

FRANCHISE DISCLOSURE DOCUMENT



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The franchisee will operate a Primp and Blow® franchise, which provides blow dry, hair styling and other cosmetology services and products to the general public through licensed cosmetology professionals, under the name Primp and Blow, a Blow Dry Bar®.

The total investment necessary to begin operation of a Primp and Blow® franchised business is \$318,599 to \$587,833 for a single Primp and Blow® Salon. This includes \$48,700 to \$51,700 that must be paid to the franchisor or its affiliate(s).

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 sale. **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 Melodi Harmon at 10115 E. Bell Road, #107-224, Scottsdale, AZ 85260 and 877-311-5539.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contracts carefully. Show your contracts and this Disclosure Document to an advisor, 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-FTCHELP 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 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.

Issuance Date: **May 1, 2023**

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

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 Arizona. 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 Arizona than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all your financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if you franchise fails.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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.

SPECIAL MICHIGAN NOTICE

The State of Michigan requires each franchisor to include the following notice in disclosure documents distributed in connection with Michigan franchise sales:

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 will 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 before the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice of it 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 franchise 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 will 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 will 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 a 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 the Consumer Protection Division, Antitrust and Franchise Unit, Michigan Department of Attorney General, 670 Law Building, Lansing, Michigan 48913, Telephone (517) 373-7117.

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

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Exhibits:

- A. State Administrators/Agents for Service of Process
- B. State Specific Addenda
- C. Financial Statements
- D. Franchise Agreement
- E. Electronic Funds Transfer Form
- F. Confidentiality and Non-Competition Agreement
- G. Personal Guaranty and Assumption of Obligations
- H. Operations Manual’s Table of Contents
- I. List of Franchise Owners; List of Company and Franchised Locations as of 12/31/2021
- J. General Release
- K. Receipts

ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

We are P&B Franchise, LLC, an Arizona limited liability company, formed on June 24, 2013. To simplify the language in this Disclosure Document, we refer to ourselves as “P&B,” “we,” “us,” “the Company,” “Primp and Blow, a Blow Dry Bar,” “Primp and Blow,” or the “Franchisor.” None of those terms includes the Company’s officers, directors, agents or employees. “You” or “Franchise Owner” means the person who buys a franchise from us. The terms “Salon,” “Location” and “Location Franchise” mean a Primp and Blow® single-unit Franchised Business or unit. Sometimes in this Disclosure Document “you” also means a corporation, partnership or other entity to cover those occasions where we would consent to that entity’s becoming the franchisee by assignment of the Franchise Agreement. Unless otherwise indicated, the term “Franchised Business” means a Primp and Blow® franchise.

The Franchisor

P&B Franchise, LLC is the Franchisor. Our principal business and mailing address is 10115 E Bell Road #107-224, Scottsdale, Arizona 85260. Our telephone number is (877) 311-5539, and our facsimile number is (480) 699-2443. Our agent for service of process is disclosed in Exhibit A.

We grant franchises for the operation of a Primp and Blow® Franchised Business using the name Primp and Blow, a Blow Dry Bar®. We have been offering franchises for Primp and Blow® in the United States since 2013. From 2017 until 2022, we offered area representative franchises for Primp and Blow® in the United States under a separate offering. We no longer offer area representative franchises. Other than as disclosed above, we are not in any other business, have not conducted business in any other line of business and have not offered or sold franchises in any other line of business.

Our Parents, Predecessors, and Affiliates

No parents or predecessors are required to be disclosed in this Item.

Our affiliates through common ownership include the following entities:

Primp and Blow, LLC was organized under the laws of the State of Arizona on August 26, 2010, for the purpose of operating a Primp and Blow® business located in Scottsdale, Arizona, and does not assume any of the legal, operational, or other obligations of P&B Franchise, LLC, nor does P&B Franchise, LLC assume any of the obligations of Primp and Blow, LLC. Primp and Blow, LLC has not offered franchises in any line of business.

Primp and Blow Waterfront, LLC was formed in the State of Arizona on June 6, 2011, for the purpose of operating a Primp and Blow® business located in Scottsdale, Arizona, and does not assume any of the legal, operational, or other obligations of P&B Franchise, LLC, nor does P&B Franchise, LLC assume any of the obligations of Primp and Blow Waterfront, LLC. Primp and Blow Waterfront, LLC has not offered franchises in any line of business.

Primp and Blow Phoenix, LLC was formed in the State of Arizona on July 26, 2012, for the purpose of operating a Primp and Blow® business located in Phoenix, Arizona, and does not assume any of the legal, operational, or other obligations of P&B Franchise, LLC, nor does P&B Franchise, LLC assume any of the obligations of Primp and Blow Phoenix, LLC. Primp and Blow Phoenix, LLC has not offered franchises in any line of business.

Primp and Blow High Street, LLC was formed in the State of Arizona on April 4, 2014, for the purpose of operating a Primp and Blow® business located in Phoenix, Arizona, and does not assume any of the legal, operational, or other obligations of P&B Franchise, LLC, nor does P&B Franchise, LLC assume any of the

obligations of Primp and Blow High Street, LLC. Primp and Blow High Street, LLC has not offered franchises in any line of business.

P&B Development, LLC, was formed in the State of Arizona on November 20, 2013, for the purpose of assisting franchisees of P&B Franchise, LLC in the preparation and build-out of their Primp and Blow® Salons. P&B Development, LLC no longer provides this service.

The Franchise Offered

We offer single Location Franchises to persons or legal entities that meet our qualifications and approval, and are willing to undertake the investment and effort to own and operate a business that specializes in providing Primp and Blow® blow dry, hair styling, hair extensions, make-up, tanning and other cosmetology services and products to the general public through licensed Primp and Blow® professionals, at a site approved by us.

The Company is not engaged in any other business. We began offering this type of franchise on August 20, 2013. To operate a Location Franchise, you must enter into a Franchise Agreement with us in the form attached hereto as Exhibit D. If you are a corporation, partnership, limited liability company, or other business entity, each of your owners must sign the Acknowledgement Regarding Ownership and Guaranty of your Obligations, attached to the Franchise Agreement. All of the terms of the Franchise Agreement will apply to all of the owners. You must operate your Location at a site we approve (the “Approved Site”) and in accordance with the standards and procedures designated by the Company (the “System”), and according to the Company’s Operations Manual for Locations (“the Manual”).

The Location will be in an area identified in the Franchise Agreement as the “Designated Territory”, an area assigned exclusively to you to operate a Primp and Blow® franchise. The Franchise Agreement will be for a term beginning on the date the Franchise Agreement is signed by the Franchisor (the “Effective Date of the Franchise Agreement”), and it will expire on the earlier of a) 10 years from the opening for business of the Location Franchise, or b) the eleventh anniversary of the Effective Date of the Agreement (whichever applies is referred to as the “Initial Term”). You must operate the Primp and Blow® franchise (the “Franchised Business”) at the Approved Site throughout the Initial Term. You must use the System in operating your Franchised Business. You must at all times perform your obligations under the Franchise Agreement faithfully, honestly, and diligently, and use your best efforts to promote the Franchised Business.

Our System includes a strong brand image, certain blow dry hair styling and cosmetology training and procedures, customer service standards and procedures, gift certificate and membership programs, advertising and marketing standards and requirements, operational standards we develop for the operation and management of a Primp and Blow® franchised business, and related products.

Locations are typically located in a facility with 1,200 to 1,600 square feet within a regional center, high-traffic strip mall, or other similarly suitable location.

Industry Overview

Businesses in our blow dry segment of the wider hair salon industry primarily provide blow dry services, which involve styling and drying hair for clients. We also provide additional services, such as make-up, and we sell related products. We may add other related services from time to time.

Competition, Business Conditions

The market for Primp and Blow® services is year round includes individuals, primarily female, who desire blow dry and make-up services. The Franchised Business will compete with high end salons that offer hair cutting and styling services at higher price points, and budget salons that offer hair cutting and styling services at lower price points in a less inviting environment. The blow dry segment is growing and emerging. This segment is moderately competitive, but it lies within the highly competitive hair salon and wider beauty industries. The blow dry segment includes both national and local competitors.

There may be numerous other independent salons offering the same or similar services in your area. If you open a Primp and Blow® Location, your competition will include other businesses offering similar products and services to individuals. These competitors may include other blow dry salons or full service salons. There are other franchise companies establishing franchised locations that may be in your area, including Dry Bar, Blo Blow Dry Bar, and Cherry Blow Dry Bar.

Licensing and Regulations

You are responsible for operating in full compliance with all laws and regulations that apply to your Location Franchise. The hair salon industry is regulated and hair stylists must be licensed in the state in which the salon operates. Health and sanitation regulations require that your stylists maintain their hair care equipment according to specified standards, which include following proper sanitizing and waste disposal procedures. Environmental laws may regulate the way in which certain solutions are used, stored, and disposed of in the process of providing services to your customers.

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and the other licenses applicable to hair salons. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You must comply with all state and local laws and regulations regarding the management of any hair salon.

In addition, you must operate the Franchised Business in full compliance with all other applicable laws, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, EEOC, discrimination, equal access for the disabled, employment, sexual harassment, OSHA, workers compensation and unemployment insurance, and withholding and payment of federal and state payroll and income taxes, social security taxes, sales and service taxes, etc. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business.

It is your responsibility to investigate and comply with all of the laws and regulations that apply to the Franchised Business and the operation of the business in your area.

ITEM 2. BUSINESS EXPERIENCE

Melodi Harmon

Ms. Harmon has served as our President since our formation in June 2013. She has also served and continues to serve as Chief Executive Officer of Primp and Blow, LLC (since August 2010), our affiliates Primp and Blow Waterfront, LLC (since June 2011) and Primp and Blow Phoenix, LLC (since July 2012) and Primp and Blow High Street, LLC (since April 2014). All of these positions always have been and are still operated from Scottsdale, AZ.

Vivian Lopez

Ms. Lopez has been our General Manager since December, 2012, in Scottsdale, AZ, and has worked for Primp and Blow®, in Scottsdale, Arizona, since December 2010, as Location Manager and Trainer.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

You must pay us an initial franchise fee (“Initial Franchise Fee”) of \$39,000 when the Franchise Agreement is signed. You must pay the Initial Franchise Fee in a lump sum payment. There is no financing available from us for the payment of the Initial Franchise Fee.

The Initial Franchise Fee is uniform as to all new franchisees. The Initial Franchise Fee is deemed fully earned by us upon receipt as consideration for the grant of the franchise as provided in the Franchise Agreement and provision of our services to that time, including without limitation, screening of and processing your application. The Initial Franchise Fee is not refundable in whole or in part.

You must also pay us \$4,200 to cover your first three months of Call Center fees. This service facilitates client booking of appointments and customer relations at your Salon. These costs are non-refundable.

For providing you with pre-opening operational assistance by a Primp and Blow® training supervisor at your Salon for five (5) days to train you and your staff on Location set up, Primp and Blow® methods of hair styling, operational efficiency, initial opening, etc. and an operations supervisor at your Salon for an additional three (3) day period prior to and including your grand opening, you pay us a fee between \$5,500 and \$8,500, determined by us and based on our estimated travel costs to your Location. Such amount is non-refundable. We do not charge you any additional amounts for travel or other expenses incurred by us in providing this assistance.

ITEM 6. OTHER FEES

Fee^{1,2}	Amount	Due Date	Remarks
Royalty Fee	6% of monthly Gross Revenues. ³	Not later than fifth business day of month immediately following month of revenue.	Based on monthly Gross Revenues. ³
Marketing Fee ⁴	2% of monthly Gross Revenues.	Not later than fifth business day of month immediately following month of revenue.	Based on monthly Gross Revenues. ³ All of these payments are deposited into the Marketing Fund.

Fee^{1,2}	Amount	Due Date	Remarks
Local Market Advertising required spending	In first year of operation \$24,000 (which does not include the minimum, required grand opening expenses of \$10,000); and after the first year, 3% of your monthly Gross Revenues.	Paid to vendors before the 30th day of the month immediately following the last of each three-month period of operation.	Except for first year, based on monthly Gross Revenues. ³ Paid to vendors.
Primp and Blow® Office Management Software ⁵	Amounts set by us. The monthly license fee including taxes is \$550.	Not later than fifth business day of month.	Paid to us for use, maintenance, and update of the software.
Technology Fee	Amount set forth from time to time in the Manual. Currently \$175 per month.	Not later than fifth business day of the month.	Paid to us for up to four (4) email addresses, access to our intranet that includes access to our Hub, marketing, training and support features.
Call Center Charge ⁶	\$1,100 per month	The first three months service fees are paid to us two weeks prior to your scheduled opening. Later monthly fees are paid not later than fifth business day of month immediately following month of revenue.	Paid to us for use of call center services for booking appointments, etc.
Interest	Lower of 18% per annum or highest rate allowed by law	From the date payments are due, and continues until outstanding balance and accrued interest are paid in full.	Charged on any and all amounts overdue and owing to us or any of our affiliates, whether for Royalty Fees, Marketing Fees, product purchases, or any other amounts.
Late Charge	\$50 per invoice (not more than one per month)	As incurred.	Charged on any late payments of Royalty Fees, Marketing Fees, amounts due for product purchases, or any other amounts due our affiliates or us, in addition to interest.

Fee^{1,2}	Amount	Due Date	Remarks
Audit Expenses	Cost of audit and inspection, plus any reasonable accounting and legal expenses we incur	On demand.	Payable if you fail to timely input financial data into our Office Management Program, fail to submit required reports, or fail to have paid all amounts due prior to audit.
Accounting Fee	\$100	On the 5th day of the month following the omission or Inaccuracy.	Payable if you omit or fail to accurately input any information in the office management software.
Fee for Offer or Sale of any Prohibited Product or Service	\$100 per day	As incurred	Payable if you use, display, sell or distribute any non-authorized products or services in or from your Location; payment does not entitle you to continue to offer or sell any prohibited product or service.
Product and Service Purchases ⁷	Depends on your sales volume of product and services. We estimate your monthly costs will range from \$1,500 to \$3,000.	On demand.	Payable for products and services you purchase from us or our affiliates for use or resale at your Location Franchise.
Insurance ⁸	Amount of unpaid premiums and related costs	On demand.	Payable to us, if you fail to maintain required insurance coverage and we obtain coverage.
Renewal Fee	50% of the then current Initial Franchise Fee	At time of your formal request for renewal.	You pay this fee to us to renew your franchise agreement for another 10 years, subject to your otherwise qualifying for renewal.
Mid-term Facility Refresh Costs ⁹	Amount needed to bring franchised facility to then current standards, but not more than \$7,500.	In the first half of the 6 th year of operation.	Payable directly to vendors when you remodel, expand, redecorate or refurbish your Location as a condition of renewal.
Transfer Fee	\$5,000, plus any out-of-pocket expenses we reasonably incur, which we estimate would range from \$0 to \$2,500.	Before transfer completed.	Applies to any transfer of the Franchise Agreement, the franchise, or any interest in the franchisee organization. Payable to us.
Relocation Fee ¹⁰	\$5,000	Within 30 days of our approval of new site for relocation	Applies to any relocation of the Location. Payable to us.
Franchisor's Legal Costs and Attorney's Fees	All legal costs and attorneys' fees incurred by us	As incurred by us	Payable to us, if we enforce the Franchise Agreement, or defend our actions related to, or against your breach of, the Franchise Agreement.

Fee^{1,2}	Amount	Due Date	Remarks
Indemnification	All amounts (including attorneys' fees) incurred by us or otherwise required to be paid	As incurred	Payable to us to indemnify us, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns against all claims, liabilities, costs, and expenses related to your ownership or operation of the Franchised Business or Location.
De-Identification	All amounts incurred by us	As incurred	Payable to us, if we de-identify the Location upon termination, relocation, or expiration.
Vendor Evaluation	\$500	At time you request us to evaluate a new vendor	Payable to us if you request that we evaluate a new vendor

Explanatory Notes:

- (1) Except as indicated all fees are uniform, and are imposed by, collected by, and payable to us. All fees are non-refundable.
- (2) You must pay all amounts due us by automatic debit (ACH). After you sign the ACH documents we require to debit your business checking account automatically for the amounts due, we will debit your bank account for the Royalty Fee, Marketing Fee, and other amounts you owe us. You must make funds available for withdrawal from your account before each due date.

If you do not report accurately your Location's Gross Revenues for any month, then we may debit your account for one hundred twenty percent (120%) of the Royalty Fee and Marketing Fee amounts that we debited during the previous week. If the Royalty Fee and Marketing Fee amounts we debit are less than the Royalty Fee and Marketing Fee amounts you actually owe us (once we determine the Franchised Business's actual Gross Revenues for the month), then we will debit your account for the balance on the day we specify. If the Royalty Fee and Marketing Fee amount we debit is greater than the Royalty Fee and Marketing Fee amount you actually owe us, then we will credit the excess amount, without interest, against the amount we otherwise would debit from your account during the following month.

- (3) "Gross Revenues" means the total of all revenues and receipts derived from the operation of the Franchised Business, including all amounts received at or away from the Location, or through the business the Location conducts (such as fees for weddings, fees for the sale of any service or product, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, gratuities received on behalf of the cosmetologists, and all customer refunds and credits the Franchised Business actually makes in the applicable month.
- (4) All Marketing Fees are deposited into the Marketing Fund, which is administered by us to promote the goodwill, image and revenues of all Primp and Blow® franchises generally through the creation and support of marketing, advertising, promotions, public relations and other, similar endeavors.
- (5) This fee allows you to access the contents of our Web site and resources and to use our Office Management Software.
- (6) We established a national Primp and Blow® call center to facilitate simple appointment making and customer relations on an efficient, user-friendly, national basis. You will be required to participate in the call center program, as it exists from time to time. Participation in the program may include using and

publishing a telephone number that we designate, engaging a designated service provider (which may be Franchisor, our Affiliate, or a third party) to answer calls and set customer appointments, acquiring, installing and using Voice Over Internet Protocol (VOIP) technology, and using our designated VOIP service providers. You will be required to pay all reasonable fees imposed by the service provider for these services.

- (7) We currently sell no products or services on a regular, ongoing basis to our franchisees. Other than providing the call center services described above, we currently have no plans to regularly sell products or services to our franchisees; however, in the future we may do so. If we do so you will be required to purchase such products from us for use and resale at your Location.
- (8) If you fail to pay the premiums for any insurance required under the Franchise Agreement, including but not limited to, general liability insurance, we may obtain insurance for the Franchised Business and you will be required to reimburse us within ten (10) days of receipt of a demand for reimbursement from us. We will have the right to debit your account the amounts owed to us for such premiums if you fail to pay us within ten (10) days of our request for reimbursement.
- (9) We will notify you sometime after the 5th anniversary of the Location's opening date of specific requirements for the facility refresh of the Salon, and you will have 90 days to complete the required redecorating. We will not require you to spend more than \$7,500 for the redecorating; however, there may be lesser amounts you will be required to spend during the term to promote the uniform image of the Chain.
- (10) Relocation of the Salon is only applicable if you lose possession of the Salon's premises because of circumstances beyond your control. Any Salon relocation site is subject to prior written approval by the Company in the same manner as the approval of the Salon's initial site. The relocation fee is due from you to the Company within a week after the site approval by the Company.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee for a Single Salon ¹	\$39,000	\$39,000	Lump sum	Upon execution of the Franchise Agreement	Us
Your Travel and Living Expenses while Training ²	\$2,500	\$4,500	As incurred	As incurred	Airlines, hotels, restaurants.
Our Fee for Providing Pre-Opening Operations Assistance and Training your Team at the Location Franchise ³	\$5,500	\$8,500	As incurred	2 weeks prior to opening	Us
Lease, Utility and Security Deposits ⁴	\$2,500	\$10,500	As agreed	When you sign your lease or start an account with a utility company	Landlord, utility companies

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Insurance Premium, first 3 months ⁵	\$300	\$1,500	As agreed	Prior to Opening	Insurance agent or carrier
Business License and Permits ⁶	\$500	\$2,000	As incurred	As incurred	Government Agencies
Rent, first 3 months ⁷	\$15,500	\$35,000	As agreed	As agreed	Landlord
Blueprints, Plans, Permits, Architectural Fees	\$7,800	\$15,000	As agreed	As agreed	Architect, planner, city, county, or state
Leasehold Improvements ⁸	\$233,344	\$375,000	As agreed	As agreed	Contractor We Approve
Signage and Graphics ⁹	\$9,600	\$12,500	As incurred	As agreed	Vendor
Furniture, Fixtures and Equipment ¹⁰	\$29,685	\$55,383	As incurred	As agreed	Approved Vendor
Office Equipment and Related Supplies, including VOIP telephone services ¹¹	\$1,170	\$1,500	As incurred	As incurred	Vendor
Computer Hardware, Software, Supplies and Installation ¹²	\$2,800	\$4,000	As incurred	As incurred	Vendor
Start-up Supplies, Uniforms, Contracts, Invoices, Other Office Supplies	\$700	\$1,500	As incurred	As agreed	Vendor
Initial Inventory	\$19,000	\$25,000	As incurred	As Agreed	Approved Vendor
Marketing Expenses for Grand Opening ¹³	\$7,500	\$10,000	As agreed	As agreed	Vendors
Set up and Three Months Office Management Program Fee ¹⁴	\$500	\$750	As agreed	As agreed	Approved Vendor
Professional Fees ¹⁵	\$1,500	\$2,000	As incurred	As incurred	Third parties
Call Center Program - 3 Months of Service ¹⁶	\$4,200	\$4,200	As incurred	As incurred	Us
Additional Funds--First 3 Months ¹⁷	\$30,000	\$45,000	As agreed	As incurred	Employees, utilities, suppliers, etc.
Tenant Allowance Paid by Landlord ¹⁸	(\$95,000)	(\$65,000)	As agreed	As agreed	By landlord to franchisee

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Total Estimated Initial Investment for Single Salon¹⁹	\$318,599	\$587,833			

Explanatory Notes:

1. You must pay us an Initial Franchise Fee of \$39,000 in a lump sum payment. There is no financing available from us for this payment. The Initial Franchise Fee is not refundable.
2. Held at Primp and Blow® offices in Scottsdale, AZ: This estimates the travel and living expenses, including airfare, which you will incur when you and your employees attend the initial training program. The costs you incur will vary depending upon factors such as distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, per diem expenses actually incurred, and the number of Franchisee persons who attend training. The amount does not include any wages or salary for you or your trainees during training.
3. At Franchise Premises Training: This amount you pay to us as our fee for providing one Primp and Blow® training supervisor to your Location to assist you with the Location’s staff training for five (5) days (to be scheduled during the two weeks prior to your scheduled opening) on Location setup, Primp and Blow® methods of hair styling, operational efficiency, and opening of your Franchised Business, if it is your first Location, and for an additional three (3) days at your Location before and during the Grand Opening to assist you and your staff in conducting a positive and popular event. This amount is paid to us two weeks prior to your scheduled opening.
4. These are estimated amounts of lease costs and utility deposits. These amounts will vary in each market and at each location.
5. This is an estimate of insurance premiums for the initial 3 months of business operation. Your costs will vary depending on your market, the amount of coverage, your insurance carrier, and other factors.
6. You are required to obtain a business license or permit before you commence operations of a Primp and Blow® franchise. Local, municipal, county, and state regulations vary on what licenses and permits are required in order for you to operate.
7. Your actual rent payments may vary, depending upon your location and your market’s retail lease rates. We generally require that you lease a retail space of 1,200 to 1,600 square feet with access to bathrooms, and provisions for telecommunications equipment and office furniture. We estimate your initial expenses for leasing retail space during the first three months will range from a monthly rate of \$5,100 to \$11,500, depending on the size and location of the Location Franchise.
8. You will most likely need to construct improvements at, or “build out”, the Premises where you will operate your franchised business. You may be able to negotiate various terms with your Landlord, including having your Landlord pay for some of the build out costs for your leased space. Also, you may seek to finance some or all of your build out costs through your Landlord or other financing sources. A variety of factors may affect the availability of Landlord and other financing, the monthly overall costs of the financing, and other terms relevant to your decision whether to pay from your own funds or finance the build out costs. You may use a contractor of your choosing that we approve. The actual amount you will be obligated to pay for that work will depend on the size, shape, condition and location of the Premises, and the availability of construction and décor materials.

9. The cost of signage and graphics will vary from location to location depending on lease requirements, local ordinances and restrictions, store frontage, and other related factors. The type and size of the signage you actually install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where only limited signage is permitted because of zoning or use restrictions. The final design must be submitted to us for review and approval/disapproval.
10. You will need to purchase furniture and fixtures for the Salon that meet our specifications and are from approved vendors. This will include workstations and chairs, cabinets, and other items. Where available, you may decide to lease the furniture or equipment needed rather than purchasing it with a lump sum payment or through financing. A variety of factors (such as the condition of the national and regional economy, availability of credit, number of suppliers leasing products in your area, the interest rates offered by suppliers, duration of leases offered, security requirements, your credit history, etc.) may affect the availability of leased products, the monthly and overall costs of the leases, and other terms relevant to your decision whether to purchase or lease the furniture or equipment. The amounts listed are an estimate and may vary per your location, market and timing.
11. You will need to purchase certain basic items of office equipment, such as a printer, staplers, organizers, etc.
12. These include specific computer systems and software, as designated by us in Item 11 and the Operations Manual.
13. We estimate that Grand Opening marketing expenses will be approximately \$7,500 to \$10,000. The expenditures will generally cover a Grand Opening event at the Salon and local print advertising in the month previous to and two months immediately following the opening of the Franchised Business. All these amounts are to be spent by the Franchise Owner in accordance with the directions in the Operations Manual. You are required to spend at least \$7,500 on your Grand Opening.
14. This estimate covers the set up and first three months' fees for our Office Management software which handles appointment scheduling, employee scheduling, inventory control, profit and loss, balance sheet and other functions.
15. This estimate is for legal, accounting, administrative, permitting, traffic studies, demographic studies, brokerage, and miscellaneous other professional fees that you might incur before you open for business, including (among other things) review of the Franchise Agreement. Your actual costs may vary.
16. This represents the set up and three months of service fees for installation and use of the call-center service which we recently added to our standard procedures. This service facilitates the public's and our members' booking of appointments at any of the Primp and Blow® locations.
17. You will need additional capital to support on-going expenses during the initial 3 months after you open for business. We have estimated this amount based on our experience in operating Primp and Blow® Salons. The estimate includes items such as payroll, rents, Royalties, Marketing Fees, additional advertising, repairs and maintenance, bank charges, utilities, miscellaneous supplies and equipment, state tax, and other miscellaneous items, that may exceed sales revenues. The amount of additional funds that you may need varies based on a variety of factors, including the number of employees you choose to hire and the salary and other benefits you choose to pay, the extent to which you are actively involved in operating your business, your skill, experience and business acumen, local competition, local economic conditions (including rent and wage scales and the cost of supplies), and the actual sales levels that you reach during the initial 3-month period. The "Additional Funds" category is not the only source of cash, but is in addition to cash flow from operations. We cannot estimate your cash flow from operations and encourage you to contact our existing franchisees to evaluate this on your own.

