually

By: \_\_\_\_\_  
**FRANCHISEE'S PARTNER/SPOUSE (if applicable),**  
**individually**

**Exhibit J: List of Agents for Service of Process**

**AGENTS FOR SERVICE OF PROCESS**

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, in accordance with 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:

<p><b>CALIFORNIA</b> Commissioner of Financial Protection &amp; Innovation Department of Financial Protection &amp; Innovation</p> <p><i>Los Angeles</i> 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677</p> <p><i>Sacramento</i>  2101 Arena Boulevard Sacramento, California 95834 (916) 445-7205</p> <p><i>San Diego</i>  1455 Frazee Road, Suite 315 San Diego, California 92108 (619) 610-2093</p> <p><i>San Francisco</i>  One Sansome Street, Suite 600 San Francisco, California 94104 (415) 972-8559</p>	<p><b>NEW YORK</b> Attention: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492</p>
<p><b>HAWAII</b> Commissioner of Securities of the State of Hawaii Department of Commerce &amp; Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><b>NORTH DAKOTA</b> North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol – 14th Floor Bismarck, North Dakota 58505-0510 (701) 328-2910</p>

<p><b>ILLINOIS</b> Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p><b>RHODE ISLAND</b> Director of Department of Business Regulation Department of Business Regulation Securities Division Bldg. 68-2 John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9645</p>
<p><b>INDIANA</b> Indiana Secretary of State 200 West Washington Street, Room 201 Indianapolis, Indiana 46204 (317) 232-6531</p>	<p><b>SOUTH DAKOTA</b> Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>
<p><b>MARYLAND</b> Maryland Securities Commissioner at the Office of Attorney General- Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p><b>VIRGINIA</b> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p><b>MICHIGAN</b> Michigan Attorney General's Office Consumer Protection Div., Franchise Section P.O. Box 30212 Lansing, Michigan 48909 (517) 373-7117</p>	<p><b>WASHINGTON</b> Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760</p>
<p><b>MINNESOTA</b> Commissioner of Commerce 85 7<sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p><b>WISCONSIN</b> Commissioner of Securities Wisconsin Department of Financial Institutions 4022 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-1064</p>

**Exhibit K: List of State Administrators**

**LIST OF STATE ADMINISTRATORS**

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, in accordance with 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:

<p><b>CALIFORNIA</b>          Commissioner of Financial Protection &amp; Innovation          Department of Financial Protection &amp; Innovation</p> <p><i>Los Angeles</i>          320 West Fourth Street, Suite 750          Los Angeles, California 90013-2344          (213) 876-7500          Toll Free: (866) 275-2677</p> <p><i>Sacramento</i>            2101 Arena Blvd.          Sacramento, California 95834          (916) 445-7205</p> <p><i>San Diego</i>            1455 Frazee Road, Suite 315          San Diego, California 92108          (619) 610-2093</p> <p><i>San Francisco</i>            One Sansome Street, Suite 600          San Francisco, California 94104          (415) 972-8559</p>	<p><b>NEW YORK</b>          Office of the New York State Attorney General          Investor Protection Bureau          Franchise Section          28 Liberty Street, 21st Floor          New York, NY 10005          (212) 416-8236 Phone          (212) 416-6042 Fax</p>
<p><b>HAWAII</b>          Commissioner of Securities of the State of Hawaii          Department of Commerce &amp; Consumer Affairs          Business Registration Division          Securities Compliance Branch          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>          North Dakota Securities Department          600 East Boulevard Avenue, State Capitol          14th Floor, Dept. 414          Bismarck, North Dakota 58505-0510          (701) 328-2910</p>
<p><b>ILLINOIS</b>          Illinois Office of the Attorney General          Franchise Bureau          500 South Second Street          Springfield, Illinois 62706          (217) 782-4465</p>	<p><b>OREGON</b>          Department of Business Services Division of          Financial Regulation          350 Winter Street, NE, Room 410          Salem, Oregon 97310-3881          (503) 378-4387</p>