18. Our experience indicates that landlords often provide a tenant allowance that is payable by the landlord to the tenant according to an agreed schedule that is typically based upon achievement of various milestones in the development and opening of the business. We estimate that the tenant concession that you may be able to negotiate will range from \$95,000 to \$50,000. There is no guarantee that your landlord will agree to make such payments, however, and the landlord's willingness to do so will depend on market conditions in your area. If your landlord agrees to make such payments, your required initial investment will be reduced by the amount of the tenant allowance.
19. This total reflects your estimated initial investment for your first Salon. The range is neither a floor on the minimum, nor a cap on the maximum you could spend. You should review these figures carefully with a business advisor before deciding to acquire the franchise. The actual expenses you incur during the start-up period will depend on factors such as how much you follow our methods and procedures, your management skills, your experience and business acumen, location of your franchise, local economic conditions and market for your services, prevailing wage rate, competition, and the level of Gross Revenues you reach during this initial period.

The figures in this table are only estimates. In compiling these estimates, we have relied on our experience in opening and operating similar businesses. We do not guarantee that you will not have greater start-up expenses than these estimates or that you will not need more operating funds than these estimates. We do not imply or guarantee that you will "break even" by any particular time. We do not offer direct or indirect financing to you for any items. The availability of financing through third-party lenders, if any, will depend on factors such as the lending policies of such financial institutions, the collateral you may have, your creditworthiness, and the general availability of financing. Unless otherwise noted above, expenditures are non-refundable.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We consider the reputation, good will, high standards, and uniformity of Primp and Blow® locations to be important to our success. Accordingly, there are services and products you must purchase from us and our designated or approved suppliers and vendors (including our affiliates) in accordance with our specifications and guidelines. All products, equipment, inventory, insurance, signage, fixtures, furniture and décor items required for the operation of your Franchised Business must meet our specifications. (Franchise Agreement §§ 8.1, 8.7, 8.8, 8.19, 8.20, 8.22) We may revise our specifications and guidelines at any time on written notice to you. We will provide you with electronic access to a confidential Operations Manual, which will contain specifications and standards developed by us and which you must strictly follow. (Franchise Agreement §§ 3.1-6, 8.1, 8.7, 8.8, 8.19, 8.20, 8.22)

You will use a contractor of your choosing to perform the preparation of the Premises and the construction of the leasehold improvements at the Location but that contractor must be approved by us. We will not unreasonably withhold our consent to that contractor.

You must purchase all products, equipment, inventory, insurance, signage, fixtures, furniture and décor items required for the operation of your Franchised Business from us or from third-party sources we designate or approve. (Franchise Agreement §§ 8.8 - 8.10) We can require you to purchase and use specific brand items in operating your franchise. We will supply you with our list of required and preferred suppliers, which may be updated from time to time in our sole discretion. (Franchise Agreement §§ 8.8 - 8.10) Neither we nor our affiliates are currently approved suppliers.

Purchases of unapproved products or from unapproved vendors in violation of the franchise agreement will entitle us, among other things, to terminate your franchise agreement. We negotiate purchase arrangements with our suppliers for the benefit of our franchisees.

Approval of Vendors

When selecting suppliers, we consider all relevant factors, including the quality of goods and services, service history, years in business, capacity of supplier, financial condition, terms of purchase, and other factors as we determine from time to time. The Company does not have any specific written criteria for supplier selection and does not intend at this time to prepare specific criteria. Therefore, the Company does not furnish criteria for its supplier approval to Franchise Owners. We maintain written lists of approved items of equipment, fixtures, décor items, inventory, and supplies (by brand name and/or by standards and specifications) and lists of approved suppliers for those items. All such suppliers and approved vendors will be listed in the Operations Manual, which must always be followed, including when modified and updated by the Company.

If you would like to buy any product(s) or item(s) from an unapproved vendor, you may submit your request on our “Vendor Approval Criteria and Request Form.” If the vendor you submit has not previously been used by us, we will evaluate and consider the vendor after receipt of their samples. Based on the information and samples you supply to us, we will test the items supplied and review the proposed vendor’s financial records, business reputation, delivery performance, credit rating, and other information. Our review likely will be completed within 15 business days. You may not purchase from any proposed vendor until you receive our written approval. We reserve the right, at our option, to periodically re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier does not continue to meet any of our then-current criteria. If we decide to revoke the approval we will provide you with a written 30-day notice.

Specifications and Standards

You must purchase certain products, supplies and equipment under specifications and standards that we periodically establish either in the Operations Manual, or other notices we send to you from time to time. These specifications are established to provide standards for performance, durability, design and appearance. We will notify you whenever we establish or revise any of our standards or specifications, or if we add or remove approved suppliers for products, equipment or services.

All Primp and Blow® units must meet the construction and appearance as well as equipment standards in our then-current Manual or written directives. (Franchise Agreement §§ 8.8 – 8.10) We will provide you a list of approved companies and service providers for this purpose.

Our Involvement with Suppliers

We may establish strategic alliances or preferred vendor programs with companies that are willing to supply some products or services to some or all of our franchised Primp and Blow® locations. In doing so, we seek to promote the overall interests of our System and our interests as the Franchisor. If we establish these types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from you to add new suppliers, if we believe that refusal to is in the best interest of the System. Currently, there are no purchasing or distribution cooperatives in existence. None of our officers owns an interest in any companies that are vendors or suppliers to our franchises.

Revenue Derived from Suppliers

We reserve the right to collect and retain any manufacturing allowances, marketing allowances, rebates, credits, monies, payments and benefits offered to us or our affiliates based upon your purchases of products and other goods and services (“Allowances”). Allowances will be retained or distributed by us in our sole discretion. As of the year ended December 31, 2022, we have not received any Allowances.

In the future we may establish other or additional methods of distribution for required purchases. If in doing so we require you to purchase from us or any of our affiliates, our profit margin from those required products and services will not exceed 25%. We are not currently an approved supplier for required purchases.

We and our affiliates may derive revenue from your purchases from us, our affiliates, and certain other suppliers. The revenue from our sales and those of our affiliates to you equals the amount we or our affiliates charge you.

For the year ending December 31, 2022, our revenues from all purchases by our franchisees of products and services from us were zero.

The cost of equipment and supplies for products and services purchased from us, our affiliates or unaffiliated, approved suppliers in accordance with our specifications will represent 82% to 83% of your total purchases in establishing your Franchised Business and will represent 7% to 9% of your total purchases in operating your Franchised Business.

The purchase of required items from us will represent from 3% to 6% of your overall purchases in establishing your Franchised Business and will represent from 0% to 3% of your overall purchases in operating your Franchised Business.

For the year ending December 31, 2022, we received no commissions or other material benefits from unaffiliated suppliers.

There are currently no purchasing or distribution cooperatives active in the Primp and Blow® System.

Effects of Compliance and Noncompliance

You must comply with our requirements to purchase or lease real estate, goods, and services according to our specifications and/or from approved suppliers in order to not be in breach of the Franchise Agreement and as one of several conditions to renewal of your franchise. Failure to comply with these requirements will render you ineligible for renewal, and may be a default of the Franchise Agreement allowing us to terminate your franchise. (Franchise Agreement §§3.5 and 3.6, Article 5, §§8.1, 8.8 – 8.10, 8.19, 8.20, 8.22, Article 15(11)) We do not provide any other benefits to you because of your use of designated or approved services and products, or suppliers.

Computer System

You must purchase for each Location a computer system and operating Office Management Software that we specify from time to time. See Item 7 regarding the estimated initial cost of this equipment and Item 11 regarding the specifications. You will also be required to purchase from our approved supplier our Office Management Software. You will also be required to pay a monthly license fee for the continuing use and upgrade of the Office Management Software. Access by the Franchised Business to a broadband Internet connection at all times is also required.

We may require additional items to be purchased by you from certain manufacturers or suppliers in the future. We will notify you of such requirements by sending you written or emailed notices, which in most or all cases will include modifications to the Operations Manual.

Advertising

We use the Marketing Fees to maintain and promote the Primp and Blow® image and brand identity, to promote the System, and to better understand Primp and Blow® clientele and potential clientele. All advertising, marketing, and promotional plans you use shall be subject to our prior written approval,

including as to content, format and media. You must conduct the activities in a dignified manner, and they must conform to our standards and requirements. You must obtain our written approval before you use any advertising and promotional materials, signs, forms and stationery, unless we have prepared or approved them during the twelve (12) months prior to their proposed use. You must purchase certain advertising and promotional materials, brochures, fliers, forms, business cards and letterhead from approved vendors only. Further, you must not engage in any advertising of your Franchised Business unless we have previously approved the medium, content and method of the advertising. (Franchise Agreement Article 6)

Insurance

You must purchase and maintain, at your expense, insurance policies protecting you, the Franchised Business, the physical structure and contents of the Location Franchise, us and our affiliates. (Franchise Agreement §9.1) The coverage must remain in full force and effect at all times during the term of the Franchise Agreement. The coverage must include:

Type of Coverage	Amount	Maximum Deductible
General Liability (each occurrence)	\$1,000,000	\$5,000
General Liability (general aggregate)	\$2,000,000	\$5,000
Personal Liability (each occurrence)	\$500,000	\$5,000
Fire Damage & Extended Coverage	\$250,000	\$5,000
Medical Expenses	\$50,000	\$5,000
Umbrella liability (each occurrence)	\$500,000	\$5,000
Umbrella liability (general aggregate)	\$5,000,000	\$5,000
Business Interruption	\$500,000	\$5,000
Automobile/Vehicle Liability Coverage	\$300,000	\$5,000
Business equipment	Replacement cost	\$5,000
Property insurance	Replacement cost	\$5,000

You must also obtain and keep in force workers' compensation insurance as prescribed by law.

You must purchase insurance only from carriers rated “A-” or better by the most recent *Key Rating Guide* published by the A.M. Best Company (or a similar publication that we approve). The policies must provide protection against any demand or claim relating to personal injury, death, negligence, or property damage, or any loss, liability or expense arising from the operation of the Center. All policies must name us (and, if we so request, our members, directors, employees, agents, and affiliates we designate) as additional insureds and must provide that each policy cannot be cancelled or modified unless we are given 30 days’ prior written notice. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes or circumstances. You must deliver to us (and in the future maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect. If you fail to obtain or maintain the insurance we specify, we may (but need not) obtain the insurance for you on your behalf. The cost of your premiums will depend on the insurance carrier’s charges, terms of payment, and your insurance history.

Credit Cards and Forms of Payment

You must accept credit card payments from your customers. You must at all times have card acceptance arrangements in place with Visa, Master Card, American Express, Discover and any other credit and debit

card issuers or sponsors, check verification services, and electronic fund transfer systems that we designate from time to time to allow the Franchised Business to receive payment via customers’ credit and debit cards, checks, and other methods of payment. We may require you to obtain such services through us or our affiliates. (Franchise Agreement §8.12)

Except as stated above, you are not obligated to purchase or lease any other goods, services, products, or materials in accordance with specifications from us or from designated sources. We do not provide any material benefits (i.e. renewal or additional franchises) to you based on your use of designated or approved vendors, except as explained in this Item 8.

You must accept, honor, account for, process, pay Royalty Fees and Marketing Fees on, and otherwise include as Gross Revenue, Primp and Blow® gift certificates, gift cards, stored value cards and membership privileges in accordance with our directions to you in the Manual and otherwise, including any modification to those directions that we may make from time to time. (Franchise Agreement §7.4)

ITEM 9. YOUR OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure statement.

Obligation		Section(s) in Franchise Agreement	Disclosure Document Item(s)
a.	Site selection and acquisition/lease	5.1	6, 7, 8, 11
b.	Pre-opening purchases/leases	3.5, 3.6, 5.1, 5.2, 5.3, 5.4	7, 8
c.	Site development and other pre-opening requirements	3.5, 3.6, 5.1, 5.2, 5.3, 5.4, 8.1 – 8.5, 8.11	6, 7, 11
d.	Initial and ongoing training	Article 4, 5.4	11
e.	Opening	4.2, 5.1(c) & (d), 5.4	11
f.	Fees	Article 7	5, 6, 7, 11
g.	Compliance with standards and policies/ Operations Manual	3.5, 3.6, 8.1 – 8.13, 8.16 – 8.28	8, 11, 15, 16
h.	Trademarks and proprietary information	Articles 2 and 3	13, 14
i.	Restrictions on products/services offered	8.18	8, 16
j.	Warranty and client service requirements	8.24, 8.33	Not Applicable
k.	Territorial development and sales quotas	1.2, 1.3, Article 12	12
l.	Ongoing product/service purchases	8.8 – 8.10	8

Obligation		Section(s) in Franchise Agreement	Disclosure Document Item(s)
m.	Maintenance, appearance, and remodeling requirements	8.23, 8.28	11
n.	Insurance	9.1	6, 7, 8
o.	Advertising	Article 6	6, 7, 8, 11
p.	Indemnification	9.2	6, 14
q.	Owner's participation/management/staffing	8.14 – 8.17, Article 10, 11.2, 18.1, 20.1	11, 15
r.	Records and reports	8.11, 8.29, 8.30, Article 12	11
s.	Inspections and audits	7.15, 7.16, 8.22, 8.29, 8.30	6, 11
t.	Transfer	Article 13	17
u.	Renewal	Article 14	17
v.	Post-termination obligations	Article 16	17
w.	Non-competition covenants	10.3	17
x.	Dispute resolution	Article 17	17
y.	Other: Guarantee of franchisee obligations ¹	18.1	

¹ Each individual who owns (or, where applicable, intends to acquire) an equity interest in a franchisee that is a business organization will be required to sign an agreement not to compete (see Exhibit G) and a personal guaranty of Franchisee's performance under the Franchise Agreement (see Exhibit H).

ITEM 10. FINANCING

We do not offer any direct or indirect financing. We do not guarantee your note, lease or any other of your obligations. If you are a corporation, partnership, or limited liability company, the respective shareholders, officers, partners, and members, must personally guarantee your obligations under the Franchise Agreement.

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Obligations

1. Review and approve or disapprove your proposed Location site. We require that you have selected and submitted to us in writing a proposed Location site acceptable to us within 150 days of signing the Franchise Agreement (the "Site Approval Deadline"). In order to provide us time to review your proposed Location site and meet that deadline, you must use your best efforts to seek, select and

submit an acceptable site to us within sixty (60) days after signing the Franchise Agreement. Subject to our approval of the site you submit, you must then obtain lawful possession of the Premises through lease or purchase within thirty (30) days of our approval of the site. The site must meet our criteria for demographics; traffic count; parking; ingress and egress; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. These criteria include that your Location be 1,200 to 1,600 square feet in floor area. Locations are typically located in high-traffic strip malls. For each proposed site, you must submit to us, in the form we specify, a description of the site and any other information or materials that we may require. We will not unreasonably withhold approval of a site that meets our standards for general location and neighborhood, traffic patterns, parking size, layout, and other physical characteristics for a Location, and we will complete our approval process within thirty (30) days of receipt of all required information. If you fail to identify and submit an acceptable site by the Site Approval Deadline, then either you or we may terminate your Franchise Agreement. (Franchise Agreement – Section 5.1) Your Initial Franchise Fee will not be refunded in whole or in part regardless of who terminates the Franchise Agreement.

We do not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits and/or constructing, remodeling, or decorating the premises and/or hiring and training employees.

If we do not approve a particular site you submit, you may submit a subsequent site (subject to your still meeting the Site Approval Deadline or our granting, at our sole discretion, an extension of that deadline). We do not plan to own any of the sites where our franchisees' businesses will be located, and we do not lease retail space to our franchisees. Our approval of a location does not mean we have made any direct or implied promise or guarantee of your success at the location.

We will review and either approve or disapprove the proposed site within 30 days after your submission of a complete site package. If we approve the site, you must then secure the approved site (either by leasing or purchasing the location) within 30 days of our approval. Upon our approval of a site, and after you secure the site, we will insert its address into the Franchise Agreement, and it will be the Premises.

Regardless of when a proposed site is approved by us, it is your responsibility to open the Location for business (in compliance with all of your obligations under the Franchise Agreement) not later than 270 days after signing of the Franchise Agreement. Your failure to timely open the site is grounds for termination of the Franchise Agreement. (Franchise Agreement – Section 5.1)

You should not bind yourself to the terms of any lease of the location unless and until the terms of the lease have been approved by us. We will not be signers on your lease; however we do require you to furnish us with a signed copy of the Lease and of the Addendum to Lease Agreement (attached as Exhibit 1 to the Franchise Agreement).

In addition to the location and terms of the lease, the layout of the site, equipment, signage, inventory assortment and quantity are all subject to Franchisor's prior written approval.

Once we approve a location to be the Premises, we will determine the geographic area that will constitute the territory that will be granted as your Designated Territory under the Franchise Agreement for the Franchised Business.

2. Identify the products, materials, supplies, and services you must use to develop and operate your Location, the minimum standards and specifications that you must satisfy in developing and operating the franchise, and the designated and approved suppliers from whom you must or may buy or lease these items (which might be limited to or include us and/or our affiliates).
3. Provide you with electronic access to our Operations Manual (“Manual”), which contains our mandatory and suggested specifications, standards and procedures for operating your Location. (Franchise Agreement – Section 3.2) Exhibit I to this Disclosure Document sets forth the Table of Contents for our Manual. The Manual contains our System Standards and information about some of your other obligations under the Franchise Agreement. We may modify the Manual periodically to reflect changes in System Standards. The Manual is strictly confidential, and you may not copy, duplicate, record or otherwise reproduce any part of it.
4. Provide you with specifications for the computer system for your Location. (Franchise Agreement – Section 8.11)
5. No more than thirty (30) days before your Location opens for business, provide to you, and other members of your management team (not more than three individuals in total) our initial training program for franchise Locations. (Franchise Agreement – Section 4.1 – 4.3) These trainees must include you (if you are an individual franchisee) or, if you are a business organization, one or more of your Franchise Owners, including at least your Principal Operator (as defined in your Franchise Agreement), and your general manager (if we agree for you to have a general manager who is not a Franchise Owner); see Item 15. The training program includes classroom instruction at our headquarters in Scottsdale, Arizona, and on-premise Location operation training at either a training facility or actual operating Salon we designate in the vicinity of Scottsdale. There will be no tuition charge for these training programs for up to three persons who attend on behalf of the franchisee, but you must pay any wages or compensation owed to, and all travel, lodging, meal, and transportation expenses incurred by, all of your personnel who attend the training programs. All persons who attend our initial training program must complete it to our satisfaction.
6. Provide five (5) days of training by one of our trainers at your Location, which training is scheduled during the two weeks just prior to your scheduled opening for business. This training includes training of your staff on Location setup, operational efficiency, Primp and Blow® styling methods, and opening of your Location. In addition, we provide an operations supervisor for three (3) days at your Location to assist you in making your Grand Opening a successful event. (Franchise Agreement Section 3.6). You will be charged a fee of \$7,500 to \$10,000 for us to provide these services to you, which must be paid two weeks prior to your scheduled opening.

Continuing Obligations

During the operation of your Franchised Business, we will:

1. Provide you, as we deem appropriate in our sole discretion, with guidance and assistance in the following areas: (a) the products and services authorized for sale at the Location, and specifications, standards, and operating procedures used by franchises; (b) purchasing approved equipment, furniture, furnishings, signs, products, operating materials, and supplies; (c) development and implementation of local advertising and promotional programs; (d) administrative, recordkeeping, inventory control and general operating and management procedures (other than employment or personal security matters); (e) establishing and conducting employee training programs at the Location; (f) changes in any of the above that occur from time

to time; and (g) specification of any approved brands, types and/or models of equipment, furniture, fixtures, and signs. (Franchise Agreement – Section 4.4)

2. Continue providing you with electronic access to our Manual (Franchise Agreement – Section 3.12).
3. Allow you to use our Marks and confidential information in operating your Location (Franchise Agreement – Sections 2.1, 6.2 and 10.1). You must use the Marks and confidential information only as authorized in the Franchise Agreement and Manual. (Franchise Agreement – Sections 2.1, 3.5, 3.6, 6.2 and 10.1).
4. Indemnify you against damages for which you are held liable in any infringement proceeding arising out of your use of our Marks and reimburse you for reasonable costs you incur in defending against any such claim, so long as your use of the Marks and notice to us was in full compliance with the Franchise Agreement, the Manual and any other directions from us to you and you have fully cooperated with us in defending against the claim. (Franchise Agreement – Sections 2.1 – 2.7).
5. As we deem appropriate, provide you with additional, on-going, and supplemental training programs. (Franchise Agreement Section 4.4) We may hold mandatory and optional training programs for you and your staff regarding new techniques, services or products, and other appropriate subjects. We may decide to hold these training programs at our own initiative, or in response to your request for additional or special training. We will determine the location, frequency, and instructors of these training programs. We may, but do not currently, charge you a daily attendance fee in an amount to be set by us for each owner, officer, director, manager, or employee of yours who attends any mandatory or optional training program. You must pay this fee to us in a lump sum before the training program begins. You must pay for all travel, lodging, meal, and personal expenses related to your attendance and the attendance of your personnel. (Franchise Agreement Sections 4.4 – 4.8)
6. Review and approve or disapprove your advertising, marketing, and promotional materials. (Franchise Agreement Section 6.1)
7. As we deem advisable, conduct inspections and/or audits of your Location, including evaluations of your training methods, techniques, equipment, and the services rendered to your customers (Franchise Agreement – Sections 7.15, 7.16, 8.22, 8.29, 8.30). We may provide you with additional guidance and training based on the results of these inspections and/or audits.
8. If requested by you, we may provide you with a Company employee or other representative to assist you with the operation of your Location (“Store Assistance”). You will be responsible to pay to the Company a daily fee (currently \$300.00) plus our expenses in providing the services to you, including any travel, lodging, meal and incidental expenses of the representative. We reserve the right to adjust this fee as we deem appropriate. (Franchise Agreement Section 4.5)

Schedule for Opening

a. Signing Franchise Agreement to Site Approval -- We estimate that the time period between the signing of the Franchise Agreement and site approval will run from 1 to 5 months, depending on your experience, your broker or other professional’s experience, and the availability of acceptable sites.

b. Site Approval to Signing Your Lease of the Premises – We estimate that the time period between site approval and signing your lease of the Premises will run from 1 to 2 months, depending on your experience, your broker or other professional’s experience, and the landlord’s intentions and procedures.

c. Signing Lease of the Premises to Salon Opening – We estimate that the time period between signing your lease of the Premises and the Salon Opening and start of operations will be approximately 3 to 5 months. Factors that may affect this time period include the satisfactory completion of initial training, the amount of personal time put forth by you, the amount of time necessary for your contractor to complete leasehold improvements, the time to obtain building permits and occupancy approvals from local authorities, weather, material availability, delays in the installation of equipment, signs, and fixtures, and other such matters.

To summarize, we estimate the total time from signing the Franchise Agreement to Salon Opening to run from 5 to 12 months.

You must complete all preparations and open the Franchised Business within 12 months of signing the Franchise Agreement. You should apply for all required operating permits and licenses as soon as practicable after you sign the lease for the Premises. If you fail to open the Franchised Business within the stated period or, if applicable, within an extension of time approved in writing by us, the Franchise Agreement may be terminated upon written notice from us to you, and we may retain your Initial Franchisee Fee and any other sums that have been paid to us. (Franchise Agreement Article 5)

Training

Before you open your Franchised Business, you and one or two other members of your management team (one or two of the owners and one or two managers or assistant managers, but not more than 3 individuals in total) must attend and successfully complete to our satisfaction our initial training program. Failure of at least two individuals for Franchisee to successfully complete the training is grounds for termination of the Franchise Agreement. You are responsible for all other expenses incurred by you and these other trainees in attending training, such as costs of transportation, lodging, meals, their compensation, etc. (Franchise Agreement Sections 4.1 - 4.8)

We will use a training schedule substantially similar to the following, composed of six full days in the area of Scottsdale, AZ, and five or six full days at an operating Primp and Blow® location in the greater Phoenix, AZ area.

As described in Section 6 of the Pre-Opening section above, we also provide a trainer for five (5) days at your Location to help train you and your staff.

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TRAINING PROGRAM

Subject	Classroom Training Hours	In-Salon Training Hours	Location
Overview of Primp and Blow®	1		Classroom, Scottsdale, AZ
Overview of Industry Position	1		Classroom, Scottsdale, AZ
Operations Manual	8		Classroom, Scottsdale, AZ
Salon Overview		0.5	Salon, Phoenix, AZ Metro Area
Franchisee Support	1		Classroom, Scottsdale, AZ
Franchisee Responsibilities	2		Classroom, Scottsdale, AZ
Corporate Expectations	1	0.5	Classroom & Salon, Phoenix, AZ Metro Area
Review Fee Structure	1		Classroom, Scottsdale, AZ
Staffing	3	2	Classroom & Salon, Phoenix, AZ Metro Area
Staff Training	3	1	Classroom & Salon, Phoenix, AZ Metro Area
Salon SOP	5	15	Classroom & Salon, Phoenix, AZ Metro Area
Customer Service Procedures		6	Salon, Phoenix, AZ Metro Area
Booking Software Training	4	10	Classroom & Salon, Phoenix, AZ Metro Area
Menu of Services	2		Classroom, Scottsdale, AZ
Product & Sales Knowledge	2	2	Classroom & Salon, Phoenix, AZ Metro Area
Membership Sales	1	1	Classroom & Salon, Phoenix, AZ Metro Area
Inventory Management	2	2	Classroom & Salon, Phoenix, AZ Metro Area
Marketing & Advertising	2		Classroom, Scottsdale, AZ
Soft Opening Planning	1		Classroom, Scottsdale, AZ
Grand Opening Planning	1		Classroom, Scottsdale, AZ
Special Event & Private Booking	2		Classroom, Scottsdale, AZ
Subtotal Hours	43	40	
TOTAL HOURS			83

We will be flexible in scheduling training. All training must be completed to our satisfaction before you open the Franchised Business.