<p><b>INDIANA</b>  Secretary of State  Securities Division  302 West Washington, Room E-111  Indianapolis, Indiana 46204  (317) 232-6681</p>	<p><b>RHODE ISLAND</b>  Department of Business Regulation  Securities Division  Bldg. 68-2  John O. Pastore Center  1511 Pontiac Avenue  Cranston, Rhode Island 02920  (401) 462-9645</p>
<p><b>MARYLAND</b>  Office of the Attorney General  Securities Division  200 St. Paul Place  Baltimore, Maryland 21202-2021  (410) 576-6360</p>	<p><b>SOUTH DAKOTA</b>  Division of Insurance  Securities Regulation  124 S. Euclid, Suite 104  Pierre, South Dakota 57501  (605) 773-3563</p>
<p><b>MICHIGAN</b>  Michigan Attorney General’s Office  Consumer Protection Div., Franchise Section  525 West Ottawa Street  G. Mennen Williams Building, 1st Floor  525 West Ottawa Street  Lansing, Michigan 48933  (517) 373-7117</p>	<p><b>VIRGINIA</b>  State Corporation Commission  Division of Securities and Retail Franchising  1300 East Main Street, 9th Floor  Richmond, Virginia 23219  (804) 371-9051</p>
<p><b>MINNESOTA</b>  Commissioner of Commerce  Department of Commerce  85 7th Place East, Suite 280  St. Paul, Minnesota 55101  (651) 539-1600</p>	<p><b>WASHINGTON</b>  Department of Financial Institutions  Securities Division – 3rd Floor  150 Israel Road, S.W.  Tumwater, Washington 98501  (360) 902-8760</p>
	<p><b>WISCONSIN</b>  Securities and Franchise Registration  Wisconsin Department of Financial Institutions  4022 Madison Yards Way, North Tower  Madison, Wisconsin 53705</p>

**Exhibit L: General Release**



## GENERAL RELEASE LANGUAGE

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

THIS GENERAL RELEASE (the “**Release**”) is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”), by and between:

- Fantastic Sams Franchise Corporation, a Delaware corporation (“**Franchisor**”); and

- \_\_\_\_\_  
a [resident of] [corporation organized in] [limited liability company organized in] \_\_\_\_\_  
[(“**Franchisee**”)] [(“**Transferor**”)].

### BACKGROUND:

A. Franchisor and Franchisee are parties to a Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”);

B. Franchisor and Franchisee have agreed, pursuant to the Franchise Agreement, [to renew or extend Franchisee’s rights under the Franchise Agreement (the “**Renewal Transaction**”)] [to permit a transfer or assignment of \_\_\_\_\_ pursuant to Section 10 of the Franchise Agreement (the “**Transfer Transaction**”)], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. Release. [Franchisee] [Transferor], its officers and directors and Principals, and their respective agents, heirs, administrators, successors and assigns (the “**Franchisee Group**”), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the “**Franchisor Group**”) from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its Principals had, have or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership or operation of the Salon. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys’, accountants’ and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or the Salon. The Franchisee Group and its Principals represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of

action, suits, debts, agreements or promises described herein, and further covenant not to sue any of the Franchisor Group on any of the claims released by this paragraph.

*(If the Salon Franchisee/Transferor operates under the Franchise Agreement is located in California or if Franchisee/Transferor is a resident of California, the following shall apply.)*

Waiver of Statutory Preservation Provisions. It is [Franchisee's] [Transferor's] intention, on its own behalf and on behalf of the Franchisee Group, in executing this release that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand, or cause of action released by [Franchisee] [Transferor] or the Franchisee Group. [Franchisee] [Transferor] recognizes that it or the Franchisee Group may have some claim, demand, or cause of action against the Franchisor Group of which he, she, or it is totally unaware and unsuspecting, which he, she, or it is giving up by executing this release. It is [Franchisee's] [Transferor's] intention, on its own behalf and on behalf of the Franchisee Group, in executing this instrument that it will deprive him, her, or it of each such claim, demand, or cause of action and prevent him, her, or it from asserting it against the Franchisor Group. In furtherance of this intention, [Franchisee] [Transferor], on its own behalf and on behalf of the Franchisee Group, expressly waives any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

[Franchisee] [Transferor] acknowledges and represents that it has consulted with legal counsel before executing this release and that [Franchisee] [Transferor] understands its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consents that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

## 2. General Terms.

2.1. This Release shall be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2. This Release shall take effect upon its acceptance and execution by each of the parties hereto.

2.3. This Release may be executed in counterparts, and signatures exchanged by fax or email, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only and shall neither amend nor modify the terms hereof.

2.5. The parties agree that all actions arising under this Release must be commenced in a state or federal court of general jurisdiction in Delaware, 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. This Release shall be interpreted and construed under the laws of the State of

Delaware. In the event of any conflict of law, the laws of the State of Delaware shall prevail (without regard to, and without giving effect to, the application of Delaware conflict of law rules).

2.6. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.7. No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties hereto.