The Company also may offer additional or refresher training courses from time to time. Some of these courses may be mandatory, and some may be optional. These courses may be conducted at the Company's headquarters or at any other locations selected by the Company.

You will be responsible for all out-of-pocket expenses in connection with all training programs, including costs and expenses of transportation, lodging, meals, employee compensation benefits, incidentals, etc. of all individuals attending on behalf of Franchisee. The Company reserves the right to impose reasonable charges for training classes, equipment and materials in connection with such training courses. The Company will notify you of any additional charges before you or your employees enroll in a course (Franchise Agreement Sections 4.7 and 4.8).

All System-wide classes are scheduled by advance written notice to all Franchise Owners. The Company's class cancellation policies will be included in the written notice of class schedules.

Although the individual instructors of the training program may vary, each of our instructors has at least 3 years of experience in operating and training others in the operation of a Primp and Blow® location. The following are our primary instructors:

Melodi Harmon – Founder, President of Operations
Vivian Lopez – National Trainer

Advertising and Marketing:

Advertising by You

During the period running from approximately 30 days prior to the opening of the Franchised Business until the first anniversary of the opening, you are required to spend at least \$24,000 on local advertising and promotion of the Franchised Business, which \$24,000 is in addition to the amount you must spend on grand opening activities. All of the advertising and promotion is subject to Franchisor's prior written approval (Franchise Agreement Sections 6.2 and 7.6).

Commencing on the first anniversary of the opening of the Franchised Business and throughout the rest of the term of the Franchise Agreement, you are required to spend each three-month period (for example, February 15 to May 14) on (or, if applicable, contribute to) the advertising of your Location in your local market area, an amount equal to at least 5% of your Gross Revenues for the same three-month period ("Minimum Local Advertising Requirement"). You will be responsible for the local marketing of your Location. You may only use advertising, promotional and other marketing materials or programs that are in each case first approved by us in writing. If you do not receive our written approval within ten (10) business days from the date the materials are delivered to us, then the materials will be deemed not approved. Franchisor's approval of any particular advertising, promotional or other marketing material or program is valid for one year, unless we inform you otherwise or the material or program is plainly not intended to be in use for such a long duration (Franchise Agreement Section 6.2).

Advertising by Us

We have created a System-wide marketing fund (the "Marketing Fund") covering the Primp & Blow® Chain within the USA to accomplish those advertising and promotional programs we deem appropriate (Franchise Agreement Sections 6.1 and 7.5). The contribution amount is two percent (2.0%) of Gross Sales. Affiliate-owned Locations may, but are not required, to contribute to the Marketing Fund. (Franchise Agreement Section 6.1) No contributions by Affiliate-owned Locations are currently required.

We direct all marketing programs financed by the Marketing Fund, and have sole discretion over the creative concepts, materials and endorsements used by the Marketing Fund, and the geographic, market, and media placement and allocation of the Marketing Fund. Marketing Funds may be used to pay the costs of administering regional and multi-regional advertising programs, including purchasing direct mail and other media advertising; employing advertising agencies and supporting public relations, market research, and other advertising and marketing firms; and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any national or regional trade shows. Marketing Fund expenditures are intended to benefit the System as a whole, including you. However, we are not required to spend any Marketing Fund contributions on advertising and marketing activities in your specific area or territory, nor are we required to spend any of our own funds on advertising in your area or territory. We do not use Marketing Fund contributions for advertising that is principally a solicitation for the sale of franchises (Franchise Agreement Section 6.1).

The total amount of Marketing Funds collected during 2022 was \$45,036. These funds were spent as follows:

Production	46%
Media Placement	34%
Pay Per Click	9%
Administrative	11%
Solicitation of Franchise Sales	0%

The Marketing Funds will be accounted for separately from our other funds, and will not be used to pay any of our general operating expenses, except for salaries, administrative costs, and overhead that we incur in activities reasonably related to the administration of the Marketing Funds and their marketing programs, including preparing advertising and marketing materials, and collecting and accounting for contributions to the Marketing Fund. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing Fund in that year, and the Marketing Fund may borrow from us or other lenders to cover any Marketing Fund deficits, or invest any surplus for future use by the Marketing Fund. We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund and will provide it to you upon written request (Franchise Agreement Section 6.1). The Marketing Fund is not audited.

We may cause the Marketing Fund to be incorporated or operated through an entity separate from us when we deem appropriate, and the entity will have the same rights and duties as we do under the Franchise Agreement. If established, the Marketing Fund will be intended to enhance recognition of the Marks. Although we will endeavor to use the Marketing Funds to develop advertising and marketing materials and programs and place advertising that generally will benefit all Locations within the United States of America, we are not obligated to and cannot ensure that the Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to the contributions made by Locations in that geographic area, or that any Location will benefit from the development of advertising and marketing materials or the placement of advertising by the Marketing Fund directly or in proportion to the Location's contribution to the Marketing Funds. We assume no direct or indirect liability or obligation to your Location or any other Location in connection with the establishment of a Marketing Fund, or the collection, administration, or disbursement of monies paid into any Marketing Fund (Franchise Agreement Section 6.1).

We may suspend contributions to, and the operations of, any Marketing Fund for any period we deem appropriate, and may terminate the Marketing Fund upon thirty (30) days' written notice to you. All unspent monies held by the Marketing Fund on the date of termination will be distributed to us, our affiliates, and you and our other franchisees in proportion to each party's respective contributions to the Marketing Fund

during the preceding twelve (12) month period. We may reinstate a terminated Marketing Fund upon the same terms and conditions set forth in the Franchise Agreement upon thirty (30) days' advance written notice to you (Franchise Agreement Section 6.1).

As of the date of this Disclosure Document, there are no local or regional advertising cooperatives ("co-ops").

Currently there is no advertising council comprised of franchisees that advises us on advertising policies.

Computer System

You must use the computer hardware and Office Management Software (collectively, "Computer System") that we periodically designate to operate your Location. (Franchise Agreement Sections 3.5, 3.6, 5.3, 5.4, 8.1, 8.4, 8.8, 8.11, 8.19 and 8.20) You must acquire the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may include or be limited to us or our affiliates). We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software, and obtain service and support for the Computer System. The Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

We may charge you a reasonable fee for installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop to license to you for use in your operation of the Franchised Business; and (ii) other Computer System-related maintenance and support services that we or our affiliates provide to you. At this time there is no cost to you for optional or required maintenance updating, upgrading or support contracts. If our affiliates or we license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign the applicable software license agreement or similar instrument that our affiliates or we may require. (Franchise Agreement Sections 3.5, 3.6, 5.3, 5.4, 8.1, 8.4, 8.8, 8.11, 8.19 and 8.20)

You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System in accordance with our requirements; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties in accordance with our requirements; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded.

Your Computer System must be capable of supporting our required software, with Internet capability, and must be accessible by us remotely. You may also be required to purchase certain customer contact software and financial software, and to pay monthly charges associated with your Computer System. The detailed specifications regarding the required hardware and software for your Computer System are contained in the Manual. In summary, they require: One or two Apple iMac (recommended) or Windows computers (depending on your election), printer, router, wi-fi capability, Booker software, POS system equipment and Office Management Software, product scanner and credit card swipe mechanism.

We estimate the cost of purchasing the Computer System and related software and associated equipment will range from \$2,800 to \$4,000. In addition, you will be required to pay a technology fee of \$175 per month for up to four (4) email addresses and access to our intranet which includes our Hub (which is the repository for various marketing, training and support features) as well as a recurring monthly charge for

the use of our salon Office Management Software. Currently this fee is \$150 per month, but is subject to change. You will also be required to pay the monthly cost of maintaining high-speed Internet access at your site. We estimate that this cost is currently approximately \$75 to \$100 per month.

You are required to ensure that we have independent access to the information that will be generated and stored on your Computer System. There are no limitations on when or how we may access such information. (Franchise Agreement Article 12)

As a business that will accept credit cards, you will be required to maintain PCI DSS Compliance (a worldwide information security standard defined by the Payment Card Industry Security Standards Council), which includes installation and maintenance of a hardware and software firewall device on your Computer System. You must also comply with any other applicable organizational or governmental requirement. PCI's standards may be found on the Internet at www.pcisecuritystandards.org. (Franchise Agreement Section 8.12)

Social Media, Internet

In order to establish common methods of operation, we have established standards, which you must follow, for social media and Internet use and marketing. For the protection of the System, we have exclusive control over digital advertising and Web presence. Without limitation, you may not establish your own social media account without our prior written approval (i.e. Facebook, LinkedIn, Twitter, YouTube, Pinterest, etc.) which, if given, must only be under your location name, e.g., "Primp and Blow Anytown" and not your personal or corporate name. You may not create any website using any of the Marks or the name of your franchisee organization, if any. (Franchise Agreement Section 6.3)

Pricing

We may offer pricing recommendations. We currently make no attempt to otherwise influence our franchisees' pricing. As an independent contractor you may determine pricing for the Franchised Business products and services per your location and market. However, subject to applicable law and regulation, we reserve the right to establish by notice to you minimum or maximum pricing or both, which must be followed when and to the extent established. (Franchise Agreement Section 8.27)

Operations Manual

The Table of Contents of the Primp and Blow® Operations Manual is attached to this Disclosure Document as Exhibit I. The Operations Manual consists of 236 pages. The Operations Manual contains proprietary information and must be treated as strictly confidential. You cannot make copies or disclose their contents to unauthorized persons. (Franchise Agreement Article 3)

Required Reporting

We may request, at our determination, for you to provide us with a copy or summary listing of all business related-phone calls, appointments set, listings, agreements, contracts, and projects that you are involved in or working with.

You must provide us with several different monthly and periodic reports that will be due throughout the term of your Franchise Agreement. The reports include monthly sales reports, financial statements, sales tax reports, legal structure reports, and structure report updates, as outlined in the Franchise Agreement, Operations Manual, and in other written communications. Each report must be complete, accurate, signed by your authorized representative, and in the format we require for such report. (Franchise Agreement Article 12)

ITEM 12. TERRITORY

If you purchase a Primp and Blow® franchise, you will receive an assigned geographic area, which is referred to in the Franchise Agreement as a “Designated Territory” and which will include the Premises of your Location Franchise. Your Designated Territory will be an exclusive territory in that we agree not to open or allow another franchisee to open a Primp and Blow® Salon within your Designated Territory during the term of the Franchise Agreement, so long as you are in compliance with the Franchise Agreement. Your Designated Territory will typically be a circle, the center of which will be the front door of the Premises, and that circle will have a 3 mile radius, except that in densely populated areas (generally more than 5,000 persons per square mile) your Designated Area may at our sole discretion have a perimeter that is not circular but that would be intended to include population of at least 25,000. In some smaller cities, at our sole discretion, we may choose to award only a single franchise in the city. Once your Designated Territory has been finally determined by us, we will identify and describe it in the Franchise Agreement as your “Designated Territory.” (Franchise Agreement Sections 1.1 - 1.4 and 1.7)

Although we will not open or authorize any third party to open a Salon in your Designated Territory, another franchisee or a Company-operated location would be allowed to provide in-person, off-premise services within your Designated Territory or Development Area (but not establish any outlet there), just as you will be allowed to provide in-person, off-premise services inside and outside of your Designated Territory. Your territorial exclusivity does not depend on achieving any minimum sales level or any other performance standard. Your Designated Territory cannot be modified except by mutual written agreement by both parties. Each Franchised Business is operated according to a separate Franchise Agreement.

There are no territorial restrictions on accepting business from clients who reside or work outside your Designated Territory, nor are there any such restrictions on us or on other franchisees; however, you will not be allowed to conduct any independent advertising or marketing campaign directed to areas outside your Designated Territory without our written approval.

The Franchise Agreement does not grant you any options, rights of first refusal, or any similar rights to acquire additional franchises.




Under the terms of the Franchise Agreement, you will be allowed to provide in-person services and products related to those in-person services away from your Location, but you may not offer or sell services or products authorized under the Franchise Agreement through any other means, including without limitation, through mail order, Internet, or other electronic media, telemarketing, or wholesale, within or outside your territory, without our prior written approval, which may be withheld in our sole discretion. (Franchise Agreement Sections 1.2 – 1.4)

You may not relocate the Franchised Business without prior written approval from us. In general, we will apply the same criteria for the relocation of a franchised business as we apply when determining the location of a new franchise. (Franchise Agreement Section 1.2)

We reserve all rights not expressly granted to you including the right to use other channels of distribution, including the Internet, to solicit orders within the Designated Territory using our principal trademarks or using trademarks other than those that you will use. We do not have to compensate you for soliciting or accepting orders in this manner within the Designated Territory. We also reserve the right to operate or franchise businesses within the Designated Territory under different trademarks that will sell goods or services that are the same as or similar to those you will sell, however, we have no current plans to do so.

ITEM 13. TRADEMARKS

We own, or have filed to register, the following Marks on the Principal Register of the U.S. Patent and Trademark Office (the “USPTO”):

MARK	REGISTRATION NUMBER	REGISTRATION DATE	GOODS/SERVICES
PRIMP AND BLOW	4148999	May 29, 2012 Renewed December 8, 2022	Beauty salon services; beauty salons; hair salon services; hair styling; hairdressing salons
PRIMP AND BLOW, A BLOW DRY BAR	4555017	April 8, 2014	Beauty salon services; beauty salons; hair salon services; hair styling; hairdressing salons
	4869893	December 15, 2015	Beauty salon services; beauty salons; hair salon services; hair styling; hairdressing salons
	5229045	June 20, 2017	Beauty salon services; beauty salons; hair salon services; hair styling; hairdressing salons
	5347120	November 28, 2017	Beauty salon services; beauty salons; hair salon services; hair styling; hairdressing salons

We have filed all required affidavits for the Marks.

No decision of any court or government agency limits our right to use or license the use of any of the above trademarks. Concerning these trademarks, there are no currently effective material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, trademark administrator of any state or any other government agency, or court. Nor are there any pending infringement, opposition, or cancellation proceedings or pending material litigation involving our marks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of our trademarks in a manner material to the franchise. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Marks. There is no pending material federal or state court litigation regarding our use or ownership rights in the Marks.

You may not use any of the Marks in any corporate or entity name but may identify your business as the fictitious business name of your store in a format as the law permits and we designate, such as “Primp and Blow of [geographic designation].” You must file all fictitious name affidavits required by law in the state and county where you are located. You may not use any of the Marks to incur any obligation or indebtedness on our behalf. You may not use the abbreviations “P&B” or “P and B” in the name of any legal entity related to your Franchised Business or that you control.

If you use the Marks strictly in accordance with the Franchise Agreement and our instructions, we have the right, but not the obligation, to protect you against claims of infringement or unfair competition arising out of your use. If we choose to defend you, you must fully cooperate with us in such a defense. If we defend, we will pay for the cost of the defense unless you elect to proceed through counsel of your own choosing. You must notify us of all infringements of our rights or ownership of the Marks or of any confusingly similar marks, which come to your attention. We have sole discretion in deciding what action if any should

be taken and have the sole right to control any litigation or administrative proceedings to protect the Marks. The Franchise Agreement does not require us to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks or if the proceeding is resolved unfavorably to you.

We may prosecute or defend any infringement or unfair competition involving the Marks or any other actions or proceedings that we deem necessary or desirable to protect the Marks. You must not contest our right, title, or interest in any of the Marks.

If we modify or stop use of any of the Marks, you must also modify or stop their use. You must pay all costs to make these changes. We have no obligation to reimburse you for any expense resulting from these changes.

On termination or expiration of the Franchise Agreement, your right to use the Marks ends immediately. Thereafter, you must also not identify yourself as a Primp and Blow® franchisee or publicly identify yourself, or any business entity you are then associated with, as a former Primp and Blow® franchisee, or use any of our confidential information or trade secrets.

You may not use the Marks or any part or derivative of the Marks on the Internet, except as expressly permitted by us in writing. This prohibition includes use of the Marks or any derivative of the Marks as part of any URL or domain name, as well as their registration as part of any user name on any gaming, social networking, or other website (such as Facebook, Instagram, or Twitter) or as part of any email address, except with our prior written permission, which may be withheld in our sole discretion.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents Rights.

The Company owns no rights in or to any patents that are material to the franchise.

Copyrights.

The Company owns the worldwide copyrights and other intellectual property rights to all components of the System that are original works of authorship subject to copyright, including, without limitation, the Manual, marketing materials, website text, artwork, photographs, musical compositions, sound recordings, audiovisual works, computer software, and architectural designs (collectively the “Copyrighted Materials”). You may not make translations, copies, adaptations of or modifications to the Copyrighted Materials without the Company’s prior written consent. You do not have any rights to compensation under the Franchise Agreement if we require you to modify or discontinue using any components of the System that are subject to our copyright and other intellectual property rights.

Confidential Operations Manual.

Under the Franchise Agreement, you must operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual. You will be provided with electronic access to the Manual for the term of the Franchise Agreement, when you have completed the initial training program to our satisfaction. You must operate your Location Franchise strictly in accordance with the Manual, as the Company revises it from time to time.

As required by the Franchise Agreement, you must at all times treat the Manual and the information in it, as well as any other materials created for or approved by us for the operation of your Franchised Business, as strictly confidential. You must use all reasonable efforts to maintain this information as secret and

confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person.

We may from time to time revise the contents of the Manual, and you must comply with each new or changed provision.

Confidential Information.

The Franchise Agreement requires you to maintain all Confidential Information of the Company as confidential both during and after the term of the Agreement. “Confidential Information” includes all data, specifications, procedures, techniques, know-how and other information designated or treated by the Company as confidential and includes the Manual. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by the Company. Under the Agreement, you agree that all procedures, data, techniques, know-how and other valuable information developed or assembled by you or your employees or agents during the term of the Franchise Agreement and relating to the System will be deemed automatically a part of the Confidential Information protected under the Franchise Agreement.

See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Franchised Business.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If you are a corporation, partnership, limited liability company, or other business organization, you must designate an individual owning at least 25% of the outstanding voting equity in the Franchisee as the “Principal Operator,” with full authority to manage and direct all operational, marketing, and staffing decisions and on all matters between you and us regarding as and all aspects of the Franchised Business. (Franchise Agreement Section 11.2)

In addition, you (or, subject to our approval, your manager) must devote best efforts and dedicate a minimum of forty (40) hours per week to on-site management of your Salon as “General Manager.” This General Manager must have completed the initial training program to our satisfaction. If the General Manager separates her or his employment from the Franchised Business, then you must designate another person, who must then complete the initial training program to our satisfaction within sixty (60) days of her or his predecessor’s separation from the Franchised Business. The General Manager need not have an ownership interest in the Franchised Business; however, we believe having an ownership interest can help significantly in motivating that person to make better decisions, remain enthusiastic, and otherwise perform better. (Franchise Agreement Section 8.16)

If you use a manager instead of participating directly in your operations, we still recommend that you personally remain involved in your Franchised Business. (See Franchise Agreement Article 4, Sections 8.14, 8.16, and 8.17, and Articles 10 and 11)

At the Company’s request, you must obtain and deliver executed covenants of confidentiality and non-competition (See Exhibit G) from each person who has or will have an ownership interest in the Franchisee, or a similar agreement, in form acceptable to Franchisor from each Manager who is not a Franchise Owner and from any other persons who receive or have access to training or other Confidential Information under the System. The covenants must be in a form satisfactory to us, and must provide that we are a third party beneficiary of, and have the independent right to enforce, the covenants. (Franchise Agreement Article 10)

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Franchised Business in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System, as set forth in the Manual and in other writings by the Company from time to time. You must use the Premises only for the operation of your Franchised Business and may not operate any other business at or from the Premises without the express prior written consent of the Company. (Franchise Agreement Sections 3.5, 3.6, 8.1, 8.18 - 8.22)

The Company requires you to offer and sell all and only those goods and services that the Company has approved as constituting the Primp and Blow® standard offerings. The Company maintains a written list of approved goods and services in its Manual, which the Company may change from time to time. (Franchise Agreement Section 3.5, 3.6, and 8.18 – 8.20)

You must offer all goods and services that the Company designates as required for all franchises. In addition, the Company may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before the Company will allow you to offer certain services. (Franchise Agreement Section 3.5, 3.6, and 8.18 – 8.20)

We reserve the right to designate additional required or optional goods and services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. There are no express limitations on our right to designate additional or operational goods and services; however, such goods and services will be reasonably related to our franchise system or model. (Franchise Agreement Section 3.5, 3.6, and 8.18 – 8.20)

Franchised Business Exclusivity Obligations. You are not authorized to offer products or services identical or similar to the products or services offered by Primp and Blow® through any means other than your Primp and Blow® franchise. Failure to abide by this term may result in the immediate termination of your Primp and Blow® franchise. (Franchise Agreement Section 10.3)

You are specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, internet kiosks, public telephones (or payphones), or any other electrical or mechanical device in your Primp and Blow® business without our prior written consent. (Franchise Agreement Section 8.6)

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ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision		Section in Franchise Agreement	Summary
a.	Length of the franchise term	1.5	The initial term is more than 10 years. It starts on our signing of the Franchise Agreement and expires on the day before the 10 th anniversary of the earlier of: a) the Salon's opening for business, OR b) the 270 th day after we sign the Franchise Agreement.
b.	Renewal or extension of the term	14.1 and 14.2	You have the right to be considered for one renewal term of 10 years
c.	Requirements for you to renew or extend	15.2	Renewal obligations include: <ul style="list-style-type: none"> • providing written notice of your request for renewal not less than twelve (12) months, nor more than twenty four (24) months prior to the expiration of your Franchise Agreement • having complied with all your obligations during the term • having paid all amounts owed to us • not being in default • having renovated or modernized your location during the last 12 months of the initial term to comply with our then-current standards for new locations • having adequate, continuing right of possession to the approved location • signing a new Franchise Agreement in our then current form which may include terms and conditions materially different from those in the original Franchise Agreement. • having paid the renewal fee with your request for renewal • having signed a general release of us, our affiliates, owners, officers, etc.
d.	Termination by franchisee	None	You may not terminate this Franchise Agreement prior to the expiration of its term except through legal process resulting from our material breach of this Franchise Agreement, or with our written consent
e.	Termination by us without cause	None	None
f.	Termination by us with cause	Article 15	Various breaches of Franchise Agreement

Provision		Section in Franchise Agreement	Summary
g.	“Cause” defined – curable defaults	Article 15, subsections (8) – (13)	You fail to maintain a valid license or fail to maintain compliance with any governmental regulations; you violate any health or safety law or ordinance or regulation, or operate the franchise in a way that creates a health or safety hazard; you use, sell, or distribute unauthorized products or services; do not pay on time any amounts you owe to us or an affiliate of ours; you fail to keep in place required insurance policies; or you do not comply with any other provision of the Franchise Agreement or any specification, standard, or operating procedure.
h.	“Cause” defined – noncurable defaults	Article 15, subsections (1) – (7)	You fail to timely develop or open the Franchised Business; you abandon, surrender, transfer or lose possession or control of the franchise location; you or any Franchise Owner makes or attempts to make an unauthorized transfer or assignment of the Franchise Agreement, the Franchisee, the Franchised Business, the franchise, or its assets; you are adjudged a bankrupt, become insolvent, or make an assignment for the benefit of creditors; you or any Franchise Owner is convicted of or pleads no contest to a felony, or are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of the Company, Franchise, or the goodwill associated with any of the Marks; you are involved in any action that adversely affects the reputation of the Company, Franchise, or the goodwill associated with any of the Marks; or you fail on three (3) or more occasions within any twelve (12) month period to comply with the Franchise Agreement regardless of whether or not such failures to comply are corrected.
i.	Your obligations on termination/non renewal	Article 16	Includes payment of money owed to us, cancellation of assumed names and transfer of phone numbers, email addresses, etc., immediately ceasing your use of the Marks, cease operating Franchised Business, ensuring you cause no confusion with the Marks, our option to purchase your inventory and equipment, your modification of the premises, and our option to purchase your Franchised Business, to receive assignment of the lease of the Premises, and to manage the Franchised Business pending transfer of the assets to us.
j.	Assignment of contract by franchisor	13.3	No restrictions on our right to assign.

Provision		Section in Franchise Agreement	Summary
k.	“Transfer” by franchisee – defined	Article 13	Includes transfer (by sale, assignment, merger, operation of law, death or disability of individual Franchisee or any Franchise Owner, or otherwise) of any interest in the Franchise Agreement, Franchisee organization, assets used in the Franchised Business, including the lease, the Salon facility, etc.
l.	Franchisor approval of transfer by franchisee	13.4 and 13.5	We have the right to deny approval of all proposed transfers but will not unreasonably withhold approval when a proposed transfer meets all of the conditions listed in the Franchise Agreement. We may also condition our approval on certain changes being made to the terms of the proposed transfer.
m.	Conditions for franchisor approval of transfer	13.5	Proposed new owner must have sufficient and acceptable character, business experience, aptitude and financial resources to operate the franchise; you must pay all amounts due us or our affiliates and otherwise be in full compliance of the Franchise Agreement; proposed new owner and manager must successfully complete our initial training program; your landlord must consent to transfer of the lease, if any; you must pay us the applicable transfer fee; you and all Franchise Owners and their spouses must sign a general release in favor of us, our affiliates, and our and their officers, directors, employees and agents in form acceptable to us; the Salon must be in physical conditions and equipped in full compliance with System standards; proposed new owners must assume all obligations under your Franchise Agreement or, at our option, sign a new Franchise Agreement using our then-current form; you and your Franchise Owners must sign a non-competition agreement promising not to engage in a competitive business for 24 months within a 10 mile radius of your Location or any other Primp and Blow® Location (see Exhibit G); you must have fully complied with your obligations under the Franchise Agreement to provide us with a right of first refusal on the proposed transfer. We also may also condition our approval on certain changes being made to the material terms of the transfer, e.g., buyer’s installment payments being subordinated to buyer’s obligations to pay us royalties, etc.