2.8. Capitalized terms used but not defined herein shall have the meaning set forth in the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

**Fantastic Sams Franchise Corporation**  
Franchisor

\_\_\_\_\_  
Franchisee

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**Exhibit M: Location Addendum**

**LOCATION ADDENDUM TO  
FANTASTIC SAMS FRANCHISE AGREEMENT**

This **LOCATION ADDENDUM TO FANTASTIC SAMS LICENSE/FRANCHISE AGREEMENT** (the “Addendum”) is entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”) by and between \_\_\_\_\_, a \_\_\_\_\_, and \_\_\_\_\_ and \_\_\_\_\_ as individual guarantor(s) (jointly and severally, the “YOUR NAME”) and FANTASTIC SAMS FRANCHISE CORPORATION (formerly known as Fantastic Sams Salons Corporation), a Delaware corporation with its principal offices at 6901 East Fish Lake Road, #170, Maple Grove, MN 55369 (“WE/US,” together with you, the “Parties”).

**WITNESSETH:**

**WHEREAS**, you and us (as successor-in-interest to \_\_\_\_\_) are parties to a salon license/franchise agreement, as amended, dated \_\_\_\_\_ (the “Franchise Agreement”), under which you were granted a nonexclusive license to open and operate the Salon; and

**WHEREAS**, the Parties desire to document in this Addendum certain information related to the Salon.

**NOW, THEREFORE**, in consideration of the recitals and mutual covenants set forth herein, and in consideration of the approval by us of this Addendum and the transactions anticipated hereunder, the Parties agree as follows:

1. **Definitions.** Capitalized terms used but not otherwise defined in this Addendum shall have the same meanings as set forth in the Franchise Agreement.

2. **Amendment(s) to Franchise Agreement.**

a. **Salon Location.** We are accepting \_\_\_\_\_ as the Salon Location and all references in the Franchise Agreement to the Salon Location shall be to such address.

[USE ONE OF THE BELOW IF THE LOCATION CHANGE IS THE RESULT OF A RELOCATION OR CHANGE FROM TBD TO A LOCATION. IF THE SITUATION IS A MOVE OR THE TERM IS OTHERWISE NOT AFFECTED – DELETE.]

b. **Term.** The first sentence of Section 14 of the Franchise Agreement shall be deleted in its entirety and replaced with the following:

“This Agreement, unless terminated for any reason, shall continue in full force and effect until \_\_\_\_\_ (the “Initial Term”).”

OR

**Term.** The following shall be inserted at the end of Section 14 of the Franchise Agreement:

“For purposes of this Section 14, the opening date of the Salon is \_\_\_\_\_.”

3. **Effect of Addendum.** This Addendum is entered into as a result of your voluntary participation and shall be attached to, incorporated in, and become a part of the Franchise Agreement. The terms and conditions stated in this Addendum, to the extent they are inconsistent with the terms and conditions stated in the Franchise Agreement, shall prevail over the terms of the Franchise Agreement. In all other respects, the terms of the Franchise Agreement are ratified and confirmed.

4. **Counterparts.** This Addendum may be executed in one or more counterparts, each of which will be deemed original, but all of which taken together shall constitute one and same instrument. Signatures transmitted via fax or scanned and e-mailed shall be given the same force and effect as originals.

**IN WITNESS WHEREOF**, the Parties have hereunto executed this Addendum as of the Effective Date.

**FRANCHISEE:**

\_\_\_\_\_  
(Print FRANCHISEE’S Complete Individual or Entity Name)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**GUARANTOR(S):**

\_\_\_\_\_, individually

\_\_\_\_\_, individually

\_\_\_\_\_, individually

\_\_\_\_\_, individually

**FRANCHISE CORP:**

Fantastic Sams Franchise Corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Exhibit N: Development Agents**

## Development Agents

1. R&S Corporate Enterprises LLC, a California limited liability company  
Raquel A. Edwards  
Shawn Edwards  
25 Preston, Irvine CA 92618  
[rscorporateenterprises@gmail.com](mailto:rscorporateenterprises@gmail.com)

Territory is following counties in the State of California: Orange and Ventura.

Ms. Edwards has been an Owner of R&S Corporate Enterprises LLC based in Irvine, California since February 2023. She has also been the Senior Manager of ASSA ABLOY Americas since September 2021. Prior to that, she was a Client Partner of Slalom Consulting from January 2017 to June 2021.

Mr. Edwards has been a Partner of R&S Corporate Enterprises LLC based in Irvine, California since January 2023. He has also been Self Employed at Voter Impact Media since July 2022. Prior to that, he was Regional Sales Director for Premion based in Los Angeles, California from October 2018 to July 2022, and the Sales Director of Ampersand in Los Angeles, California from September 2022 to November 2022.