Provision		Section in Franchise Agreement	Summary
n.	Franchisor's right of first refusal to acquire your business	13.6	We have the right to match any offer, and our credit is deemed equal to any other buyer.
o.	Franchisor's option to purchase your business	16.6	Upon termination or non-renewal, we have the option to purchase the assets used in your Franchised Business, which do not include any goodwill.
p.	Your death or disability	13.7	Franchisee's or Franchise Owner's, as applicable, interest must be assigned by estate to approved buyer within 180 days, or longer where required by law.
q.	Non-competition covenants during the term of the franchise	Franchise Agreement Section 10.3, and Confidentiality and Non-Compete Agreement (Exhibit G)	<u>Franchise Agreement; Confidentiality and Non-Compete Agreement</u> Neither you nor any of your owners may directly or indirectly own, operate or provide services or financial assistance to (or that franchises or licenses others to operate) any hair salon, beauty salon, blow dry salon, or similar business, regardless of its location. Your managers cannot engage in any competing business without our written consent. Additionally, for 6 months after termination of your manager's employment, that manager may not hire, or attempt to hire, any employee of ours or of another Primp and Blow® franchisee.
r.	Non-competition covenants after the franchise is terminated or expires	Franchise Agreement Section 10.3 and Confidentiality & Non-Compete Agreement (Exhibit G)	For 24 months following termination or expiration, neither you nor any of your owners may directly or indirectly own, operate or provide services or financial assistance to (or that franchises or licenses others to operate) any hair salon, beauty salon, blow dry salon, or similar business located within 10 miles of any Primp and Blow® location.
s.	Modification of the Agreement	18.7	Must be in writing by both sides.
t.	Integration/merger clause	18.24	Only the terms of the Franchise Agreement and other written agreements between you and us are binding. Any other promises are unenforceable. However, nothing in the Franchise Agreement will have the effect of disclaiming any of the representations made in this Disclosure Document, its attachments or addenda.
u.	Dispute resolution by arbitration or mediation	17.2 - 17.4	Except for certain specified claims, all disputes must be mediated before resorting to arbitration or court action. If mediation fails, the parties agree to arbitrate the dispute (except for certain specified claims).

Provision		Section in Franchise Agreement	Summary
v.	Choice of forum	17.5	Maricopa County, Arizona, subject to applicable state law.
w.	Choice of law	17.1	Arizona law applies, except where other state law authoritatively requires application of that other state's law, and except for issues involving trademarks, which are governed by the Lanham Act and issues of arbitration, which are governed by the Federal Arbitration Act.

ITEM 18. PUBLIC FIGURES

We do not use any public figures to promote our franchise; however, we reserve the right to use public figures of our choice in the future.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following information reflects historical average gross revenues from the four affiliate-owned Primp and Blow® Salons that were open for at least the full calendar year 2022 and the average gross revenues from the four franchised Primp and Blow® Salons that were open for all of 2022. Each of the affiliate-owned Salons was and is still operated in greater Phoenix, Arizona, with no geographic restrictions. The respective opening months of these Salons were October 2011, December 2012, October 2014 and October 2016.

Average Gross Revenues for Affiliates' Salons for Calendar Year 2022

The average Gross Revenues for our affiliate-owned Salons for 2022 were \$745,441. Two (2) of the four (4) affiliate-owned Salons generated Gross Revenues higher than this average. The Gross Revenues ranged from \$638,197 to \$811,810. The median was \$765,878.64.

Notes and Assumptions:

1. We compiled the figures provided above from our Office Management Software. Each of the specific Locations included in the above average has been operated for more than one year. You must keep in mind that a newly opened business should not be expected to achieve sales volumes or maintain expenses similar to those of an established business.

- Gross Revenues are all revenues shown net of sales taxes, discounts, and coupons, but they include credit card processing fees and billing fees (both of which are netted under Bank Payment Processing Fees).

Average Gross Revenues for Franchised Salons for Calendar Year 2022

The average Gross Revenues for our franchised Salons open for all of 2022 were \$517,444. Four (6) of the nine (9) franchised Salons open for all of 2022 generated Gross Revenues higher than this average. The Gross Revenues ranged from \$194,632 to \$746,462. The median was \$509,349.

Notes and Assumptions:

- We compiled the figures provided above from our Office Management Software.

Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Written substantiation of the data presented in this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do 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 salon, 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 Melodi Harmon, P&B Franchise, LLC, 10115 E. Bell Road, #107-224, Scottsdale, AZ 85260, Tel: 877-311-5539, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table One: System-Wide Outlet Summary for Years 2019 to 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2020	9	9	0
	2021	9	9	0
	2022	9	10	+1
Company-Owned*	2020	4	4	0
	2021	4	4	0
	2022	4	4	0
Total	2020	13	13	0
	2021	13	13	0
	2022	13	14	+1

*We do not operate any company-owned businesses, but our affiliates operate four retail locations, which are all located in Scottsdale and Phoenix, Arizona.

**Table Two: Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor) for Years 2019 to 2021**

State	Year	Number of Transfers
AZ	2020	0
	2021	1
	2022	0
TX	2020	0
	2021	0
	2022	1
Total	2020	0
	2021	1
	2022	2

Table Three: Status of Franchised Outlets for Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Georgia	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kansas	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Texas	2019	2	2	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	5
Totals	2019	5	4	0	0	0	0	9
	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9

Table Four: Status of Company-Owned* Outlets for Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2019	4	0	0	0	0	4
	2020	4	0	0	0	0	4
	2021	4	0	0	0	0	4
	2019	4	0	0	0	0	4

Totals	2020	4	0	0	0	0	4
	2021	4	0	0	0	0	4

*We do not operate any company-owned businesses, but our affiliates operate four retail locations, which are all located in Scottsdale and Phoenix, Arizona.

PROJECTED OPENINGS

We estimate that during the 12-month period from our fiscal year end on December 31, 2021, we will sell the following number of franchises and open the following number of Franchisor (or Franchisor-affiliated) facilities, in the states shown below:

Table Five: Projected Openings as of December 31, 2022

State	Franchise Agreements Signed, but Not Yet Open	Projected New Franchisees in the Next 12 Month Period	Projected Franchisor (or Affiliate) Openings in the Next 12 Month Period
Arizona	0	1	1
Kansas	0	1	0
Michigan	0	2	1
Missouri	0	1	0
North Carolina	0	1	0
Texas	1	2	1
Nevada	0	1	0
TOTAL	1	9	3

If you buy this franchise, your contact information may be disclosed to other buyers when you leave our System.

As of the date of this Franchise Disclosure Document, there are no Primp and Blow® franchisee associations in existence, regardless of whether they use our trademark or not.

During the past three years, in some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with the Primp and Blow® franchise system. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements for the years ended December 31, 2022, December 31, 2021 and December 31, 2020 are attached to this Disclosure Document as Exhibit C. Our fiscal year-end is December 31.

ITEM 22. CONTRACTS

The following contracts are attached as Exhibits to this Disclosure Document:

Franchise Agreement	Exhibit D
Electronic Funds Transfer Form	Exhibit E
Confidentiality and Non-Competition Agreement	Exhibit F
Personal Guaranty and Assumption of Obligations	Exhibit G
General Release	Exhibit H

ITEM 23. RECEIPTS

Two copies of an acknowledgement of your receipt of this Franchise Disclosure Document are attached hereto as Exhibit L. Please sign both, return one copy to us, and retain the other for your records.

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EXHIBIT A to Franchise Disclosure Document

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	<p>Department of Financial Protection and Innovation</p> <p>Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (866) 275-2677</p> <p>Sacramento 1515 K Street, Suite 200 Sacramento, CA 95814-4052 (916) 445-7205</p> <p>San Diego 1350 Front Street, Room 2034 San Diego, California 92101-3697 (619) 525-4233</p> <p>San Francisco One Sansome Street, Suite 600 San Francisco, CA 94104-2980 (415) 972-8559</p>	<p>Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (866) 275-2677</p>
HAWAII	<p>Commissioner of Securities Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p>	<p>Commissioner of Securities Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p>
ILLINOIS	<p>Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>	<p>Illinois Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>
INDIANA	<p>Franchise Section Indiana Securities Division Secretary of State 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681</p>	<p>Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204</p>

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	State of Michigan Dept. of Attorney General Consumer Protection Agency Attn: Franchise 670 Law Building 525 West Ottawa Street Lansing, MI 48913 (517) 373-7117
MINNESOTA	Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Commissioner of Commerce Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
NEW YORK	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23 rd Floor New York, NY 10271 (212) 416-8211	Secretary of State of the State of New York One Commerce Plaza 99 Washington Avenue Albany, New York 12231 (212) 416-8211
NORTH CAROLINA	Secretary of State Securities Division 300 North Salisbury Street Raleigh, NC 27603 (919) 807-2156	Secretary of State Securities Division 300 North Salisbury Street Raleigh, North Carolina 27603 (919) 807-2156
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, Fifth Floor Bismarck, ND 58505 (701) 328-4712	North Dakota Securities Commissioner North Dakota Securities Department 600 Boulevard Avenue State Capitol, 5 th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
RHODE ISLAND	Director of Franchise Section Securities Division Department of Business Regulation State of Rhode Island 1511 Pontiac Avenue John O. Pastore Complex Bldg 69-1 Cranston, RI 02920 (401) 462-9585	Director of Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex, Bldg 69-1 Cranston, RI 02920 (401) 462-9585

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
SOUTH DAKOTA	Department of Revenue and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501-2017 (605) 773-4013	Franchise Administrator Division of Securities 445 E. Capitol Avenue Pierre, SD 57501-2017 (605) 773-4013
TEXAS	Statutory Document Section Secretary of State P.O. Box 12887 Austin, TX 78711 (512) 475-1769	
UTAH	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South Salt Lake City, UT 84145-0804 (801) 530-6601	
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Financial Institutions Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760
WISCONSIN	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701 (608) 266-8559	Franchise Administrator Securities Franchise Registration Wisconsin Securities Commission P.O. Box 1768 Madison, Wisconsin 53701 (608) 261-9555

EXHIBIT B to Franchise Disclosure Document

STATE SPECIFIC ADDENDA

California

The first sentence in Item 5 of the disclosure document is amended to read as follows: *“You must pay us an initial franchise fee (“Initial Franchise Fee”) of \$39,000 when you open your Primp and Blow® Business and we have fulfilled all our preopening obligations to you.”*

Neither the franchisor, nor any person identified in Item 2 of this 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 the person from membership in the association or exchange.

California Business and Professions Code §§ 20000 through 20043 provide rights to the franchisee concerning termination 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 contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a franchise agreement that requires you to waive your rights under either or both of these laws is void. Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws.

Unless the transaction is exempt under the statute, Section 31125 of the California Corporations Code requires the franchisor to give the franchise a special disclosure document before soliciting a proposed material modification of an existing franchise.

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

The franchise agreement requires binding arbitration. The arbitration will occur in Maricopa County, Arizona with the costs being shared equally between the parties.

Prospective franchisees are encouraged to consult 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 requires application of the laws of Arizona. This provision may not be enforceable under California law.

OUR WEBSITE ADDRESS IS WWW.PRIMPANDBLOW.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF EACH PROPOSED AGREEMENT RELATING TO THE GRANT OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Illinois

Illinois law governs the agreements between the parties to this franchise.

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

Maryland

Payment of all fees to Franchisor, including payments for goods and services received from Franchisor before the business opens, will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business.

Amendment to Item 17 of the disclosure document:

Item 17c (Renewal) is amended to add the following statement:

The general release required as a condition of renewal does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17m (Transfer) is amended to add the following statement:

The general release required as a condition of transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17v (Choice of Forum) is amended to read as follows:

Other than for claims subject to arbitration, a franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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.

Any claims arising under the Maryland Franchise Registration and Disclosure law must be brought within three years after the franchise is granted.

Minnesota

Payment of all fees to Franchisor, including payments for goods and services received from Franchisor before the business opens, will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business.

Amendments to Item 17 of the Disclosure Document:

Item 17v (Choice of Forum) is amended to state "none" under the heading for "Section in franchise agreement" and "none" under the heading for "Summary."

The franchise agreement requires binding arbitration. The arbitration will occur in a state other than Minnesota, with costs being borne by the non-prevailing party. Under Minnesota Statutes 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

The franchise agreement requires application of the laws of a state other than Minnesota. Under Minnesota Statutes 80C.21 and Minnesota Rule Part 2860.4400J, this may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the franchise agreement.

The franchise agreement requires you to sign a release of claims as a condition of transferring the agreement. Minn. Rule 2860.4400J prohibits us from requiring you to sign a release of claims arising under the Minnesota Franchise Law. Therefore, any release we require you to sign does not apply to claims arising under the Minnesota Franchise Law.

New York

The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A 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, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. 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.

The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor obligations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from 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.

The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner 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 U.S. 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 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of Item 5:

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

The following is added to the end of the “Summary” sections of Item 17(c), entitled “**Requirements for franchisee to renew or extend**”, and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, 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 the General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the “Summary” section of Item 17(d), entitled “**Termination by Franchisee**”:

You may terminate the agreement on any grounds available by law.

The following is added to the end of the “Summary” section of Item 17(j), entitled “**Assignment of contract by franchisor**”:

However, 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 end of the “Summary” sections of Item 17(v), entitled “**Choice of forum**”, and Item 17(w), entitled “**Choice of law**”:

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.

North Dakota

In North Dakota, the disclosure document is amended as follows to conform to North Dakota law:

Item 17r is amended to add the following: "To the extent that covenants not to compete apply to periods after the term of the franchise, they are generally considered unenforceable in the State of North Dakota."

Item 17u (Dispute Resolution by Arbitration or Mediation) is amended to omit any reference to the location of mediation or arbitration.

Item 17v (Choice of Forum) is amended to state "None" under the heading for “Section in Agreement” and "Not Applicable" under the heading for "Summary."

The franchise agreement includes a waiver of the right to a jury trial. That requirement will not apply to North Dakota franchises and is deemed deleted in each place it appears in the disclosure document and franchise agreement.

The franchise agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchises and is deemed deleted in each place it appears in the disclosure document and franchise agreement.

Rhode Island

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v and Item 17w of the disclosure document, any litigation (but not arbitration) arising under the franchise agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor.

To the extent required by § 19-28.1-14 of the Rhode Island Franchise Investment Act, the Agreements will be governed by the laws of the State of Rhode Island.

South Dakota

The franchise agreement includes a covenant not to compete after termination of the agreement. Covenants not to compete upon termination or expiration of the franchise agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The franchise agreement provides for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The franchise agreement designates the law of a state other than South Dakota as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration Act and trademark issues are to be construed under the Lanham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement, and interpretation under the governing law specified by the franchise agreement.

Under South Dakota law, any provision in a franchise agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the disclosure document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination. Under SDCL 37-5B-21, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void.

Any acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

Virginia

The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause.

Washington

The State of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your agreement. 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 the franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

In Washington, provisions of the franchise agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, such as the right to 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.

EXHIBIT C to Franchise Disclosure Document

FINANCIAL STATEMENTS

P&B FRANCHISE, LLC
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



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**P&B FRANCHISE, LLC
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INDEPENDENT AUDITORS' REPORT

Members
P&B Franchise, LLC
Scottsdale, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of P&B Franchise, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of P&B Franchise, LLC, 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 for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of P&B Franchise, LLC, 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 these 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 P&B Franchise, LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 P&B Franchise, LLC'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 P&B Franchise, LLC'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.



CliftonLarsonAllen LLP

Phoenix, Arizona
May 9, 2023

**P&B FRANCHISE, LLC
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 192,807	\$ 199,175
Accounts Receivable	9,053	20,263
Current Portion of Deferred Franchise Costs	8,056	8,056
Total Current Assets	209,916	227,494
NONCURRENT ASSETS		
Due from Related Parties	7,350	8,564
Trademarks	599	450
Deferred Franchise Costs, Net of Current Portion	21,177	29,233
Total Noncurrent Assets	29,126	38,247
PROPERTY AND EQUIPMENT, Net	1,299	2,991
Total Assets	\$ 240,341	\$ 268,732
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,012	\$ 10,159
Due to Related Parties	14,615	9,491
Credit Cards Payable	-	6,344
Current Portion of Note Payable	4,052	1,317
Current Portion of Deferred Franchise and Area Fees	67,025	67,025
Total Current Liabilities	86,704	94,336
NONCURRENT LIABILITIES		
Note Payable	190,527	191,069
Deferred Franchise and Area Fees, Net of Current Portion	348,248	358,704
Total Noncurrent Liabilities	538,775	549,773
Total Liabilities	625,479	644,109
MEMBERS' DEFICIT	(385,138)	(375,377)
Total Liabilities and Members' Deficit	\$ 240,341	\$ 268,732

See accompanying Notes to Financial Statements.

P&B FRANCHISE, LLC
STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' DEFICIT
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
REVENUE		
Franchise and Area Fee Revenue	\$ 68,949	\$ 59,658
Franchise Royalties	180,862	128,672
Ad Fund Revenue	46,330	36,898
Total Revenue	296,141	225,228
EXPENSES		
General and Administrative Expense	205,101	123,300
Advertising	45,404	62,285
Total Expenses	250,505	185,585
NET INCOME	45,636	39,643
Distributions to Members	(55,397)	-
Members' Deficit - Beginning of Year	(375,377)	(415,020)
MEMBERS' DEFICIT - END OF YEAR	\$ (385,138)	\$ (375,377)

See accompanying Notes to Financial Statements.

P&B FRANCHISE, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 45,636	\$ 39,643
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	1,692	1,431
Noncash Interest Expense Through Note Payable	11,543	6,346
(Increase) Decrease in Current Assets:		
Accounts Receivable	11,210	(5,685)
Due from Related Parties	1,214	(8,059)
Deferred Franchise Costs	7,907	(11,445)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(9,147)	9,858
Due to Related Parties	5,124	9,491
Credit Cards Payable	(6,344)	3,480
Deferred Franchise and Area Fees	(10,456)	(20,658)
Net Cash Provided by Operating Activities	58,379	24,402
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	-	102,300
Repayment of Notes Payable	(9,350)	-
Distributions to Members	(55,397)	-
Net Cash Provided (Used) by Financing Activities	(64,747)	102,300
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,368)	126,702
Cash and Cash Equivalents - Beginning of Year	199,175	72,473
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 192,807	\$ 199,175

See accompanying Notes to Financial Statements.

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

P&B Franchise, LLC (the Company) was formed on June 24, 2013 in the state of Arizona. The Company has a perpetual life and was established for the purpose of selling franchises for the Primp and Blow brand of blow dry bars. The standard franchise fee for a Primp and Blow franchise is \$39,000, though adjustments to the standard fee may be made for multiple stores or other circumstances.

As of December 31, 2022 and 2021, the Company had the following franchise activity:

	<u>2022</u>	<u>2021</u>
Store Count as of the Beginning of the Year	9	9
Store Openings During the Year	1	-
Store Closings During the Year	-	-
Store Count as of the End of the Year	<u>10</u>	<u>9</u>

As of December 31, 2022 and 2021, the Company has two active area developers.

Basis of Presentation

The Company's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The financial statements cover years ended December 31, 2022 and 2021.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists primarily of franchise royalty fees and receivables from franchised facilities. An allowance for doubtful accounts is determined based on management's evaluation of historical losses and the financial stability of its franchisees. At December 31, 2022 and 2021, the Company recorded no allowance for doubtful accounts.

Property and Equipment

Property and equipment consists of office computers which are depreciated using the straight-line method over the estimated useful lives, which is three years. Depreciation expense for the years ended December 31, 2022 and 2021 was \$1,692 and \$1,431, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2022 and 2021 were \$45,404 and \$62,285, respectively.

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Franchise and Area Fees

The Company requires the entire nonrefundable initial franchise or area fee to be paid upon execution of a franchise or area agreement, which typically has an initial term of ten years. Initial franchise and area fees are recognized ratably on a straight-line basis over the term of the franchise or area agreement. The Company's services under the franchise or area agreement include: training of franchisees, site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Royalties and Advertising Fund Revenue

The Company collects royalties, as stipulated in the franchise agreement, equal to 6% of gross sales and a marketing and advertising fee of 2% of gross sales. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of sales over the term of the franchise agreement. The franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties and ad fees are collected monthly.

Royalties and Advertising Fund Revenue (Continued)

The Company is responsible for the direction and administration of the Advertising Fund program on behalf of the Franchisees as provided for in its franchise agreements. The amounts received in the Advertising Fund are restricted for designated use and any amounts not used for current year expenditures are retained for future programs.

Training Revenue

The Company provides training to franchisees both in the on-boarding process and as franchisees hire new employees. Training fees are charged separate and apart from other fees.

Reclassification

Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the reported results of operations.

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through May 9, 2023, the date the financial statements were available to be issued.

NOTE 2 REVENUE DISCLOSURES

Franchise and Area Fees, Royalty Fees, and Advertising Revenue

The franchise arrangement is documented in the form of a franchise agreement. The area arrangement is documented in the form of an area agreement, whereby the right to develop franchises is granted to a specific area. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise or area fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company recognizes the primary components of the transaction price as follows:

- Franchise and area fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the execution of the franchise or area agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time.
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's sales occur.

Disaggregation of Revenue

The Company believes that the captions contained on the statements of operations appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2022 and 2021.

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 REVENUE DISCLOSURES (CONTINUED)

Contract Balances and Accounts Receivable

Contract balances and accounts receivable consist of the following:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Accounts Receivable	<u>\$ 9,053</u>	<u>\$ 20,263</u>	<u>\$ 14,578</u>
Liabilities:			
Deferred Franchise and Area Fees	<u>\$ 415,273</u>	<u>\$ 425,729</u>	<u>\$ 446,387</u>

NOTE 3 DEVELOPMENT OBLIGATION RECEIVABLE

The Company signed an Area Representative Agreement with a franchisee for 20 outlets. The franchisee has minimum development obligations through October 2022 to develop each site. A partial payment was received, however, there was an amount due of \$48,750 at the year ended December 31, 2021. Consistent with the adoption of ASC Topic 606 (Note 1), at December 31, 2022, the amount due is netted against the corresponding contract liability. During 2022, the area representative abandoned their rights under the agreement and the related corresponding contract asset and liability were written off.

NOTE 4 NOTE PAYABLE

On August 10, 2020, the Company entered into a loan agreement with the U.S. Small Business administration (SBA), through the Economic Injury Disaster Loan program. Proceeds from the loan totaled \$82,800. The original installment payments of principal and interest of \$404 were due monthly and were to begin in August of 2021 with the loan maturing in August of 2051. On July 7, 2021, the Company entered into an amended loan agreement with SBA and borrowed an additional \$102,300. The amendment calls for payments of \$940 per month including principal and interest beginning in August of 2022 and ending with the maturity date in August of 2052. Outstanding balances on the loan accrue interest at 3.75% per annum. At December 31, 2022 and 2021, the outstanding principal and interest balance totaled \$194,579 and \$192,386, respectively.

Future maturities of the note are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 4,052
2024	4,207
2025	4,368
2026	4,534
2027	4,707
Thereafter	172,711
Total	<u>\$ 194,579</u>

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 RELATED PARTY TRANSACTIONS

At December 31, 2022 and 2021, the Company had amounts due from companies owned by some of the Company's members of \$7,350 and \$8,564, respectively.

At December 31, 2022 and 2021, the Company had amounts due to companies owned by some of the Company's members of \$14,255 and \$9,491, respectively.

NOTE 6 COMMITMENTS AND CONTINGENCIES

The Company records accruals for contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated based on historical claim activity and loss development factors. There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

P&B FRANCHISE, LLC
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020



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**P&B FRANCHISE, LLC
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INDEPENDENT AUDITORS' REPORT

Members
P&B Franchise, LLC
Scottsdale, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of P&B Franchise, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of P&B Franchise, LLC, as of December 31, 2021 and 2020, 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 for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of P&B Franchise, LLC, 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 these 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 P&B Franchise, LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 P&B Franchise, LLC'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 P&B Franchise, LLC'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.



CliftonLarsonAllen LLP

Phoenix, Arizona
March 24, 2022

**P&B FRANCHISE, LLC
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 199,175	\$ 72,473
Accounts Receivable	20,263	14,578
Current Portion of Deferred Franchise Costs	8,056	7,080
Total Current Assets	227,494	94,131
NONCURRENT ASSETS		
Due from Related Parties	8,564	505
Trademarks	450	450
Deferred Franchise Costs, Net of Current Portion	29,233	18,764
Total Noncurrent Assets	38,247	19,719
PROPERTY AND EQUIPMENT, Net	2,991	4,422
Total Assets	\$ 268,732	\$ 118,272
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts Payable	\$ 10,159	\$ 301
Due to Related Parties	9,491	-
Credit Cards Payable	6,344	2,864
Current Portion of Note Payable	1,317	-
Current Portion of Deferred Franchise and Area Fees	67,025	62,125
Total Current Liabilities	94,336	65,290
NONCURRENT LIABILITIES		
Note Payable	191,069	83,740
Deferred Franchise and Area Fees, Net of Current Portion	358,704	384,262
Total Noncurrent Liabilities	549,773	468,002
Total Liabilities	644,109	533,292
MEMBERS' EQUITY (DEFICIT)	(375,377)	(415,020)
Total Liabilities and Members' Equity (Deficit)	\$ 268,732	\$ 118,272

See accompanying Notes to Financial Statements.

P&B FRANCHISE, LLC
STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUE		
Franchise and Area Fee Revenue	\$ 59,658	\$ 63,125
Franchise Royalties	103,111	45,099
Ad Fund Revenue	<u>36,898</u>	<u>11,859</u>
Total Revenue	199,667	120,083
EXPENSES		
General and Administrative Expense	97,739	90,455
Advertising	<u>62,285</u>	<u>54,451</u>
Total Expenses	<u>160,024</u>	<u>144,906</u>
NET INCOME (LOSS)	39,643	(24,823)
Cumulative Effect of Change in Accounting Principle (ASC Topic 606)	-	(367,252)
Distributions to Members	-	(77,500)
Members' Equity (Deficit) - Beginning of Year	<u>(415,020)</u>	<u>54,555</u>
MEMBERS' EQUITY (DEFICIT) - END OF YEAR	<u><u>\$ (375,377)</u></u>	<u><u>\$ (415,020)</u></u>

See accompanying Notes to Financial Statements.

P&B FRANCHISE, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ 39,643	\$ (24,823)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,431	1,431
Noncash Interest Expense Through Note Payable	6,346	1,040
(Increase) Decrease in Current Assets:		
Accounts Receivable	(5,685)	11,143
Prepaid Expenses	-	6,021
Due from Related Parties	(8,059)	(505)
Deferred Franchise Costs	(11,445)	-
Increase (Decrease) in Current Liabilities:		
Accounts Payable	9,858	(378)
Due to Related Parties	9,491	(5,490)
Credit Cards Payable	3,480	(7,757)
Accrued Liabilities	-	(179)
Deferred Franchise and Area Fees	(20,658)	(63,171)
Net Cash Provided (Used) by Operating Activities	24,402	(82,668)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	-	(3,899)
Net Cash Used by Investing Activities	-	(3,899)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	102,300	82,700
Distributions to Members	-	(77,500)
Net Cash Provided by Financing Activities	102,300	5,200
 NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	126,702	(81,367)
Cash and Cash Equivalents - Beginning of Year	72,473	153,840
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 199,175	\$ 72,473

See accompanying Notes to Financial Statements.

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

P&B Franchise, LLC (the Company) was formed on June 24, 2013 in the state of Arizona. The Company has a perpetual life and was established for the purpose of selling franchises for the Primp and Blow brand of blow dry bars. The standard franchise fee for a Primp and Blow franchise is \$39,000, though adjustments to the standard fee may be made for multiple stores or other circumstances.

As of December 31, 2021, the Company had the following franchise activity:

Store Count as of December 31, 2020	9
Store Openings During 2021	-
Store Closings During 2021	-
Store Count as of December 31, 2021	<u>9</u>

As of December 31, 2021 and 2020, the Company has two active area developers.

Basis of Presentation

The Company's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The financial statements cover years ended December 31, 2021 and 2020.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists primarily of franchise royalty fees and receivables from franchised facilities. An allowance for doubtful accounts is determined based on management's evaluation of historical losses and the financial stability of its franchisees. At December 31, 2021 and 2020, the Company recorded no allowance for doubtful accounts.

Property and Equipment

Property and equipment consists of office computers which are depreciated using the straight-line method over the estimated useful lives, which is three years. Depreciation expense for the years ended December 31, 2021 and 2020 was \$1,431.

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable. Such circumstances could include, but are not limited to, a significant decrease in the market value of an asset or a significant adverse change in the extent or manner in which an asset is used or in its physical condition. The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it.

Should the sum of the expected future cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds the fair value of the asset. The fair value is measured based on various valuation techniques, including the discounted value of estimated future cash flows.

The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts.

At December 31, 2021 and 2020, the Company had trademarks of \$450 that were considered to have indefinite lives. Management has not identified any impairment of intangible assets as of December 31, 2021 and 2020.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2021 and 2020 were \$62,285 and \$58,196, respectively.

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 a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The accounting for lessors will remain relatively unchanged. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Company's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Company's financial statements.

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

The FASB issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer.

The Company adopted the requirements of the new guidance as of January 1, 2020, utilizing the modified retrospective method of transition. As a result, the Company recorded a cumulative adjustment to retained earnings as of January 1, 2020, to reflect the effect of the new guidance. The comparative financial information presented has not been restated and continues to be reported under the accounting standards in effect for those periods.

The Company applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2020. Adoption of the new guidance resulted in changes to the accounting policies for revenue recognition, and deferred franchise revenue as detailed below.

The primary impact of ASC 606 on the Company's revenue recognition policies is a change in the accounting for initial franchise and area fees. Upon the initial sale of a franchise, the Company is obligated to provide franchisees access to certain proprietary programs, written materials, trademarks, tools and support associated with their franchise business. The Company previously recorded the initial franchise and area fees as revenue at the beginning of franchisee operations. Beginning in January 2020, under ASC 606, initial franchise and area fees have been recognized as the Company satisfies the performance obligation over the franchise term on a straight-line basis, which is generally ten years. The unrecognized portion of initial franchise and area fees is recorded as deferred franchise revenue.

The modified retrospective method of transition requires the Company to disclose the effect of applying the new guidance on each item included in the 2020 financial statements. The following are the line items, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying the New Guidance</u>	<u>As Reported</u>
<u>Assets</u>			
Deferred Franchise Costs	\$ 41,294	\$ (15,450)	\$ 25,844
<u>Liabilities</u>			
Deferred Franchise and Areas Fees	198,674	247,713	446,387
<u>Members' Deficit</u>			
Retained Deficit	(47,768)	(367,252)	(415,020)
Revenues	56,958	63,125	120,083
Net Loss	(84,613)	59,790	(24,823)
<u>Cash Flows</u>			
Net Loss	(84,613)	59,790	(24,823)
Deferred Franchise Costs	-	-	-
Deferred Franchise and Areas Fees	-	(63,171)	(63,171)

There was no impact from ASC 606 on revenue recognition policies related to royalties and training fees. The Company recognizes royalties as earned when the franchises report the associated revenue to the Company and training revenue is recognized at training completion.

Revenue Recognition

Franchise and Area Fees

The Company requires the entire nonrefundable initial franchise or area fee to be paid upon execution of a franchise or area agreement, which typically has an initial term of ten years. Initial franchise and area fees are recognized ratably on a straight-line basis over the term of the franchise or area agreement. The Company's services under the franchise or area agreement include: training of franchisees, site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Royalties and Advertising Fund Revenue

The Company collects royalties, as stipulated in the franchise agreement, equal to 6% of gross sales and a marketing and advertising fee of 2% of gross sales. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of sales over the term of the franchise agreement. The franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties and ad fees are collected monthly.

Training Revenue

The Company provides training to franchisees both in the on-boarding process and as franchisees hire new employees. Training fees are charged separate and apart from other fees.

Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 24, 2022, the date the financial statements were available to be issued.

NOTE 2 REVENUE DISCLOSURES

Franchise and Area Fees, Royalty Fees, and Advertising Revenue

The franchise arrangement is documented in the form of a franchise agreement. The area arrangement is documented in the form of an area agreement, whereby the right to develop franchises is granted to a specific area. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise or area fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 REVENUE DISCLOSURES (CONTINUED)

Franchise and Area Fees, Royalty Fees, and Advertising Revenue (Continued)

The Company recognizes the primary components of the transaction price as follows:

- Franchise and area fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the execution of the franchise or area agreement. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time.
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's sales occur.

Disaggregation of Revenue

The Company believes that the captions contained on the statements of operations appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2021 and 2020.

Contract Balances and Accounts Receivable

Contract balances and accounts receivable consist of the following:

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts Receivable	\$ 20,263	\$ 14,578	\$ 25,721
<u>Liabilities:</u>			
Deferred Franchise and Area Fees	\$ 425,729	\$ 446,387	\$ 198,674

NOTE 3 DEVELOPMENT OBLIGATION RECEIVABLE

The Company signed an Area Representative Agreement with a franchisee for 20 outlets. The franchisee has minimum development obligations through October 2022 to develop each site. A partial payment, was received, however, there is an amount due of \$48,750. Consistent with the adoption of ASC Topic 606 (Note 1), at December 31, 2021 and 2020, the amount due is netted against the corresponding contract liability.

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 NOTE PAYABLE

On August 10, 2020, the Company entered into a loan agreement with the U.S. Small Business administration (SBA) through the Economic Injury Disaster Loan program. Proceeds from the loan totaled \$82,800. The original installment payments of principal and interest of \$404 were due monthly and were to begin in August of 2021 with the loan maturing in August of 2051. On July 7, 2021, the Company entered into an amended loan agreement with SBA which increased the balance of the loan by \$102,300. The amendment calls for payments of \$940 per month including principal and interest beginning in August of 2022 and ending with the maturity date in August of 2052. Outstanding balances on the loan accrue interest at 3.75% per annum.

Future maturities of the note are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 1,317
2023	4,052
2024	4,207
2025	4,367
2026	4,524
Thereafter	173,919
Total	<u><u>\$ 192,386</u></u>

NOTE 5 RELATED PARTY TRANSACTIONS

At December 31, 2021 and 2020, the Company had amounts due from companies owned by some of the Company's members of \$8,564 and \$505, respectively.

At December 31, 2021 and 2020, the Company had amounts due to companies owned by some of the Company's members of \$9,491 and \$-0-, respectively.

NOTE 6 COMMITMENTS AND CONTINGENCIES

The Company records accruals for contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated based on historical claim activity and loss development factors. There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material.

P&B FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 RISKS AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) continues to affect global markets, supply chains, employees of companies, and our communities. Specific to the Company, COVID-19 may impact various parts of its 2022 operations and financial results, including sales. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2021.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. **CliftonLarsonAllen LLP**



EXHIBIT D to Franchise Disclosure Document

FORM OF FRANCHISE AGREEMENT



PRIMP & BLOW®

FRANCHISE AGREEMENT

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State Specific Addendum to Franchise Agreement

EXHIBIT 1 - ADDENDUM TO LEASE AGREEMENT

EXHIBIT 2 – FORM OF PHOTOGRAPHY RELEASE

EXHIBIT 3 - OWNERSHIP INTERESTS IN FRANCHISE OWNER

EXHIBIT 4 - FORM OF PERSONAL GUARANTY OF FRANCHISEE’S

UNDERTAKINGS

**P&B FRANCHISE, LLC
FRANCHISE AGREEMENT**

This Franchise Agreement (“this Agreement”) is entered into and effective on the ____ day of _____, 20__ (the “Effective Date”) by and between P&B Franchise, LLC, an Arizona limited liability company, with its principal business address at 10115 E. Bell Road, #107-224, Scottsdale, AZ 85260 (“Franchisor”), and the following individuals: _____ (collectively, “Franchisee,” and each a “Franchise Owner” or “Owner”), each of which Franchise Owners is domiciled at the respective residential address set out next to his or her signature below, with reference to the following facts:

RECITALS

A. Franchisor is the originator of, and through considerable time and effort has developed, a distinctive business concept, with distinctive format, systems, methods, procedures, designs, layouts, and specifications, for the operation of blow dry hair salons (also referred to herein as “Locations”) specializing in certain hair styling and cosmetology services (referred to as the “Primp and Blow® Concept,” and the term “P&B™” is generally used to refer to or to substitute for “Primp and Blow®”).

B. Franchisor operates and licenses others to operate locations featuring the Primp and Blow® Concept using valuable trade names, trademarks, and service marks belonging to Franchisor or Franchisor’s affiliate, as applicable, and the distinctive business format, systems, methods, procedures, designs, layouts, specifications, copyrighted manuals, and other materials, trade secrets, know-how, and technology developed by Franchisor or Franchisor’s affiliate (the “Primp and Blow® System”).

C. Franchisor has established, and is continuing to develop and operate, a set or chain of Primp and Blow® locations that are fundamentally uniform in image, methods of operation, and products and services offered (the “Primp and Blow® Chain”).

D. Franchisor owns or licenses from its affiliate various trademarks, service marks, trade names, logotypes, trade dress, designs, symbols, emblems, logos, insignias, external and internal building designs, and architectural features, copyrights, and combinations of the foregoing, which are used by Franchisor, its franchisees and licensees in offering, selling, and distributing its products and services, all of which, together with those trademarks, service marks, trade names, logotypes, commercial symbols, and copyrights that Franchisor designates from time to time are collectively referred to herein as the “Marks.”

E. The Primp and Blow® Chain enjoys widespread public acceptance due in part to (1) uniform high standards for services and products provided to its clientele; (2) an essentially uniform image, appearance, and methods of operation in all locations; (3) uniform use of the System and the valuable and distinctive Marks; and (4) Franchisor’s insistence that its franchisees' and licensees' commit to maintain and enhance the goodwill and public acceptance of Primp and Blow® services, products, and locations by strict adherence to these uniform standards as they now exist and may be revised from time to time pursuant to this Agreement.

F. Franchisee desires, and has applied for a franchise, to establish and operate a hair salon using the “Primp and Blow®” trademarks and the Primp and Blow® System (the “Franchise”) at a location to be specified and constructed, in accordance with the terms of this Agreement (the “Location”).

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Franchisor and Franchisee, and intending to be legally bound hereby, the parties agree as follows:

1. GRANT OF FRANCHISE AND INITIAL TERM

1.1 License Rights. Franchisor grants Franchisee the limited right, during the term of this Agreement (the “Term,” as defined below), to use the Primp and Blow® System in operating a franchised business under the Primp and Blow® trademark and the other Marks (which business is referred to herein as the “Franchised Business”).

1.2 Single Site and Relocation. Franchisor grants Franchisee the right to operate the business only at a single, Franchisor-approved location. Franchisee shall conduct the business only from the approved location, except that to the extent provided and in compliance with the then current directions of Franchisor included in the Operations Manual, as defined below, Franchisee may provide services (and products directly involved with such services) away from the Location. Franchisee shall not delegate, franchise, or sub-franchise the right to use the Marks or authorize any independent contractor or any other party, including those with whom Franchisee conducts business, to use the Marks. The approved location for the Salon is or shall be stated in Section 1.7 below. If at execution of this Agreement the approved location is not mutually selected, Franchisor shall designate the geographic area within which Franchisee may seek a location for the Salon. Franchisee shall have no right to relocate the Salon, and Franchisee shall not relocate the Salon without first obtaining Franchisor’s prior written consent, which may be withheld in Franchisor’s sole discretion.

1.3 Exclusivity; Designated Territory. Franchisor promises not to open or grant any third party the right to open a Primp and Blow® Salon during the Term (as defined below) at any location within the Designated Territory described below:

_____ (the “Designated Territory”).

1.4 Reservation of All Other Rights. Franchisor reserves all rights, except as expressly stated in this Agreement, including but not limited to the right to open additional Locations and to offer additional franchises and licenses for additional Locations to other parties as Franchisor deems in its best interest. The license granted to Franchisee under this Agreement to use the Marks is non-exclusive, and Franchisor, in its sole and absolute discretion, has the right to grant other franchises and licenses in, to and under the Marks in addition to those already granted, both within and outside the Salon’s trading area, and to develop and license other names and marks on any such terms and conditions as Franchisor deems appropriate.

1.5 Initial Term. The initial term of this Agreement (the “Term”) starts on the Effective Date and automatically expires at the close of business on the day immediately before the tenth (10th) anniversary of the Operations Commencement Date, which date is defined as the earlier of: a) the 270th day immediately following the Effective Date, or b) the date the Location first opens for business. The date that the Location first opens for business shall be confirmed by written notice from Franchisee to Franchisor not later than five (5) days immediately following the opening.

1.6 Continuous, Full Term Performance. Franchisee covenants to operate the franchised business, perform the obligations of this Agreement, and continuously exert Franchisee’s best efforts to promote and enhance the business of the Franchise for the full term of this Agreement.

1.7 Selection of Premises. Franchisee will present to Franchisor for Franchisor’s review the location of the Premises upon or after the signing of this Agreement in the form of a completed site package, which shall cover each of the criteria for review as prescribed by Franchisor. Franchisor will review the proposed location and approve (conditionally or unconditionally) or disapprove it in Franchisor’s good faith discretion. Franchisee acknowledges that the Franchise granted by this Agreement gives Franchisee the right to operate Franchisee’s Franchise only at the Premises described below.

The Premises of the Franchised Business will be located at:

Address _____
City _____ State _____ Zip _____

2. TRADEMARKS AND COPYRIGHTS

2.1 Use Permission. Franchisor grants to Franchisee the right to use the Marks at the Salon and nowhere else, except as expressly approved by Franchisor during the Term (as defined below) for identification, advertising, and promotion of Franchisee’s Primp and Blow® franchise. Franchisee shall adopt and use the Marks only in the manner expressly approved by Franchisor from time to time during the Term (as defined below).

2.2 Ownership of Marks, Additions, Deletions, and Changes. Franchisee acknowledges: that Franchisor owns the Marks; that Franchisee’s right to use the Marks is derived solely from this Agreement and is limited to operating the Salon in compliance with this Agreement and all Franchisor’s standards, specifications, and operating procedures; that all goodwill developed from Franchisee’s use of the Marks shall be for Franchisor’s exclusive benefit; and, that this Agreement does not confer any goodwill or other interest in the Marks on Franchisee except the limited right to use them in operating one Primp and Blow® Salon in compliance with this Agreement. Nothing contained in this Agreement shall be construed to vest in Franchisee any right, title or interest in or to the Marks, the goodwill now or hereafter associated therewith, or any right in the design or any Salon building, other than the limited rights and license expressly granted herein. Franchisor shall have the right at any time and from time to time upon notice to Franchisee to make additions to, deletions from, and changes in the Marks, or any of them, all of which additions, deletions and changes shall be as effective as if they were incorporated in this Agreement. Franchisee represents, warrants, and promises that neither during the Term of this Agreement nor after the expiration or other termination hereof, shall the Franchisee directly or indirectly contest or aid in contesting the validity, ownership or use of the Marks by Franchisor or take any action whatsoever in derogation of the rights claimed therein by Franchisor.

2.3 Restriction on Use. Franchisee shall not use any Mark or Marks as part of any corporate or trade name or with any prefix, suffix, or in any modified form or with other modifying words, terms, designs or symbols, unless specifically approved by Franchisor in writing. Franchisee shall be permitted to identify Franchisee’s business using a fictitious business name of Franchisee’s Salon in a format as the law permits and Franchisor approves or designates, in Franchisor’s sole discretion, from time to time, such as “Primp and Blow®” of [geographic designation]. Franchisee shall file all fictitious name affidavits required by law in the state and county where Franchisee is located. Franchisee shall not use the Marks in any manner not expressly authorized in writing by Franchisor. Franchisee shall use and display all Marks in the manner Franchisor specifies. Franchisee shall use the encircled R registration symbol “®” with Marks that are registered in the U.S. Patent and Trademark Office and shall give additional notices of trade and service mark registrations as Franchisor specifies. Franchisee shall refrain from any business or marketing practice that might injure Franchisor or the business and goodwill associated with the Marks or the Primp and Blow® System.

2.4 Trademark Protection. Franchisor shall have no obligation to protect Franchisee against claims of infringement or unfair competition arising out of the use of the Marks or to defend Franchisee in any legal action. However, Franchisor will take such action as Franchisor considers appropriate under the circumstances, provided Franchisee has promptly notified Franchisor in writing of the facts of the claim or challenge and provided further that Franchisee has used the Marks in strict accordance with this Agreement and all Franchisor's rules, regulations, requests, and procedures. Franchisor may assume the defense of the action at any time, even if Franchisor initially declined to take over the defense. If Franchisor chooses to defend Franchisee, then Franchisee shall fully cooperate with Franchisor in that defense.

2.5 Control of Actions and Trademark Usage. Franchisor shall have the sole right to control any legal actions or proceedings including settlements involving claimed trademark infringement or unfair competition against Franchisee or against others using the Marks. Franchisor may, at Franchisor's sole discretion, prosecute or defend any infringement or unfair competition claim involving the Marks or any other actions or proceedings that Franchisor deems necessary or desirable to protect the Marks.

2.6 Notification of Claims. Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of any Marks or claim by any person of any rights in any Mark. Franchisee shall not communicate with any person other than Franchisor or Franchisor's legal counsel concerning the alleged infringement, challenge, or claim. Franchisee shall execute any instruments and documents, provide assistance, and do those things (including being named as a party) that, in the opinion of Franchisor's legal counsel, may be necessary or advisable to protect and maintain Franchisor's interests in any litigation, or U.S. Patent and Trademark Office, or other proceeding, or otherwise protect and maintain Franchisor's interests in the Marks.

2.7 Stopping or Changing Use of Marks. If it becomes advisable at any time in Franchisor's sole discretion for Franchisor or Franchisee to modify or stop using any Mark(s) or to use one or more additional or substitute trade or service marks, Franchisee shall comply with Franchisor's directions to modify or stop using the Marks or to use one or more additional or substitute trade or service marks within a reasonable time after notice from Franchisor. Franchisor shall have no obligation to pay for or reimburse Franchisee for the expenses to modify or stop using any Mark(s), or in substituting different trade or service marks.

2.8 Copyrights. Franchisee acknowledges that Franchisor owns the worldwide copyrights and other intellectual property rights to all components of the System that are original works of authorship subject to copyright, including, without limitation, the Manual, the Handbook, marketing materials, website text, artwork, photographs, musical compositions, sound recordings, audiovisual works, computer software, and architectural designs (collectively, the "Copyrighted Materials"). Franchisee acknowledges and agrees that it may not make translations, copies, adaptations of or modifications to the Copyrighted Materials without the prior written consent of Franchisor.

Neither this Agreement nor the operation of the Franchised Business in any way gives Franchisee any interest in the Copyrighted Materials other than the right to use the Copyrighted Materials solely in connection with the Franchised Business, solely in accordance with the terms and conditions of this Agreement and solely during the term of this Agreement.

Franchisee acknowledges that Franchisor will own the copyrights and all other rights to translations, modifications and adaptations of or to the Copyrighted Materials made by Franchisee from time to time. Franchisee hereby assigns to Franchisor its copyrights and economic rights and waives any moral rights and similar rights with respect to the translated, modified or adapted Copyrighted Materials, and agrees to execute any all instruments and documents, render such assistance and perform such acts and things as may, in the opinion of Franchisor, be necessary or advisable in the furtherance of such assignment and waiver. Franchisee will require the same assignment, waiver and covenant in favor of Franchisor by Franchisee's officers and employees and by any independent contractors or other third parties who translate, modify or

adapt the Copyrighted Materials.

2.9 Franchisor's Rights to Additional Trademarks and Other Marks. Franchisee understands and expressly acknowledges and agrees that Franchisor has the exclusive, unrestricted right to engage directly and indirectly, through its employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, within the Salon's trading area and elsewhere, in (a) the production, distribution and sale of products under the Trademarks licensed hereunder or other marks; and (b) the use, in connection with such production, distribution and sale, of any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by the Franchisor, whether or not licensed to Franchisee.

2.10 No Pre-Packaged Products. Except as expressly permitted by this Agreement and the Manual, the license granted under this Agreement does not include any right or authority of any kind whatsoever to Franchisee to produce or sell, or license others to produce or sell, pre-packaged products under the Marks.

2.11 Use Only in Good Taste. Franchisee shall use and display the Marks only in good taste (per Franchisor's judgment) and shall not use the Marks in connection with any statement or material which may, in the judgment of Franchisor, be in bad taste or inconsistent with Franchisor's public image, or tend to bring disparagement, ridicule or scorn upon Franchisor, the Marks, or the goodwill associated therewith.

3. CONFIDENTIAL BUSINESS OPERATIONS MANUAL

3.1 Confidential Business Operations Manual. Franchisor has created a Confidential Business Operations Manual (the "Manual") which contains policies, specifications, procedures, and instructions developed by Franchisor pertaining to the construction, equipping, décor, furnishing, operation and marketing of Primp and Blow® Salons. During the Term, Franchisor will provide Franchisee with electronic access to the Manual.

3.2 Ownership. The Manual and its contents are solely Franchisor's property.

3.3 Confidentiality. Franchisee acknowledges and agrees that the contents of the Manual are confidential and proprietary to Franchisor. Franchisee shall keep the contents of the Manual confidential and shall take any additional steps that Franchisor requests from time to time to protect the confidentiality of the Manual. Franchisee shall make no copy in any format whatsoever of the Manual or any portion of the Manual.

3.4 Additions and Modifications. Franchisor may from time to time add to, delete from, supplement or otherwise modify the contents of the Manual.

3.5 Acknowledgement of Critical Nature of Uniformity within the Chain. Franchisee acknowledges and agrees that strict conformity with the System, including the standards, specifications, systems, procedures, requirements, and instructions contained in this Agreement and in the Manual, is vitally important to the success not only of Franchisor, but to the collective success of all System franchisees, including Franchisee, by reason of the benefits all franchisees and Franchisor will derive from uniformity in products, identity, quality, appearance, facilities, payment methods (including gift certificates, gift cards, stored value cards, customer loyalty programs, etc.), social networking, websites, advertising, promotions, and service among all Salons in the Chain. Any failure to adhere to the standards, specifications, requirements, or instructions contained in this Agreement or in the Manual shall constitute a material breach of this Agreement.

The System does not include policies or procedures regarding human resources or security issues. In the event Franchisor elects in the future to communicate any policies or procedures regarding human resources or security issues, Franchisee's adoption or use of them will be completely voluntary and at Franchisee's sole discretion, unless Franchisor unequivocally requires in writing Franchisee to implement them. Franchisee hereby acknowledges and agrees that Franchisor is not responsible for and does not control the

policies or procedures of Franchisee regarding the human resource, employment, work environment or the safety of Franchisee's employees, customers or guests.

3.6 Compliance. Franchisee shall operate the Salon in compliance with all the contents of the Manual, as modified from time to time by Franchisor, and Franchisee acknowledges and accepts that additional investment and expenditures by Franchisee may be necessary in order to comply with such modifications.

3.7 Advisory Councils. Franchisee shall participate in, and, if required by Franchisor, become a member of any advisory councils or similar organizations Franchisor forms or organizes for Primp and Blow® franchises.

4. TRAINING AND REQUIRED LICENSES

4.1 Training Programs. Franchisor will provide an initial training program and may provide other mandatory and optional training programs. All training programs will be conducted at locations and times that Franchisor designates.

4.2 Initial Training. Not later than the thirty (30) days prior to Franchisee's scheduled opening, Franchisor shall allow for the attendance of two management individuals selected by Franchisee (which may be Franchisee and Franchisee's initial Salon manager, two managers, or Franchisee and Franchisee's spouse, if both are actively involved in the operation of the Salon) in Franchisor's initial training program, which training shall be at Franchisee's expense. The parties acknowledge that the initial training program is anticipated to occupy each trainee on a full time basis and to last ten (10) to twelve (12) days. Training shall take place at a location designated by Franchisor, which may be a Franchisor or affiliate-operated Salon. Each additional management employee of Franchisee must be trained to the sole, subjective satisfaction of Franchisor, and Franchisee shall pay for each additional trainee an additional training fee as provided in Section 7.2 below.

In addition to the training described in the preceding paragraph, Franchisor will provide Franchisee with a trainer at the Salon for up to five (5) days during the two-week period immediately prior to the Salon's scheduled opening. Franchisor will also provide an operations supervisor at the Salon for up to three (3) days running from immediately prior to and during the grand opening event for the Salon. The fee for providing these services is described in Section 5.1(e) below.

4.3 Failure to Complete Initial Training. Subject to the second sentence of this Section 4.3, unless at least two individuals on behalf of Franchisee complete the initial training program to Franchisor's sole, subjective satisfaction prior to the scheduled opening date of the Franchised Business, then Franchisor shall have the right to terminate this Agreement effective on delivery of notice of termination to Franchisee. Notwithstanding the foregoing, if Franchisee is an owner-operator, only that individual need complete the initial training program. On termination under this Section, there shall be no refund of any fee or expense, and Franchisor shall keep all initial franchise and other fees paid.