2. Second Shift Ventures Management LLC, a New Hampshire corporation  
John D. Kile  
Michael A. Wimmer  
212 Lowell Rd  
Hudson, NH 03051  
[john@ssvteam.com](mailto:john@ssvteam.com)  
[michael@ssvteam.com](mailto:michael@ssvteam.com)

Territory is following counties in the State of Pennsylvania: LeHigh, Bucks, Montgomery. In the State of New Jersey: Somerset county.

Mr. Kile has been a Member of Second Shift Ventures Management, LLC in Hudson, New Hampshire since December 2017.

Mr. Wimmer has been a Member of Second Shift Ventures Management, LLC based in Hudson, New Hampshire since March 2022, and the President of Rusco Hydraulics in Lancaster, Pennsylvania since September 2000.

3. FSTN LLC, a Tennessee limited liability corporation  
Balasundaram Srinivasan  
330 Franklin Road, Suite 124A  
Brentwood, TN 37027  
[fstnllc@gmail.com](mailto:fstnllc@gmail.com)

Territory is following counties in the State of Tennessee: Williamson, Davidson, Rutherford, Wilson, Sumner, Dickson, Montgomery, Maury, Bedford, Robertson, Cheatham, Hickman, Macon, Cannon, Smith, Trousdale, Marshall and Warren.

Mr. Srinivasan has been the CEO and owner of FSTN, LLC since October 2022 and SMUKA, LLC since February 107 in Brentwood, Tennessee.

4. Base Eleven LLC  
Dean K. Ahuja  
9235 178<sup>th</sup> Street W.  
Lakeville, MN 55044  
[Dkahuja34@gmail.com](mailto:Dkahuja34@gmail.com)



Territory is following counties in the State of Minnesota: Goodhue, Rice, Blue Earth, Steele, Freeborn, Le Sueur, Waseca, Dodge, Mower, Olmstead and Dakota. In the State of Iowa: Polk, Story, Cerro Gordo and Dallas.

Mr. Ahuja has been self-employed in Lakeville, Minnesota since January 2015.

There are not litigation or bankruptcy disclosures required to be disclosed in Items 3 or 4 of this Franchise Disclosure Document.

## **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:

<b>State</b>	<b>Effective Date</b>
California	Pending
Illinois	Pending
Indiana	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	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 O: Acknowledgement of Receipt**

EXHIBIT O - RECEIPT

Fantastic Sams Franchise Corporation  
Franchise Disclosure Document

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 Fantastic Sams Franchise Corporation 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, Fantastic Sams Franchise Corporation or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Fantastic Sams Franchise Corporation 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 to the appropriate state agency listed on Exhibit L.

The franchise seller is \_\_\_\_\_, Fantastic Sams Franchise Corporation, 6901 East Fish Lake Road, #170, Maple Grove, MN 55369, (978) 232-5600. Any additional franchise sellers involved in offering the franchise are: \_\_\_\_\_

The issuance date of this Franchise Disclosure Document is **April 28, 2024**. (The effective dates in the franchise registration states are noted on the page immediately preceding the Receipts cover page.)

We authorize the agents listed on Exhibit K to receive service of process for us.

I have received a Disclosure Document of Fantastic Sams Franchise Corporation dated **April 28, 2024**, that included the following exhibits: A – Franchise Agreement; B – Multi-Unit Development Agreement; C – State-Specific Addenda; D – Financial Statements; E – Lists of Franchisees; F – List of Regional Advertising Funds; G – Franchise Disclosure Questionnaire; H – Form of Consent to Transfer; I – Form of Renewal Addendum; J – List of Agents for Service of Process; K – List of State Administrators; L – General Release; M – Location Addendum; N – Regional Owners; and O – Receipt.

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_

Telephone: ( \_\_\_\_\_ ) \_\_\_\_\_

Telephone: ( \_\_\_\_\_ ) \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**FRANCHISEE COPY**

EXHIBIT O - RECEIPT

Fantastic Sams Franchise Corporation  
Franchise Disclosure Document

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Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_

Telephone: ( \_\_\_\_\_ ) \_\_\_\_\_

Telephone: ( \_\_\_\_\_ ) \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**FRANCHISOR COPY**  
**Please complete and return to:**  
**Fantastic Sams Franchise Corporation**  
**6901 East Fish Lake Road, #170, Maple Grove, MN 55369**

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