4.4 Additional Mandatory and Optional Training. Franchisor, at Franchisor's discretion, may provide from time to time mandatory or optional training programs on new products, operating procedures, selling techniques, services, preferred suppliers, management skills, and other aspects of business operations that Franchisor believes may be beneficial. Franchisor shall have the right to determine the duration, location, composition, subject matter, whether or not there will be an additional charge for a particular program, the amount of the charge, and all other aspects of these training programs. Franchisee shall attend and complete, and cause Franchisor-described personnel to attend and complete, all training programs that Franchisor specifies as mandatory.

4.5 Training Requested by Franchisee. If Franchisee requests and Franchisor agrees to provide training or assistance at the Salon in addition to the initial training, Franchisee shall pay Franchisor's then standard rates for each day of such additional training or assistance and reimburse Franchisor's expenses for these

special or additional training programs, including but not limited to compensation and reasonable expenses of instructors.

4.6 Franchise Specific Additional Training. Special or additional training programs may be implemented by Franchisor at Franchisor's sole discretion when Franchisor believes such programs could provide particular value to Franchisee or that Franchisee is in particular need for such training. Franchisee shall pay Franchisor applicable training fees and reimburse Franchisor's expenses for these special or additional training programs, including but not limited to compensation of instructors, payment for facilities, and training manuals.

4.7 Training Expenses. Franchisee is solely responsible for all expenses incurred by Franchisee, Franchisee's designated manager, and other Franchisee employees for all training programs including training fees, cost of travel, lodging, meals, and compensation. There will be no compensation of any kind from Franchisor for work performed or participation in any training program, even if the training involves customer service, or other work at or beneficial to a Primp and Blow® Salon owned or operated by Franchisor or another franchisee.

4.8 Proprietary Materials. At the Initial Training Program or other training programs (if any), Franchisor may provide to Franchisee proprietary information, training materials, training curricula, and related materials for use in connection with the training of Franchisee's management and staff. Such items are and will remain the property of Franchisor. Franchisor may also from time to time make available to Franchisee for purchase other materials relevant to the System and Franchisee's Primp and Blow® business. Franchisee must not, and must not allow its employees or others, to copy, reproduce, disseminate, or otherwise reveal to third parties any of such proprietary information or materials without Franchisor's express, prior, written consent.

4.9 Training Franchisee's Employees. Franchisee shall implement each training program for Franchisee's employees and independent contractors that Franchisor may prescribe in writing from time to time.

4.10 Licenses and Certificates Required by Law. Each of Franchisee, Franchisee's General Manager (if any) and all other employees shall obtain all certifications and licenses required by law in order to perform their respective responsibilities and duties at the Franchised Business.

4.11 Conventions. From time to time, Franchisor may, but is not obligated to, arrange for meetings or conventions of franchisees and licensees to provide additional exchange of information and ideas, to recognize accomplishments of franchisees, or for other purposes related to the System. Franchisee shall, at Franchisee's expense, attend and participate in all meetings and conventions that Franchisor designates as mandatory.

5. DEVELOPMENT AND OPENING OF THE FRANCHISED BUSINESS

5.1 Site Approval; Lease or Purchase of Premises; Opening Timeline.

(a) Site Assistance. Franchisee acknowledges and agrees that Franchisee is responsible to select, acquire (by purchase or lease), and develop the Premises and the Salon. Franchisee shall not commence any construction of the Salon without first obtaining Franchisor's written consent to the proposed location. In determining whether to consent, Franchisor may consider any factors relevant in Franchisor's sole determination, which may include, but are not limited to size, appearance, other physical characteristics of the premises, and demographic characteristics, traffic patterns, competition from other businesses in the area, and other commercial characteristics. Franchisee acknowledges that consent by Franchisor is not any form of assurance or recommendation regarding suitability or any particular results of the location. If the Premises are to be leased, Franchisee shall provide Franchisor a complete copy of the fully executed lease within five (5) business days of execution. Franchisee shall use its best efforts to cause the provisions contained in **Exhibit 1** hereto to be included as an addendum to the lease. If Franchisor and Franchisee do not agree on a location for the Salon within one hundred fifty (150) days from the Effective Date, either

party shall have the right to terminate this Agreement. On termination under this Section, there shall be no refunds and Franchisor shall retain the Initial Franchise Fee and all other fees paid.

Franchisor will not unreasonably withhold approval of a site that meets Franchisor's standards for general location and neighborhood, traffic patterns, parking size, layout and other characteristics. Franchisor's approval of a site shall not constitute, nor be deemed, a judgment as to the likelihood of success of a Primp and Blow® Salon at such location, or a judgment as to the relative desirability of such location in comparison to other locations.

(b) Once Franchisor has approved a proposed site for the Premises, Franchisee must obtain lawful possession of the Premises through lease or purchase within thirty (30) days of Franchisor's approval. Franchisee shall not execute any lease intended for the Location without Franchisor's advance written approval of the lease terms.

(c) Franchisee shall contract with a contractor of Franchisee's choosing who shall be reasonably acceptable to Franchisor ("Contractor") to perform the work in Preparing the Premises and constructing the leasehold improvements for the Location. The form of agreement between Franchisee and Contractor shall be the standard American Institute of Architects (AIA) AIA – A101 – 2007 (Owner/Contractor Agreement – Stipulated Sum).

(d) Unless Franchisor consents in writing to a later date, Franchisee must open Franchisee's franchise for business no later than 270 days from the Effective Date of this Agreement (the "Opening Deadline"), and failing to do so will constitute a material breach of this Agreement and suitable grounds for its termination.

(e) Franchisee shall pay Franchisor two weeks prior to the scheduled opening date a fee for providing the services described in the second paragraph of Section 4.2 above; the fee shall be in an amount between \$4,000 and \$7,500, as determined by Franchisor based on its travel costs in providing the services. With payment of such fee, Franchisee will not be obligated to reimburse Franchisor for the costs and expenses incurred by Franchisor's staff in providing such opening assistance, including but not limited to, airfare, travel, lodging, meal and incidental expenses.

5.2 Prototype and Construction Plans and Specifications. Franchisor will furnish to Franchisee prototype plans and specifications for Franchisee's Location, reflecting Franchisor's requirements for design, decoration, furnishings, furniture, layout, equipment, fixtures and signs for Primp and Blow® salons, which may be in the form of actual plans for an existing or proposed Location with which Franchisor are involved. Using an architect Franchisor designates or approves, it will then be Franchisee's responsibility to have the plans and specifications modified to comply with all ordinances, building codes, permit requirements, and lease requirements and restrictions applicable to the Premises. Franchisee must submit final construction plans and specifications to Franchisor for its approval before Franchisee begins construction at the Premises, and Franchisee must construct the Salon in accordance with those approved plans and specifications.

Franchisee shall submit to Franchisor a complete set of final plans and specifications before starting construction of the Salon. Franchisor shall review and either approve or provide comments on the plans and specifications. Franchisee shall not start construction of the Salon until final plans and specifications have been approved in writing by Franchisor. Franchisee shall not modify any plans or specifications approved by Franchisor without first obtaining Franchisor's written consent to the modification. Franchisee acknowledges and agrees that nothing in this Section or elsewhere in this Agreement shall be construed to obligate or make Franchisor liable to Franchisee or any third party for any failure of the Salon or related premises to comply with all laws, regulations, and guidelines, including the Americans with Disabilities Act.

5.3 Equipment, Furniture, Fixtures, Furnishings, and Signs. Franchisee shall use in the development and operation of the Salon only those brands, types, and models of computer, communications, hair-styling

and other equipment, fixtures, furnishings, décor items, and signs Franchisor has specified in the Manual or otherwise approved in writing.

5.4 Development of the Franchise Location. Franchisee must complete all of the following by the Opening Deadline: (1) secure all financing required to fully develop the Franchise; (2) obtain all required building, utility, sign, health, sanitation and business permits and licenses and any other required permits and licenses; (3) construct and equip the Franchise location according to the approved construction plans and specifications; (4) decorate the Franchise location in compliance with the approved plans and specifications; (5) purchase and install all required equipment, furniture, furnishings and signs; (6) cause the training requirements of Section 4 to be completed; (7) purchase an opening inventory of products and other supplies and materials; (8) provide proof, in a form satisfactory to Franchisor, that Franchisee's operation of the Franchise at the Franchise location does not violate any applicable state or local zoning or land use laws, ordinances, or regulations, or any restrictive covenants that apply to such location; (9) provide proof, in a form satisfactory to Franchisor, that Franchisee (and/or Franchisee's General Manager, as defined in Section 8.16 below, if any) is legally authorized and has all licenses necessary to perform all of the services to be offered by the Franchised Business, and that Franchisee's business organization documentation (if Franchisee is a business organization) is consistent with all applicable legal requirements; (10) provide proof, in a format satisfactory to Franchisor, that Franchisee has obtained all required insurance policies, and has named Franchisor, as an additional insurance under all such policies; (11) submit to Franchisor a completed copy of the grand opening checklist Franchisor shall have provided to Franchisee; (12) obtain Franchisor's approval of the marketing, advertising, and promotional plans and materials Franchisee intends to use in the initial 90 days of operation; (13) perform any other acts necessary to open the Franchised Business lawfully; (14) obtain Franchisor's approval to commence operations of the Location; and (15) commence operations of the Location.

6. ADVERTISING

6.1 By Company. Franchisor will establish, maintain, and administer a Marketing Fund to create, support and pay for national, regional, or local marketing programs that Franchisor deems necessary, desirable, or appropriate to promote the goodwill and image of the Primp and Blow® Chain and Primp and Blow® Salons in general. Franchisee will contribute to the Marketing Fund the Marketing Fee set forth in Section 7.5. Any Primp and Blow® Salons within the United States of America owned by Franchisor or Franchisor's affiliates may, but are not required to, contribute to the Marketing Fund on at least the same percent-of-Gross Revenues basis as Franchisee does.

Franchisor will be entitled to direct all advertising programs financed by the Marketing Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. The Marketing Fund may be used for corporate national marketing purposes, but may also be used for advertising, marketing, public relations, and related purposes that Franchisor deems appropriate, in its sole discretion. By way of illustration and not limitation the Marketing Fund may be used to pay costs of marketing surveys and research; employing public relations firms; developing and maintaining Internet website communications; preparing and producing video, audio and written marketing materials; buying Internet, TV, radio, magazine, billboard, newspaper and other media advertising; employing advertising agencies; providing or selling marketing materials to Primp and Blow® Locations; holding conventions and meetings for personnel of Primp and Blow® Locations; and paying costs to account for and report on contributions, expenditures, and related activities of the Marketing Fund.

In addition, Franchisor may use the Marketing Fund to develop and market advertising and promotional items from time to time. If and when developed, those items will be made available to Franchisee for purchase. Franchisee shall maintain a representative inventory of promotional and advertising items in accordance with requirements established by Franchisor. Furthermore, the Marketing Fund may be used to develop programs that include special offers and coupons. Franchisee shall honor all such special offers

and coupons. Franchisor has no obligation to reimburse Franchisee for any cost or discount related to acceptance of coupons or special offers.

The Marketing Fund will be accounted for separately from other funds of the Company, and will not be used to defray any of Franchisor's general operating expenses, except for any reasonable salaries, administrative costs, and overhead Franchisor may incur in activities reasonably related to the administration of the Marketing Fund and its advertising programs (including without limitation conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Marketing Fund). Franchisor may spend in any fiscal year an amount greater or less than the total contributions to the Marketing Fund in that year. Franchisor may cause the Marketing Fund to borrow from Franchisor or other lenders to cover deficits of the Marketing Fund, or to invest any surplus for future use by the Marketing Fund. Franchisee authorizes Franchisor to collect for remission to the Marketing Fund any advertising monies or credits offered by any supplier to Franchisee based upon purchases Franchisee makes. Franchisor will prepare an annual statement of monies collected and costs incurred by the Marketing Fund and will make it available to Franchisee on written request.

Franchisee understands and acknowledges that the Marketing Fund will be intended to maximize recognition of the Marks and patronage of the Primp and Blow® Chain. Although Franchisor will endeavor to use the Marketing Fund to develop advertising and marketing materials, and to place advertising in a manner that in general will benefit all P&B franchises, Franchisor undertakes no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Marketing Fund by P&B franchises operating in that geographic area, or that any P&B franchise will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction, or administration of the Marketing Fund.

Franchisor will have the right to terminate the Marketing Fund by giving Franchisee thirty (30) days' advance written notice. All unspent monies on date of termination will be divided between Franchisor and the contributing P&B franchisees in proportion to Franchisor's and their respective contributions over the six months immediately preceding the effective date of termination of the Marketing Fund. At any time thereafter, Franchisor will have the right to reinstate the Marketing Fund under the same terms and conditions as described in this Section (including the rights to terminate and reinstate the Marketing Fund) by giving Franchisee thirty (30) days' advance written notice of reinstatement.

6.2 By Franchisee. During the period running from approximately thirty (30) days prior to the scheduled opening of the Franchised Business until the first anniversary of the opening, Franchisee shall spend at least \$24,000 on local advertising and promotion of the Franchised Business and spend an additional amount of not less than \$10,000 on grand opening activities.

Commencing on the first anniversary of the opening of the Franchised Business and throughout the rest of the term of the Franchise Agreement, Franchisee shall spend during each three-month period on the advertising or promotion of the Franchised Business in the local market area an amount equal to at least 3% of Franchisee's Gross Revenues for the same three-month period ("Minimum Local Advertising Requirement"). (For example, if the first anniversary of the opening would be February 15, then from February 15 to May 14 would constitute a three-month period for the Franchise Agreement, and so would May 15 to August 14, August 15 to November 14, and November 15 to February 14.)

Franchisee will be responsible for the local marketing of the Location. Franchisee may only use advertising, promotional and other marketing materials or programs that are in each case first approved by Franchisor in writing. If Franchisee does not receive Franchisor's written approval within 10 business days from the date the materials are delivered to Franchisor, then the materials will be deemed disapproved. Franchisor's approval of any particular advertising, promotional or other marketing material or program is valid for one

year, unless Franchisor informs Franchisee otherwise or the material or program is plainly not intended to be in use for such a long duration; for example, seasonal materials. Franchisee will be solely responsible and liable to ensure that all advertising, marketing, and promotional materials and activities Franchisee prepares, distributes or displays comply with all applicable federal, state, and local law and regulation.

Franchisee shall use Franchisee's best efforts to develop advertising, promotional and marketing plans that provide efficient and effective advertising, promotion and marketing throughout the Term. At Franchisor's request, Franchisee shall provide Franchisor with reasonable evidence of Franchisee's local advertising, promotions and marketing expenditures within thirty (30) days after receiving such request.

6.3 Social Media, Website. In order to establish common methods of operation, Franchisor has established standards for social media and Internet use and marketing, which may be modified, increased and deleted from time to time by Franchisor by notice to Franchisee. Franchisee may not promote the Franchised Business or use the Marks in any manner on any social media site existing now or in the future (including, without limitation, on blogs, vlogs, Facebook, LinkedIn, Twitter, Instagram, Flickr, Tumblr, Pinterest, Google+, Vine and Snap Chat) or on file-, audio- or video-sharing sites, without Franchisor's prior written consent. Franchisor has final authority over all social media marketing, and Franchisee must comply with Franchisor's brand standards regarding use of social media in the operation of the Franchised Business. Franchisee may not post communications about the Franchised Business or the System that would disclose the System's confidential or proprietary information, violate any relevant laws, regulations or guidelines or violate the terms of use imposed by the social media site. Franchisee may not post communications about the Franchised Business or the System on any social media site that is not authorized by Franchisor for use by Franchisee. Franchisee must ensure that policies it adopts for its employees' social media use are consistent with the requirements for social media advertising set forth herein. Franchisee shall promptly and fully abide by all such standards and policies.

6.4 News and Publicity. In order to maintain the high reputation of the Primp and Blow® Chain and System and for the benefit of all Primp and Blow® Locations and their respective owners, Franchisee shall report immediately by telephone to Franchisor the occurrence of any incident at or concerning the Salon or the business conducted there which is or is likely to become the subject of publicity through the news media or otherwise. Franchisee hereby acknowledges that, except with Franchisor's prior written approval, Franchisor alone is authorized to speak or make statements, public or private, on behalf of the Primp and Blow® brand or the Primp and Blow® Chain or System, and Franchisee shall in every instance consult and coordinate with Franchisor in advance of communicating with the media or of creating publicity for the brand, chain or System outside the normal course of business.

7. FEES AND COSTS

7.1 Initial Franchise Fee. Franchisee shall pay Franchisor the initial franchise fee of Thirty-Nine Thousand U.S. Dollars (U.S.\$39,000.00, the "Initial Franchise Fee") when Franchisee signs this Agreement. In recognition of expenses Franchisor has incurred in reviewing Franchisee's qualifications and the value to Franchisee in the above grant of the Franchise, Franchisee acknowledges and agrees that the Initial Franchise Fee has been fully earned by Franchisor, and that it is fully and appropriately not refundable in whole or in part.

7.2 Training Fees. Franchisor shall provide initial training to two (or, if requested by Franchisee, three) management persons designated by Franchisee (and subject to Franchisor's acceptance), who will be responsible for the management of the Franchised Business. For each additional person to be trained at any time throughout the Term, Franchisor may charge a reasonable fee and require reimbursement of Franchisor's administrative and out-of-pocket expenses incurred in providing such training. In each instance of training of these additional persons, Franchisee shall pay the then-required amounts to Franchisor prior to commencement of the pertinent training, which amount shall be non-refundable.

Franchisee shall also pay Franchisor the fee for the training and operational assistance services as provided in Sections 4.2 and 5.1(e) above.

7.3 Continuing Royalty Fees. Franchisee shall pay Franchisor monthly, continuing Royalty Fees equal to Six percent (6.0%) of Franchisee's Gross Revenues (as defined below) each month or partial month of the Term. Royalty Fees shall commence on the date the Location opens for business to the public; provided, however, in the event Franchisee has any revenues prior to that date, Royalty Fees shall also be due on those revenues.

Royalty Fees on Gross Revenues generated in any calendar month (or partial month at the beginning or end of the Term) shall be due and payable not later than the fifth (5th) calendar day of the following calendar month. Payments of Royalty Fees shall be accompanied by such reports of Gross Revenues in the form specified or approved by Franchisor from time to time.

7.4 Gross Revenues Defined. "Gross Revenues" is defined to include all sums or things of value received by Franchisee in and from the Franchised Business from all sales or other transactions for goods, services, or anything else whether for cash, check, credit, barter, or otherwise, including sales where orders originated at or were accepted by Franchisee at one location but delivered or performance made from or at any other location, and all sales made in conjunction with the "Primp and Blow®" trade name or in any way related to any of the Marks. Gross Revenues do not include refunds actually paid to customers or the amounts of any sales taxes separately itemized that are collected from customers for payment to a federal, state, or local taxing authority and actually paid to that authority. With respect to gift cards, gift certificates, stored value cards and other prepaid amounts (all collectively, "Prepay Instruments") received in the Franchised Business, the entire amount paid in purchasing the item (or other value received by Franchisee in the transaction) shall be included in Gross Revenues; however, redemption of such value by Franchisee shall not be included in Franchisee's Gross Revenues.

In Franchisee's selling and redeeming of Primp and Blow® Prepay Instruments, Franchisee must accept, honor, account for, process, pay Royalty Fees and Marketing Fees on, and otherwise include as Gross Revenue the appropriate amount of each Prepay Instrument in accordance with Franchisor's directions to Franchisee in the Manual and otherwise, including any modification to those directions made by Franchisor from time to time.

Notwithstanding the above, upon not less than one hundred eighty (180) days' notice to Franchisee, Franchisor may establish a centralized Prepay Instruments account for the Primp and Blow® Chain that would collect revenues from all sales within the USA of Prepay Instruments, to ensure that those revenues would be used to reimburse Franchisee and other System Salons for their redemption of Prepay Instruments through their provision of services and products to their customers. With the establishment of the centralized account, amounts received by Franchisee through sales of Prepay Instruments will not be included in Gross Revenues and will instead be included in Gross Revenues on the redemption by Franchisee of Prepaid Instruments. Franchisor may also establish and administer (consistent with applicable retail industry practices) policies and procedures to utilize those amounts, if any, in the centralized account that would constitute amounts most likely not to be redeemed in the future (or "breakage"), including utilization of breakage for advertising and promotion of the Primp and Blow® brand and Chain. Franchisor shall administer and manage the account (and shall be entitled to reimbursement for its reasonable expenses in doing so). Franchisee shall fully and cooperatively participate in the centralized account in accordance with the policies and procedures as determined by Franchisor.

7.5 Marketing Fee. Franchisee shall contribute monthly a Marketing Fee in an amount equal to two percent (2.0%) of Franchisee's Gross Revenues each month to the Marketing Fund, which shall be collected and administered by Franchisor. The Marketing Fee shall commence on the date the Location opens for business to the public; provided, however, in the event Franchisee has any revenues prior to that date, Royalty Fees shall also be due on those revenues.

Marketing Fees on Gross Revenues generated in any calendar month (or partial month at the beginning or end of the Term) shall be due and payable not later than the 5th calendar day of the following calendar month. Payments of Marketing Fees shall be accompanied by such reports of Gross Revenues in the form specified or approved by Franchisor from time to time.

7.6 Grand Opening and Local Advertising Expenditures. During the thirty (30) days prior to and the sixty (60) days immediately following the Opening Date, Franchisee shall spend in promoting the opening of the Franchised Business \$10,000 on advertising, promotions and events as determined by Franchisee, subject to the prior approval of Franchisor (collectively, the “Grand Opening Expenditures”). In addition to the Grand Opening Expenditures, Franchisee shall spend prior to the first anniversary of the Opening Date not less than \$24,000 on advertising and promoting the Franchised Business for the purpose of increasing Franchisee’s Gross Revenues and enhancing the identity and image of the Franchised Business within the local community of the Location. The expenditures shall be made with the intention of providing and increasing awareness of the Franchised Business throughout its first year of operation. Franchisee shall furnish Franchisor a monthly written report together with copies of receipts showing the expenditures made for local advertising in the prior month.

Commencing with the first full calendar month starting on, or as applicable immediately following, the first anniversary of the Opening Date, Franchisee shall spend not less than three percent (3.0%) of Gross Sales derived during each three-month period (or shorter period at the end of the Term) on local advertising to enhance the local reputation and the Gross Revenues of the Location, as provided above in Section 6.2. Not later than the thirtieth (30th) day immediately following the last day of each three-month period, Franchisee shall furnish Franchisor a written report together with copies of receipts showing the expenditures made for local advertising during the applicable three-month period.

7.7 Software and Programming Fees. Franchisee must utilize the Primp and Blow® Office Management Software throughout the Term. The current monthly license fee payable to Franchisor for this Software is \$550, which is due and payable on the fifth (5th) of each full or partial calendar month during the Term, and which amount is subject to adjustment to compensate Franchisor on a pass-through basis for Franchisor’s payments to the licensor of this Software. Franchisor reserves the right to change, add and delete software providers and to require Franchisee to adopt in each case and to compensate Franchisor accordingly.

7.8 Technology Fee. Franchisee shall pay Franchisor a monthly Technology Fee in the amount set forth from time to time in the Manual for access to Franchisor’s intranet including Franchisor’s “Hub”, a repository for various marketing, training and support tools and features. The Technology Fee also entitles Franchisee to up to four (4) email addresses.

7.9 Relocation Fee. In the event Franchisor approves a relocation of the Franchised Business, such approval shall automatically be conditioned upon Franchisee’s timely payment to Franchisor of a Relocation Fee in the amount \$5,000. Such payment shall be due and payable not later than the thirtieth (30th) day immediately following Franchisor’s notice to Franchisee of such approval.

7.10 Transfer Fee. As one of the conditions to transferring or assigning this Agreement, Franchisee shall pay Franchisor a non-refundable transfer fee in the amount of \$5,000, plus any out-of-pocket expenses Franchisor reasonably incurs in reviewing the proposed transfer, including for background checks, attorneys fees, etc. The transfer fee shall be due and payable upon the earlier of closing of the proposed transfer or the thirtieth (30th) day immediately following Franchisor’s notice of approval of the proposed transfer, including notice of Franchisor’s conditional approval.

7.11 Renewal Fee. As one of the conditions to Franchisee’s qualifying for a renewal term to this Franchise, Franchisee shall pay Franchisor a Renewal Fee in an amount equal to one-half (1/2) of the then current Initial Franchise Fee for Primp and Blow® franchises in the USA.

7.12 Charges and Interest on Delinquent Payments. All delinquent payments of any sums due Franchisor pursuant to any provision of this Agreement will bear interest at the rate of 18% per annum or the highest rate permitted by law, whichever is lower, and each will be subject to an administrative charge of \$100 to partially compensate Franchisor for its additional efforts in accounting for and collecting delinquent sums. This provision does not authorize or excuse late payment.

In the event that any payment by Franchisee's check is not honored by the bank upon which the check is drawn, Franchisor shall have the right to require that the failed payment and any future payments due from Franchisee to Franchisor or its affiliates be made by certified or cashier's check. Franchisor also reserves the right to charge Franchisee a fee of \$100 for any payment by check that is not honored by the bank upon which it is drawn.

7.13 Electronic Funds Transfer. Franchisor has the right to require Franchisee to participate in an electronic funds transfer program under which Royalty Fees, Marketing Fees, and any other amounts payable to Franchisor or its affiliates are deducted or paid electronically from Franchisee's bank account (the "Account"). In the event Franchisee is required to authorize Franchisor to initiate debit entries, Franchisee shall make the funds available in the Account for Franchisor's withdrawal by electronic transfer no later than the payment due date. The amount actually transferred from the Account to pay Royalty Fees and Marketing Fees will be based on Franchisee's Gross Revenues as reported in Franchisee's Office Management Software. If Franchisee has not properly input Franchisee's Gross Revenues for any reporting period, then Franchisor will be authorized to debit the Account in an amount equal to one hundred twenty percent (120%) of the Royalty Fee, Marketing Fee, and other amounts that were or should have been transferred from the Account for the last reporting period for which a report of Franchisee's Gross Revenues was provided to Franchisor. If at any time Franchisor determines that Franchisee has under-reported Franchisee's Gross Revenues or underpaid any Royalty Fee or Marketing Fee due Franchisor under this Agreement, then Franchisor will be authorized to initiate immediately a debit to the Account in the appropriate amount, plus applicable interest, in accordance with the foregoing procedure. Any overpayment will be credited, without interest, against the Royalty Fee, Marketing Fee, and other amounts Franchisor otherwise would debit from Franchisee's account during the following reporting period. Franchisor's use of electronic funds transfers as a method of collecting Royalty Fees and Marketing Fees due Franchisor does not constitute a waiver of any of Franchisee's obligations to provide Franchisor with weekly reports as provided in Article 13, nor shall it be deemed a waiver of any of the rights and remedies available to Franchisor under this Agreement.

7.14 Application of Payments. When Franchisor receives a payment from Franchisee, Franchisor has the right in its sole discretion to apply it as Franchisor sees fit to any past or currently due indebtedness of Franchisee due Franchisor or its affiliates, whether for Royalty Fees, Marketing Fees, purchases, interest, or for any other reason, regardless of how Franchisee may designate a particular payment should be applied.

7.15 No Accord or Satisfaction. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment, or in any transmittal documentation enclosing any check or payment, or elsewhere will constitute or be construed as an accord or satisfaction.

7.16 Inspection and Audit of Books and Records. At any time during business hours and without prior notice to Franchisee, Franchisor may inspect and audit the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Salon, as well as Franchisee's books and records. Franchisee shall fully cooperate with Franchisor's representatives and accountants in any inspection or audit, and shall provide all such materials when, where, and in what form required by Franchisor.

7.17 Audit Charges. If any inspection or audit discloses a deficiency in payments to Franchisor, Franchisee shall immediately pay the deficiency plus interest and late charges in accordance with Section 7.11. If the

deficiency is two percent (2%) or more for any calendar month, then Franchisee shall also pay the cost of the audit as well as the travel, lodging, meals, compensation, reasonable professional service fees, and other expenses of the inspecting or auditing personnel. If an inspection or audit discloses an overpayment, Franchisor will credit Franchisee for the overpayment, which may apply to amounts due in the future but shall not, under any circumstance, entitle Franchisee to any form of refund.

7.18 Liquidated Damages for Certain Breaches. The parties acknowledge that in view of the nature of the franchise system and the difficulty of precise measurement of damage to Franchisor's trademarks and reputation, determining the precise amount of damage to Franchisor that would result from unauthorized deviation from any of Franchisor's standards, specifications, or requirements would be particularly difficult. Accordingly, to simplify the process of determining damages, the parties agree that for any breach comprised of unauthorized deviation by Franchisee from any of Franchisor's standards, specifications, or requirements, including but not limited to use or sale of unauthorized product(s), Franchisee shall pay Franchisor liquidated damages in the amount of Five Hundred Dollars (\$500) per breach and Five Hundred Dollars (\$500) for each day that the breach continues for a maximum amount of thirty (30) days or Fifteen Thousand Dollars (\$15,000). This liquidated damages provision is not an exclusive remedy and does not excuse the breach. Failure to cure the breach immediately after notice shall be grounds for termination of this Agreement. This liquidated damages provision does not apply to breaches other than those described in this Section.

Franchisee initials: _____

Franchisor initials: _____

Franchise Owners initials: _____

8. OBLIGATIONS OF FRANCHISEE

8.1 Standards. Franchisor shall have the right to establish standards, specifications, and procedures for any or all aspects of the Salon, including size, construction materials, floor plan, exterior treatment, interior treatment, signage, lighting and fixtures, equipment, flooring, furniture, heating ventilation and air conditioning system, security system, communication system, etc. Franchisee shall comply with all such standards, specifications, and procedures imposed by Franchisor. Franchisee shall subscribe to, install, and use any equipment and services required by Franchisor from time to time.

8.2 Construction Permits. Franchisee shall obtain all permits and licenses required to construct, occupy, and operate the Salon in compliance with plans and specifications furnished to Franchisee by Franchisor, or otherwise approved by Franchisor; provided, however, Franchisee shall be fully responsible for review, modification (if applicable), and approval of the plans by a duly licensed architect to ensure that the Salon as built (and, as applicable, as modified) complies fully with all applicable laws, regulations, and guidelines, including but not limited to the Americans with Disabilities Act.

8.3 Signage. Franchisee shall display at the Salon all and only those interior and exterior signs, point of sale materials, and displays that Franchisor specifies, requires or approves in writing from time to time.

8.4 Equipping. Franchisee shall purchase and install all fixtures, furnishing, equipment, and signs required to operate and shall operate the Salon strictly according to the Manual.

8.5 Inventory. Franchisee shall purchase an opening inventory of Franchisor-approved products, other inventory, and supplies according to the requirements in the Manual and good business practices.

8.6 Vending Machines, Phones, Video Game Equipment, Etc. Franchisee shall not install or operate in the Salon any ATM machine, public telephone, jukebox, vending machine, lottery ticket terminal, video game, or any other game or machine without Franchisor's prior written consent, which consent may be withheld or granted within Franchisor's sole discretion. Franchisee shall not make any addition to or change in the physical appearance, decor, characteristics, or style of the Salon without the prior written consent of Franchisor, which consent may be withheld or granted within Franchisor's sole discretion. Franchisor shall have the right to remove any unauthorized material at Franchisee's expense.

8.7 Quality. All goods and services Franchisee offers to the public shall satisfy high quality standards that Franchisor establishes in the Manual and elsewhere, which may be updated from time to time.

8.8 Restricted Purchasing. Franchisee shall purchase all construction and packaging materials, products used and sold in the Salon, supplies, equipment, stationery, and other items or services from Franchisor or third party sources designated or approved in writing by Franchisor from time to time. Franchisee acknowledges that Franchisor may elect to be the sole authorized source for various items and services. Franchisor reserves the right to require that Franchisee purchase and use specific brand items and services in operating the Salon. Franchisor shall have the right to the benefit of all discounts, volume rebates, administration fees, commissions, advertising allowances, or other advantages which Franchisor and its affiliates may obtain from any person supplying products or services to Franchisee or other Primp and Blow® franchisees. Such materials, supplies, equipment, stationery, other items, and services include all signage, décor materials, lighting and plumbing fixtures, flooring, furnishings, hair styling equipment, point-of-sale and communications equipment, software, packaging, paper goods, cleaning supplies, etc. Franchisee shall not have any claim or action against Franchisor in connection with any non-delivery, delayed delivery, or non-conforming delivery of or by any supplier or distributor whether or not approved by Franchisor. Franchisor may revoke or condition its approval of any material, equipment, furniture, items or services at any time.

8.9 Alternative Suppliers. If Franchisee wants to purchase required materials, equipment, furniture, or items or services from a source other than Franchisor or Franchisor's approved suppliers, Franchisee shall first submit information to Franchisor concerning the proposed supplier and pay Franchisor's then current supplier evaluation fee, which as of the Effective Date is \$500, and which Franchisor may adjust in its discretion. The submitted information shall include a complete description of the history and credit rating of the proposed supplier, description of what goods or services Franchisee wants to purchase from the proposed supplier, information relevant to the proposed supplier's ability to satisfy Franchisor's standards, ability to provide reliable service, references, and other information that Franchisor may request or designate from time to time. Franchisee shall arrange for the proposed supplier to cooperate in testing or analysis in a manner that Franchisor designates, and at the expense of Franchisee or the supplier, to enable Franchisor, in its sole discretion, to ascertain whether the supplier and proposed goods or services to be purchased are of satisfactory quality, reliability, and other characteristics. Franchisor will endeavor to notify Franchisee in writing whether Franchisor approves or disapproves the proposed supplier and proposed goods or services and the reasons for any disapproval, all within fifteen (15) business days after Franchisor's receipt of all information that Franchisor deems necessary to make its decision. Franchisor may revoke or condition its approval of any supplier or distributor at any time.

8.10 Franchisor as Supplier or Distributor. Franchisor also reserves the right to open Franchisor-owned facilities to supply the Chain, including Franchisee. At any time or from time to time, Franchisor may also, at its sole option, work with third parties to obtain, supply, store, or distribute inventory to Franchisee certain products or services approved by Franchisor for use by Franchisee in the Franchised Business. In such event, Franchisor shall be entitled to recover the reasonable cost to Franchisor of administering the inventory and distribution of any such products or services directly from Franchisee or as part of the fees charged Franchisee by any such supplier or distributor.

8.11 Point of Sale System, Independent Access. Franchisee shall purchase from Franchisor or other entity designated by Franchisor point of sale electronic cash register(s) or computer systems ("POS System") meeting specifications designated by Franchisor. Franchisor shall have the right to require that the POS System connect electronically with and provide electronic access from equipment of Franchisor. Franchisee shall execute any and all necessary agreements and pay reasonable acquisition, service, maintenance, upgrade, and other, related fees and charges for the installation, set-up, maintenance, servicing, use, and other aspects of the POS System. Franchisee shall arrange to provide Franchisor with independent, direct access to all information and data in or generated by Franchisee and Franchisee's Point of Sale System and

salon management system. Franchise shall not modify any POS function in any manner that would block or in any way impair Franchisor's access to Franchisee's computer systems, including the POS System.

8.12 Credit Cards and Other Methods of Payment. Before Franchisee opens the Location for business and at all times during the Term, Franchisee shall have arrangements in existence with Visa, Master Card, American Express, Discover and any other credit and debit card issuers or sponsors, check verification services, and electronic fund transfer systems that Franchisor designates from time to time, in order that Franchisee may accept customers' credit and debit cards, checks, and other methods of payment. Franchisor may require Franchisee to obtain such services through Franchisor or its affiliates. In addition, Franchisee is required to maintain PCI DSS Compliance (a worldwide information security standard defined by the Payment Card Industry Security Standards Council), which includes installation and maintenance of a hardware and software firewall device on the Salon's POS System and other computer systems used in the Franchised Business. Franchisee must also comply with any other applicable organizational or governmental requirement applicable at any time during the Term.

8.13 Permits and Licenses. Franchisee shall obtain and maintain all permits and licenses required for the operation of the Franchised Business. Franchisee shall ensure that each manager, employee and independent contractor participating in the operation of the Salon possesses at all relevant times all permits and licenses that individual is required by law or regulation to possess to perform lawfully any and all of the services that such individual performs or is available to perform.

8.14 Full Time Effort. In addition to Franchisee's other obligations in this Agreement, Franchisee shall at all times devote Franchisee's best efforts on a full time, exclusive basis to the successful development, management, operation, and promotion of the Franchised Business and to operating the Salon so as to maximize revenues in compliance with this Agreement, the Manual and applicable law.

8.15 Photography Release. Franchisee hereby consents to Franchisor's taking of occasional photographs of herself or himself (or if Franchisee is a business organization, its owners) and Franchisor's use of such photographs for any purpose in connection with the Primp and Blow® System. At execution of this Agreement, Franchisee shall execute and deliver to Franchisor a Photography Release in the form attached as **Exhibit 3**.

8.16 Franchisee's Engagement and Staffing. Without limiting the generality of the foregoing responsibilities, throughout the Term Franchisee shall:

a) staff and operate the Salon in a clean, safe and orderly manner, providing courteous, first-class service to the public for at least the days and hours directed in the Manual (unless different hours or specific closure days have been expressly approved in writing by Franchisor);

b) order and maintain an adequate level of supplies and inventory to properly operate the Salon as specified in the Manual;

c) diligently promote and make every reasonable effort to increase the revenues and enhance the goodwill of the Salon and of the System;

d) advertise the business of the Salon by the use of the Marks and such other insignia, slogans, emblems, symbols, designs, and other identifying characteristics as may be developed or established from time to time by Franchisor and included in the Manual;

e) prevent the use of the Salon for any immoral or illegal purpose, or for any other purpose, business activity, use, or function that is not expressly authorized herein or in the Manual; and

f) display at the Salon materials supplied from time to time by Franchisor describing the availability of the Primp and Blow® franchise opportunity.

At all times from the date the Salon first opens for business to the end of the Term, Franchisee shall cause there to be not less than two (2) individuals who have completed the initial training course to Franchisor's

satisfaction (each a “Trained Manager”) available to manage the Salon on a full-time basis and one of the Trained Managers shall serve, subject to Franchisor’s written approval, as individual in overall charge of management of the Salon’s operation (the “General Manager”). The individuals serving as Trained Managers may be Franchise Owners or full-time employees of the Franchised Business. In the event that at any time after the Salon first opens for business Franchisee fails to have a Trained Manager serving on a full-time basis as the Salon’s General Manager, then Franchisee shall have five (5) business days to notify Franchisor in writing of such vacancy and shall have sixty (60) days from the first day without a Trained Manager serving as the General Manager of the Salon on a full-time basis to fill such General Manager vacancy with a Franchisor-approved, Trained Manager on a full-time basis.

8.17 Employees. Franchisee shall ensure that Franchisee’s personnel are qualified, are properly trained, groomed, attired and licensed, and are competent to perform the services required of them. Franchisee shall, at Franchisee’s expense, cause all replacement Salon managers to satisfactorily complete Franchisor’s initial training program prior to commencing employment as a manager.

Franchisee shall not recruit or hire, either directly or indirectly, any employee (or a former employee, for six (6) months after his or her employment has ended) of any P&B Salon operated by Franchisor, any Franchisor affiliate, or another P&B franchise owner without first obtaining the written consent of Franchisor, Franchisor’s affiliate, or the franchise owner that currently employs (or previously employed) such employee. If Franchisee violates this provision, in addition to any other right or remedy the hired individual’s previous or current employer (as applicable) may have, Franchisee shall pay the employee’s current or former employer (as applicable) an amount equal to six (6) months of the employee’s most recent compensation from the current employer (as a reasonable estimate of the previous employer’s cost of recruiting, hiring and training a replacement employee, plus all costs and attorneys’ fees incurred in enforcing this provision.

8.18 Franchisee Services. Franchisee shall offer for sale only products and services that Franchisor approves from time to time for sale at franchised Primp and Blow® Locations. Franchisor may from time to time add to, delete, or modify products or services or both authorized for sale. Franchisee shall offer continuously all products and services that Franchisor authorizes Franchisee to sell from time to time. Franchisee shall maintain high professional and ethical standards, observe preferred suppliers program requirements, if any, established by Franchisor, and shall conduct no other business under Franchisor’s Marks without Franchisor’s prior written consent, which may be withheld in Franchisor’s sole discretion. Franchisee shall not sell any products or services to any person or entity for resale.

8.19 Standards. Franchisor shall have the right to establish standards, specifications, and procedures for any or all aspects of the Salon, including size, construction materials, floor plan, exterior treatment, interior treatment, signage, lighting and fixtures, equipment, flooring, furniture, heating ventilation and air conditioning system, security system, communication system, etc. Franchisee shall comply with all such standards, specifications, and procedures imposed by Franchisor. Franchisee shall subscribe to, install, and use any equipment and services required by Franchisor, including but not limited to a water filtration system and any other products or services required from time to time by Franchisor.

8.20 Modifications. Franchisor shall have the right, but no obligation, from time to time to modify selected or all elements of the Primp and Blow® System. Franchisee acknowledges that modifications may result in additional expenses to Franchisee and may require Franchisee to invest additional capital in the Salon. Franchisee shall timely implement modifications when requested by Franchisor, which will in most cases allow Franchisee sixty days to fully comply. Each such modification shall be deemed to have taken place pursuant to the terms of this Agreement, and does and will not constitute modifications of this Agreement. This section is not intended to supersede the limits on full refresh of the Salon contained in Section 8.28 below.

Franchisee acknowledges that one modification of the System that Franchisor intends to implement is the addition of a call center service to facilitate the making of appointments and efficiently handle other customer interfaces, and that Franchisee's implementation of this modification will involve additional monthly charges and may involve additional capital expense. Franchisee shall promptly and fully implement and utilize this modification when and as directed by Franchisor.

8.21 Hours of Operation. Franchisee shall operate the Salon continuously during hours that Franchisor specifies from time to time (currently 75 hours each week), which may require Franchisee to open for business as early as 9 a.m. and require Franchisee to stay open until as late as midnight or later, and to be open as many as seven (7) days per week, and up to 365 days per year (366 days in a leap year). Franchisee acknowledges that Franchisee may be required to be open more or longer or otherwise different hours than Franchisor requires of other franchisees or Franchisor-owned Salons.

8.22 Quality Control and Inspection. Franchisee shall operate the Salon in accordance with Franchisor's standards of quality, production, appearance, cleanliness, and service as prescribed by Franchisor in the Manual or other written instructions. At any time during business hours and without prior notice to Franchisee, Franchisor shall have the right inspect the Salon premises and operation to ensure compliance with these requirements, including but not limited to the customer area, offices, and any other parts of the Salon premises. Franchisor shall have the right to require Franchisee to install and monitor security cameras at the Salon and to provide copies of tape recordings to Franchisor upon request. Franchisee shall comply with all applicable privacy laws in connection with the installation and monitoring of such security systems. Neither the Franchised Business nor the Premises shall be used for any purpose other than the operation of the Primp and Blow® Salon licensed by this Agreement.

8.23 Maintenance of Location. Franchisee shall obtain and then maintain the right to occupy the Premises of the Salon during the entire Term. Franchisee shall provide Franchisor with a copy of the proposed deed, proposed lease, and other proposed instruments pertaining to Franchisee's ownership or right to occupy the Premises at least ten calendar days before executing or agreeing to any such instrument and shall not execute or agree to any such instrument without first obtaining Franchisor's written consent.

If at any time in Franchisor's reasonable judgment, the general state of repair, appearance, or cleanliness of the Premises or its fixtures, equipment, furniture, or signs do not meet Franchisor's standards, then Franchisor shall have the right to notify Franchisee specifying the action Franchisee must take to correct the deficiency. If Franchisee does not initiate action to correct such deficiencies within five (5) business days after receipt of Franchisor's notice, and then continue in good faith and with due diligence, a bona fide program to complete any maintenance or refurbishing, then Franchisor shall have the right, in addition to all other remedies available to Franchisor at law or under this Agreement, to enter the Premises and perform the required maintenance or refurbishing on Franchisee's behalf, and Franchisee shall reimburse Franchisor on demand.

8.24 Solving Customer Complaints. Franchisee shall provide prompt attention and response to any customer complaint and shall use its best efforts to resolve such complaint to customer's satisfaction. Franchisee shall inform Franchisor of any complaint that Franchisee fails to resolve to the customer's satisfaction within seven (7) days. Franchisor shall have the right, but no obligation, to elect to assist or elect to mandate a resolution to the customer complaint. Franchisee shall, at Franchisee's sole expense, implement any resolution that Franchisor directs.

8.25 Surveys. Franchisee shall present to customers of the Salon, evaluation and survey forms that Franchisor requests from time to time, and Franchisee shall participate in and ask customers to participate in any evaluations and surveys performed by Franchisor or on Franchisor's behalf, including providing promotional rewards to customers at Franchisee's expense, in exchange for such participation.

8.26 Test Markets. At the request of Franchisor, Franchisee shall cooperate and participate in the test marketing of products or services that Franchisor has deemed of potential value to the System. The timing,

terms, procedures, advertising, promoting, and all other aspects of the test marketing shall be determined by Franchisor in its good faith discretion. Franchisee shall be fully responsible for purchasing products, packaging, etc. required for such test marketing, and Franchisor shall be responsible for providing Franchisee with the use of any additional equipment required for the test. Any and all effects on the performance of the Franchised Business shall be solely the responsibility of Franchisee.

8.27 Prices. Except as provided below, Franchisee shall determine all pricing to Franchisee's customers. Franchisor may from time to time suggest prices. Franchisor makes no representation that adherence to Franchisor's suggested pricing will increase or maximize revenues. Notwithstanding the above, when and where permitted by law, Franchisor may require Franchisee to adhere to reasonable minimum or maximum pricing requirements or restrictions as directed by Franchisor.

8.28 Salon Mid-Term Refresh. Not sooner than the fifth (5th) anniversary of the date the Salon first opens for business Franchisor may require Franchisee, at Franchisee's expense, to refresh the image of the Salon to the then current System standards, format, design and image, pursuant to specifications designated by Franchisor, and Franchisee shall complete such refresh not later than ninety (90) days after written notice from Franchisor. Franchisor shall not require Franchisee to invest more than \$7,500 in such full refresh. Franchisee shall not be required to undertake a full refresh of the Salon more than once during the Term, except as a condition for grant of a renewal term.

8.29 Financial Statements. For each full and partial calendar year throughout the Term, Franchisee shall provide Franchisor an annual income, profit and loss statement to Franchisor. Franchisee shall submit this to Franchisor no later than the thirty-first (31st) day after the end of each calendar year (that is, no later than January 31st) using any forms that Franchisor prescribes and accurately reflecting all sales and other profit and loss data during the preceding year. Franchisee shall also provide Franchisor other data and information regarding operation and results of the Franchised Business in the frequency, format and medium that Franchisor specifies from time to time.

8.30 Records and Reports. Franchisee shall submit to Franchisor weekly and monthly sales reports, as well as other intervals or periods requested by Franchisor, on such forms prescribed by Franchisor. Franchisee shall maintain copies of all records and reports concerning the Franchised Business that Franchisee files with federal, state, and local government agencies for at least seven (7) years and shall provide copies of those reports to Franchisor when filed.

8.31 Franchisee's Payment Obligations. Franchisee shall pay promptly when due all obligations incurred directly or indirectly in connection with the Franchised Business, the Salon, or its operation, including all taxes and assessments that may be assessed against the Location land, building, other improvements, equipment, fixtures, signs, furnishings, or other property, and all liens and encumbrances of every kind and character created or placed upon or against any of such property, and all accounts and other indebtedness of every kind and character incurred by or on behalf of Franchisee in the conduct of the Franchised Business.

8.32 Taxes. Franchisee shall be solely responsible and shall pay when due, and Franchisor shall have no liability for, any sales, use, service, occupation, excise, gross receipts, income, property, or other tax, whether levied on Franchisee, the Franchised Business, Franchisee's assets or on Franchisor, arising from or in connection with Franchisee's sales or the business conducted by Franchisee, except for taxes that Franchisor is required by law to collect from Franchisee with regard to purchases from Franchisor and except for Franchisor's own income taxes. In the event any governmental entity would impose a tax (other than income tax) on Franchisor's receipt of royalties, then the Royalty Fee rate shall be automatically adjusted up to a new rate that would provide Franchisor with the same net royalty as prior to imposition of such tax.

8.33 Compliance with Laws, Good Business Practices, Highest Ethical Standards. Franchisee shall operate the Franchised Business in compliance with all applicable laws, rules, regulations and orders of all governmental authorities with jurisdiction over Franchisee or the Franchised Business, including those

regarding wage and hour, employment, Americans with Disabilities Act, hair styling and other cosmetology services, health and safety, and public accommodations. Franchisee shall obtain and at all times maintain all necessary permits, certificates and licenses necessary to conduct the Franchised Business in the locality within which the Salon is situated.

Franchisee shall promptly notify Franchisor of any inspection or other regulatory reports or charges, litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving the Franchised Business, Franchisee, or any entity affiliated with Franchisee, or any Franchise Owner, which notification shall include a complete copy of the documentation received from the governmental agency or other opponent in the matter, plus any additional materials or information reasonably requested by Franchisor from time to time.

Franchisee shall also operate the Franchised Business consistent with good business practices intended to enhance continually the image of the Franchised Business within its local community.

All advertising Franchisee employs must be completely factual, in good taste (in Franchisor's judgment), and conform to the highest standards of ethical advertising and all legal requirements. In all dealings with Franchisor, Franchisee's customers, Franchisee's suppliers, and public officials, Franchisee shall adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct.

9. INSURANCE AND INDEMNIFICATION

9.1 Insurance.

A. Franchisee shall procure before commencement of hiring of Salon employees and shall maintain in effect thereafter throughout the Term at its sole cost and expense: (1) broad form comprehensive general liability coverage (which shall include products liability coverage and broad form contractual liability and advertising injury coverage) of at least \$1,000,000 per occurrence and \$2,000,000 aggregate; (2) personal liability of at least \$500,000 per occurrence; (3) fire and extended property damage coverage insurance on the Salon facility and improvements and Franchisee's property adequate to replace it and all equipment, inventory and furnishings in the event of an insured loss; (4) medical expenses coverage of at least \$50,000; (5) umbrella liability coverage of at least \$500,000 for each occurrence and \$5,000,000 aggregate; (6) business interruption coverage of at least \$500,000; (7) automobile/vehicle liability coverage of at least \$300,000; (8) property and business equipment coverage for not less than replacement cost; (9) unemployment insurance covering Franchisee's employees per statutory requirements; (10) state disability insurance for Franchisee's employees per statutory requirements; (11) worker's compensation for Franchisee's employees per statutory requirements; and (12) any other insurance required by law. For purposes of this Subsection A, "Franchisee's employees" shall include all individuals involved in the operation of the Salon whether or not expressly employed by Franchisee. None of the required policies shall have a deductible amount in excess of \$5,000.

B. Coverage Details. The insurance policies and coverage required above shall (a) be in forms and amounts and with companies satisfactory to Franchisor but not less than the amounts stated; (b) include coverage for Franchisor and Franchisor's principals as additional insureds and provide that coverage applies separately to each additional insured against whom a claim is brought as if a separate policy had been issued to each additional insured; (c) be primary with respect to insurance maintained by Franchisor and shall not be limited in any way by reason of any insurance maintained by Franchisor; (d) provide indemnity for all obligations assumed by Franchisee in this Agreement and all other matters for which Franchisee is required to indemnify Franchisor under this Agreement; and (e) provide that Franchisor is entitled to receive at least thirty (30) days prior written notice of any intent to reduce coverage or policy limits, cancel, or otherwise amend the policy. Maintenance of such insurance and performance by Franchisee of its obligations under this Section shall not relieve Franchisee of any liability under the indemnity provisions of this Agreement or limit such liability.

C. Revisions. Franchisor shall have the right from time to time to revise minimum coverages, coverage amounts, and covered risks that Franchisee is required to obtain and maintain. Promptly after delivery of written notice to Franchisee of such revisions, Franchisee shall obtain and thereafter maintain insurance conforming to the revised requirements.

D. Proof. Franchisee shall promptly provide Franchisor with certificates of insurance evidencing the coverage required by this Agreement no later than ten (10) calendar days before the Salon starts operating. Franchisee shall deliver to Franchisor a complete copy of Franchisee's then current policies of insurance within five (5) days after delivery of the certificates of insurance to Franchisee. Immediately on renewal or the purchase of replacement insurance Franchisee shall deliver to Franchisor a certificate of insurance for the new or renewal policy. Franchisor shall have the right at any time to require Franchisee to provide Franchisor full copies of any or all Franchisee's insurance policies and certificates of insurance.

E. Failure to Maintain Insurance. If Franchisee fails to purchase and maintain each and all of the insurance policies required above, then Franchisor shall have the right, but no obligation, to obtain the insurance through agents and insurers Franchisor chooses, or such other insurance as Franchisor is able to obtain for such purpose. Franchisee shall, at Franchisor's election, immediately upon notice from Franchisor pay all premiums for such insurance or reimburse Franchisor for all premium payments made by Franchisor.

F. Disclaimer. Franchisor shall have no obligation to obtain or maintain any insurance for or on behalf of Franchisee. Nothing in this Agreement is an undertaking or representation that the insurance Franchisee is required to obtain and maintain will be a sufficient amount or scope of insurance for any purpose.

9.2 Indemnity. To the fullest extent permitted by law, Franchisee shall defend, indemnify and hold harmless Franchisor and Franchisor's affiliated entities, and their respective members, shareholders, managers, partners, directors, officers, employees, agents, representatives, and other personnel (the "Indemnified Parties") from and against all claims, losses, liabilities, demands, actions, damages, and expenses including attorney's fees incurred in connection with or arising from or relating to (a) any breach of this Agreement by Franchisee, (b) any damages or injury to any customer, employee, or other person allegedly or actually suffered or incurred on or about the Salon at any time; (c) product liability claims; (d) defective preparation by Franchisee of food or other products; (e) any acts or omissions by Franchisee or any of Franchisee's owners, directors, officers, employees, agents, or contractors; or (f) other activities or omissions of or relating to Franchisee's business, the premises of the Salon, or Franchisee's performance of this Agreement. Franchisee's obligations in this Section 9.2 shall include actual, consequential, and incidental damages, and costs incurred in defense of any claim against any of the Indemnified Parties (including reasonable attorneys' fees and other, reasonable expenses of defending the Indemnified Parties).

In the event of any claim, legal action, or potential claim or legal action, against or naming as a defendant any of the Indemnified Parties, Franchisee shall notify Franchisor immediately (and in no event later than three (3) business days after Franchisee's becoming aware of such actual or potential claim or legal action), and Franchisee shall forward to Franchisor with such notice copies of all documentation (including correspondence and pleadings) relating to such claim or legal action. Franchisee's obligations under this Article 9 shall in no way be limited by any insurance coverage available to or maintained by any of the Indemnified Parties. Franchisor shall have the right to defend any such claim against Franchisor at Franchisee's expense. Franchisee's obligations in this Section 9.2 shall continue in full force and effect regardless of termination or expiration of this Agreement.

10. CONFIDENTIAL INFORMATION; NON-COMPETITION

10.1 Types of Confidential Information. Franchisor possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by Franchisor, including but not limited to: (1) services and products

offered and sold at Primp and Blow® franchises; (2) knowledge of sales and profit performance of any one or more Primp and Blow® franchises; (3) knowledge of sources of products sold at Primp and Blow® franchises, advertising and promotional programs, and image and decor; (4) Primp and Blow® Software; (5) methods, techniques, formats, specifications, procedures, information, systems, and knowledge of, and experience in, the development, operation, and franchising of Primp and Blow® franchises; and (6) the selection and methods of training employees. Franchisor will disclose much of the above-described information to Franchisee in advising Franchisee about site selection, providing Franchisor's Initial Training, the Operations Manual, Primp and Blow® Office Management Software, and providing guidance and assistance to Franchisee under this Agreement.

Franchisee and Franchise Owners shall fully and promptly disclose to Franchisor, all ideas, concepts, formulas, methods, techniques, and other possible improvements (each an "Improvement") relating to the development or operation of a blow dry, hair styling, make-up or related business conceived or developed by Franchisee, Franchise Owners, or Franchisee's employees during the Term. Any and all of such Improvements will automatically be deemed to be Franchisor's sole and exclusive property and works made-for-hire; provided, however, for any such Improvements that do not qualify as work made-for-hire for Franchisor, Franchisee and Franchise Owners hereby assign ownership of that or those Improvements to Franchisor and covenants to execute whatever assignment or other documentation Franchisor requests in order to evidence such assignment and to assist Franchisor in securing intellectual property rights in the Improvement. Franchisee may not test, offer, or sell any new products without Franchisor's prior written consent, which may be withheld in Franchisor's sole discretion.

10.2 Non-Disclosure. Franchisee's relationship with Franchisor does not vest in Franchisee any interest in the Confidential Information, other than the right to use it in the development and operation of the Franchise, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information belongs to Franchisor, may contain trade secrets belonging to Franchisor, and is disclosed to Franchisee or authorized for Franchisee's use solely on the condition that Franchisee promise, and Franchisee does promise, that Franchisee (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the Term; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form or another form that may be copied or duplicated; and (4) will adopt and implement all reasonable procedures Franchisor may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including without limitation restrictions on disclosure to Franchisee's employees, and the use of non-disclosure and non-competition agreements Franchisor may prescribe or approve for Franchisee's shareholders, partners, members, officers, directors, employees, independent contractors, or agents who may have access to the Confidential Information.

10.3 Non-Competition Agreement. Franchisee acknowledges and agrees that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure, and would be unable to encourage a free exchange of ideas and information among P&B franchises, if owners of Primp and Blow® franchises were permitted to hold interests in any competitive businesses (as described below). Therefore, during the term of this Agreement, neither Franchisee, nor any Franchise Owner, nor any member of Franchisee's immediate family or of the immediate family of any Franchise Owner, shall perform services for, or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative, or agent in, any business that offers products or services the same as or similar to those offered or sold at Primp and Blow® Location franchises. The ownership of one percent (1%) or less of a publicly traded company will not be deemed prohibited by this Paragraph.

For the period of two (2) years immediately following expiration or termination of this Agreement for any reason, neither Franchisee nor any Franchise Owner shall engage in a competitive business located within ten (10) miles of the Location or of any other Primp and Blow® Salon.

Franchisee shall cause each Trained Manager of the Salon to sign a Confidentiality and Non-Compete Agreement in form acceptable to Franchisor as a condition of being hired and of continued employment, which agreement shall provide for such individual to promise for the duration of her or his employment and the six (6) months immediately following not to perform services for, or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative, or agent in, any business that offers products or services the same as or similar to those offered or sold at Primp and Blow® Location franchises. The agreement shall also provide for such individual to promise not to hire any employee of the Franchised Business, any other Primp and Blow® business, or Franchisor prior to the expiration of the sixth (6th) month immediately following the termination of such individuals' employment by Franchisee.

11. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

11.1 Independent Contractor; No Fiduciary Relationship. The parties intend to and shall be arms' length, independent contractors. Nothing in this Agreement is intended to establish any principal-agency, parent-subsidiary, joint venture, fiduciary, partnership, employer-employee, or other relationship, except where this Agreement expressly authorizes Franchisor to act as attorney-in-fact for Franchisee in specified circumstances. The parties intend by this Agreement to establish between Franchisor and Franchisee only the relationship of franchisor and franchisee. Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, partner, fiduciary, or joint venturer of or with the other, each being independent of the other. Franchisee shall not hold itself out as the agent, employee, partner, or joint venturer of Franchisor, or the owner of the Marks. Each of Franchisee and Franchisor shall file its own tax, regulatory, and payroll reports with respect to its respective enterprise, operations, employees, or agents.

Franchisee shall be fully responsible for the terms and administration of the employment and compensation of each of Franchisee's employees and independent contractors, for their proper training, and for all hiring, employment and personnel policies and procedures. All employees or agents hired or engaged by or working for Franchisee will be the employees or agents of Franchisee only and will not for any purpose be deemed employees or agents of Franchisor, or the owner of the Marks, or subject to Franchisor's control. In particular, Franchisor shall have no authority to exercise control over the hiring or termination of such employees, independent contractors, or others who work for Franchisee, their compensation, working hours, or conditions, or the day-to-day activities of such persons, except to the extent necessary to protect the Marks.

Franchisee shall also be fully responsible for terms and administration of the personal security policies, procedures and practices at the Franchised Business.

Franchisee shall conspicuously throughout the Term identify itself in all Franchisee's dealings with customers, suppliers, public officials, Franchisee's managers, employees and independent contractors, and others as the owner of the Franchise pursuant to a Franchise Agreement with Franchisor, and to place any other notices of independent ownership on Franchisee's forms, business cards, stationery, advertising, and other materials as Franchisor may require from time to time.

11.2 Principal Operator. Unless Franchisee is comprised of only one individual, Franchisee shall appoint one of the Franchise Owners with not less than twenty-five percent (25%) of the outstanding voting equity of Franchisee as the Principal Operator of the Franchised Business with full authority to manage and direct all operational, marketing, and staffing decisions, and on all matters between Franchisee and Franchisor,

the effectiveness of which appointment shall be subject to prior written acceptance by Franchisor of such Franchise Owner as Principal Operator. The authority of the Principal Operator shall remain unchanged until a successor Principal Operator is accepted by Franchisor, which acceptance shall not be unreasonably withheld.

11.3 No Liability; No Warranties. Franchisor has not authorized or empowered Franchisee to use the Primp and Blow® trade name or any of the Marks except as provided by this Agreement, and Franchisee shall not employ the trade name or any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to Franchisor for any indebtedness or obligation of Franchisee. Except as expressly authorized by this Agreement, neither Franchisee nor Franchisor will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other, or represent that the relationship between Franchisor and Franchisee is other than that of franchisor and franchisee.

12. ACCOUNTING, REPORTS, AND FINANCIAL STATEMENTS

Franchisee shall maintain, at Franchisee's own expense, Primp and Blow® Office Management Software, which will act as a bookkeeping, accounting, and record keeping system for the Franchised Business. Primp and Blow® Office Management Software includes the capability of being polled by Franchisor's central computer system, which Franchisee shall permit throughout the Term. With respect to the operation and financial condition of the Franchised Business, Franchisor intends to pull from Primp and Blow® Office Management Software: (1) by Tuesday of each week, an electronic report of the Franchised Business's Gross Revenues for the preceding week ending on, and including all of, Sunday, and any other data, information, and supporting records that Franchisor may require; (2) by the fifth (5th) day of each month, a profit and loss statement for the preceding calendar month, and a year-to-date profit and loss statement and balance sheet; (3) within ninety (90) days after the end of Franchisee's fiscal year, a fiscal year-end balance sheet, and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments; and (4) such other reports as Franchisor requires from time to time (collectively, the "Software Reports"). Franchisee shall input throughout the Term all Franchised Business transactions into Primp and Blow® Office Management Software in a timely manner to ensure that Primp and Blow® Office Management Software Reports are accurate. If it is determined that any information was omitted from Primp and Blow® Office Management Software or input inaccurately, Franchisor may charge Franchisee an accounting fee of \$100, payable in a lump on demand. Franchisee and each Franchise Owner shall maintain and furnish upon Franchisor's request complete copies of federal and state income tax returns filed with the Internal Revenue Service and state tax departments, reflecting revenues and income of Franchisee or the pertinent Franchise Owner, as applicable and as requested by Franchisor. Franchisor reserves the right to require Franchisee to provide monthly unaudited profit and loss statements prepared by a certified public accountant and provide audited or reviewed financial statements prepared by a certified public accountant on an annual basis. Franchisee shall retain hard copies of all records for a minimum of seven (7) years.

13. TRANSFERS

13.1 Organization. If Franchisee is a corporation, partnership or limited liability company (or if this Agreement is assigned to a corporation, partnership or limited liability company, which is subject to Franchisor's prior written approval), Franchisee represents and warrants to Franchisor that Franchisee is and will continue to be throughout the term of this Agreement, duly organized and validly existing in good standing under the laws of the state of Franchisee's incorporation, registration or organization, that Franchisee is qualified to do business and will continue to be qualified to do business throughout the Term in all states in which Franchisee is required to qualify, that Franchisee has the authority to execute, deliver

and carry out all of the terms of this Agreement, and that during the Term the only business that Franchisee will conduct will be the development, ownership and operation of the Franchised Business.

13.2 Interests in Franchise Owner. Each of Franchisee and the Franchise Owners represents, warrants and agrees that each and every “Interest” in Franchisee is owned in the amount and manner described in **Exhibit 3**. No Interests in Franchisee may, during the Term, be or become “publicly-held” securities (i.e., securities that require, for their issuance, registration with any state or federal authority). For purposes of this Agreement, an “Interest” means any ownership or other financial interest in the equity of Franchisee, the Franchised Business, this Agreement, the Location, the Premises, or the assets or profits of Franchisee or the Franchised Business. Each of Franchisee and the Franchise Owners also represents, warrants, and agrees that no Franchise Owner’s Interest has been given as security for performance of any obligation and that no one has any lien on or security interest in any Interest of any Franchise Owner or Franchisee, and that no change will be made in the ownership of any Interest other than as expressly permitted by this Agreement. Franchisee and each Franchise Owner shall furnish Franchisor with such evidence as Franchisor may request from time to time to assure itself that the Interests of each Franchise Owner and of Franchisee remain as permitted by this Agreement, including a list of all persons or entities owning any Interest.

13.3 Transfer by Company. This Agreement is fully transferable by Franchisor and will inure to the benefit of any person or entity to whom it is transferred, or to any other legal successor to Franchisor’s interests in this Agreement.

13.4 No Transfer Without Approval. Franchisee acknowledges that the rights and duties created by this Agreement are personal to Franchisee with that ownership and those Franchise Owners of Interests as described on **Exhibit 3** as of the Effective Date, and that Franchisor has entered into this Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee and the Franchise Owners. Accordingly, neither this Agreement nor any Interest of Franchisee or any Franchise Owner may be Transferred (see definition below) without Franchisor’s prior written approval. Any Transfer or attempt to Transfer that is made without Franchisor’s written approval will constitute a material breach of this Agreement and convey no rights to or interests in this Agreement, Franchisee, the Franchised Business, any other Interest, or any other P&B franchise.

As used in this Agreement the term “Transfer” means any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest, or occurrence of any other event which would or might change the ownership or control of any Interest, and includes, without limitation: (1) the transfer of ownership of capital stock, partnership interest or other ownership interest; (2) merger or consolidation, or issuance of additional securities representing an ownership interest in Franchisee; (3) sale of common stock of Franchisee sold pursuant to a private placement or registered public offering; (4) transfer of an Interest in a divorce proceeding or otherwise by operation of law; or (5) transfer of an Interest by will, declaration of or transfer in trust, or under the laws of intestate succession.

13.5 Conditions for Approval of Transfer. If Franchisee and Franchise Owners are in full compliance with this Agreement, Franchisor will not unreasonably withhold Franchisor’s approval of a Transfer that meets all the applicable requirements of this Article 13. The person or entity to whom Franchisee wish to make the Transfer, or its Franchise Owners (“Proposed New Owner”), must be individuals of good moral character and otherwise meet Franchisor’s then-applicable standards for new P&B franchisees. If Franchisee proposes to Transfer any Interest, then all of the following conditions must be met to Franchisor’s satisfaction before or at the time of the Transfer:

- (a) the Proposed New Owner must have sufficient business experience, aptitude, and financial resources to operate the Franchise at System standards;
- (b) Franchisee must pay all amounts Franchisee then owes to Franchisor or Franchisor’s affiliates;
- (c) the Proposed New Owner’s intended operators and such other personnel as Franchisor may

designate must have successfully completed Franchisor's Initial Training program (at the Proposed New Owner's expense), and shall be legally authorized and have all licenses necessary to perform the services offered by the Franchised Business;

(d) if Franchisee's lease for the Premises requires it, the lessor must have consented to the assignment of the lease of the Premises to the Proposed New Owner;

(e) Franchisee (or the Proposed New Owner) must pay Franchisor the applicable Transfer fee,

(f) Franchisee and Franchise Owners and their respective spouses must execute a general release (in a form satisfactory to Franchisor) of any and all claims Franchisee and/or they may have against Franchisor, Franchisor's affiliates, and each of their respective officers, directors, employees, and agents;

(g) the Franchised Business and the Premises shall then be in an attractive, neat and sanitary condition;

(h) Franchisee and Franchise Owners must enter into an agreement with Franchisor providing that all obligations of the Proposed New Owner to make installment payments of the purchase price (and any interest on it) to Franchisee or Franchise Owners will be subordinate to the obligations of the Proposed New Owner to pay any amounts payable under this Agreement or any new Franchise Agreement that Franchisor may require the Proposed New Owner to sign in connection with the Transfer;

(i) Franchisee and Franchise Owners must enter into a non-competition agreement wherein each of them no longer owning any Interest covenants not to engage for a period of two (2) years after the Transfer in a competitive business within ten (10) miles of the Premises or any other P&B Location;

(j) the Franchised Business has then been determined by Franchisor, in Franchisor's good faith determination, to contain all equipment and fixtures in good working condition, as are then required of P&B Locations; or, at Franchisor's discretion, the Proposed New Owner shall have agreed, in writing, to make such reasonable capital expenditures to remodel, equip, modernize and redecorate the interior and exterior of the premises in accordance with Franchisor's then existing plans and specifications for a P&B franchise, and shall have agreed to pay Franchisor's expenses for plan preparation or review, and site inspection;

(k) the Proposed New Owner shall have agreed, subject its receipt of Franchisor's consent for the Transfer or sale of the Franchise, to assume all of Franchisee's obligations under this Agreement in a form acceptable to Franchisor, or, at Franchisor's option, shall have agreed to execute a new Franchise Agreement with Franchisor in the form then being used by Franchisor; Franchisor may, at Franchisor's option, require that each or any (at Franchisor's election) Franchise Owner retaining no Interest after the proposed Transfer to guarantee the performance and obligations of Franchisee that arise after the proposed Transfer;

(l) Franchisee must have properly offered Franchisor the opportunity to exercise Franchisor's right of first refusal as described below, with Franchisor (at its sole discretion) having declined to exercise it; and

(m) Franchisor, at its good faith discretion, shall have approved the terms and conditions of the proposed Transfer.

13.6 Right of First Refusal. If Franchisee or any Franchise Owners wishes to Transfer any Interest, Franchisor will have a right of first refusal to purchase that Interest as follows. The party proposing the Transfer (the "transferor") must obtain a bona fide, executed written offer (accompanied by a "good faith" earnest money deposit of at least five percent (5%) of the proposed purchase price) from a responsible and fully disclosed purchaser, and must submit an exact, complete, written copy of the offer to Franchisor. Franchisee also shall provide Franchisor with any other information Franchisor requests to evaluate the offer, so long as Franchisor requests the additional information within five (5) days of receipt of the offer

or subsequent information, as applicable. Franchisor has the right, exercisable by delivering written notice to the transferor within fifteen (15) business days from the date of last delivery to Franchisor of the offer and any subsequent information Franchisor requested, to purchase the Interest for the price and on the terms and conditions contained in the offer, except that Franchisor may substitute cash for any form of payment proposed in the offer, and will not be obligated to pay any “finder’s” or broker’s fee that is a part of the proposed Transfer. Franchisor also will not be required to pay any amount for any claimed value of intangible benefits, for example, possible tax benefits that may result by structuring and/or closing the proposed Transfer in a particular manner or for any consideration payable other than the bona fide purchase price for the Interest proposed to be transferred. Franchisor may in Franchisor’s sole and absolute discretion withhold consent to any proposed Transfer, if the offer directly or indirectly requires payment of any consideration other than the bona fide purchase price for the Interest proposed to be transferred or if the offer is conditioned upon closing the proposed Transfer in any manner inconsistent with or prejudicial to Franchisor’s rights under this Agreement. Franchisor’s credit will be deemed equal to the credit of any other proposed purchaser, and Franchisor will have at least sixty (60) days to prepare for closing. Franchisor will be entitled to all customary representations and warranties given purchasers in connection with similar transfers. If the proposed Transfer includes assets not related to the operation of the Franchise, Franchisor may, at its sole discretion, purchase all of the assets, or only the assets related to the operation of the Franchise, in which case an equitable purchase price will be allocated to each asset included in the Transfer.

If Franchisor does not exercise Franchisor’s right of first refusal, the transferor may complete the sale to the Proposed New Owner pursuant to and on the terms of the offer, but only after and subject to Franchisor’s approval of the Transfer as provided above. Franchisee must immediately notify Franchisor of any changes in the terms of an offer. Any material change in the terms of an offer before closing will make it a new offer, revoking any previous approval or previously made election to purchase and providing Franchisor a new right of first refusal effective as of the day Franchisor receives formal notice of a material change in the terms. If the sale to the Proposed New Owner is not completed within one hundred twenty (120) days after Franchisor has approved the Transfer, Franchisor’s approval of the proposed Transfer will expire automatically. Any subsequent proposal to complete that proposed Transfer will be deemed a new offer, giving Franchisor a new right of approval and right of first refusal effective as of the day Franchisor receives formal notice of the new (or continuing) proposal.

13.7 Death and Disability. Upon the death or permanent disability of Franchisee or a Franchise Owner, the executor, administrator, conservator or other personal representative of the deceased or disabled person shall Transfer the deceased or disabled person’s Interest within a reasonable time, not to exceed 180 days from the date of death or permanent disability, to a person Franchisor then has approved. Each such Transfer, including without limitation any transfer by a will or inheritance, will be subject to all the terms and conditions for assignments and Transfers contained in this Agreement. Failure to so dispose of an Interest within the 180-day period of time will constitute grounds for termination of this Agreement.

13.8 Effect of Consent to Transfer. Franchisor’s consent to a proposed Transfer pursuant to this Section 13 will not constitute a waiver of any claims Franchisor may have against Franchisee or any Franchise Owner, nor will it be deemed a waiver of Franchisor’s right to demand exact compliance with any of the terms or conditions of this Agreement by the Proposed New Owner.

13.9 Consent Not Unreasonably Delayed. Subject to each and all the conditions having been met in timely fashion to transfer an Interest, Franchisor will not unreasonably delay granting Franchisor’s consent to the proposed Transfer.

14. RENEWAL

14.1 Renewal. Subject to Franchisee's timely fulfillment of each of the conditions set forth in Section 14.2 below, Franchisee shall have the right to renew this Agreement for one additional term of ten (10) years.

14.2 Renewal Conditions. To qualify for a renewal term as provided above, Franchisee must fulfill each and all of the following conditions: (a) Franchisee shall have fully complied with this Agreement continuously throughout the Term; (b) Franchisee shall deliver written notice of Franchisee's intent to renew at least 180 days but no more than 365 days before expiration of the Term; (c) Franchisee shall be in full compliance with this Agreement at the time of requesting renewal and at the end of the Term; (d) the notice of intent to renew shall be accompanied by Franchisee's payment of a renewal fee described in Section 7.10; (e) not less than ten (10) business days prior to expiration of the Term, Franchisee shall execute Franchisor's then current form of Franchise Agreement to cover the 10-year renewal term, which may include new and different terms, new and higher fees, and other differences from this Agreement; (f) before the start of the renewal term Franchisee shall sign a general release of all known and unknown claims against Franchisor in form acceptable to Franchisor; (g) not more than twelve (12) months prior to the expiration of the Term, Franchisee shall have remodeled, redecorated, renovated, and upgraded the Salon to Franchisor's then current standards for Primp and Blow® Salons; and, (h) Franchisee shall have paid and shall be current on all amounts due to Franchisor and affiliates of Franchisor and third party creditors. Failure of any of these conditions precedent shall constitute an election by Franchisee not to renew this Agreement.

15. TERMINATION OF THE FRANCHISE

Franchisor has the right to terminate this Agreement effective upon delivery of notice of termination to Franchisee, if:

- (1) Franchisee does not develop or open the Franchised Business on time or otherwise as provided in this Agreement;
- (2) Franchisee abandons, surrenders, transfers control of, loses the right to occupy the Premises of, or does not actively operate, the Franchise, or Franchisee's lease for or purchase of the location of the Franchise is terminated for any reason;
- (3) Franchisee or any of Franchise Owners assign or Transfer, or attempts to assign or Transfer, this Agreement, any Interest, the Franchise, or assets of the Franchise without complying with the provisions of Article 13 Transfers;
- (4) Franchisee is adjudged a bankrupt, become insolvent or makes a general assignment for the benefit of creditors;
- (5) Franchisee or any of Franchise Owners is convicted of or pleads no contest to a felony or is convicted or pleads no contest to any crime or offense that is likely to adversely affect the reputation of the Company, the Franchise, or the goodwill associated with the Marks;
- (6) Franchisee is involved in any action that is likely to adversely affect the reputation of the Company, the Franchise, or the goodwill associated with the Marks;
- (7) Franchisee or any of Franchise Owners fails on three (3) or more separate occasions within any twelve (12) consecutive month period to submit when due any financial statements, reports or other data, information, or supporting records; pay when due any amounts due under this Agreement; or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice is given to Franchisee;
- (8) Franchisee fails to maintain a valid license or fails to maintain compliance with state and federal regulations and does not cure the failure within ten (10) business days after written notice is given to Franchisee;

(9) Franchisee or any of Franchise Owners or Franchisee’s employees violates any health or safety law, ordinance or regulation, or operates or manages the Franchised Business in a manner that presents a health or safety hazard to Franchisee’s customers or the public and does not cure the failure within three (3) business days after written notice is given to Franchisee;

(10) Franchisee uses, sells, distributes or gives away any unauthorized services or products, and does not cease the use, sale, or distribution of unauthorized services or products within five (5) business days after written notice is given to Franchisee;

(11) Franchisee does not pay when due any monies owed to Franchisor or Franchisor’s affiliates, and does not make such payment within ten (10) business days after written notice is given to Franchisee;

(12) Franchisee fails to procure or maintain any and all insurance coverage that Franchisor requires, or otherwise fails to name Franchisor or any other required person or entity as an additional insured on any such insurance policies and failure to do so within ten (10) days after written notice is given to Franchisee; OR

(13) Franchisee or any of Franchise Owners fails to comply with any other provision of this Agreement or any mandatory specification, standard, or operating procedure or Franchisee fails to make changes required to comply with applicable state or federal laws within twenty (20) days after written notice of such failure to comply is given to Franchisee.

If Franchisee continues to operate the Franchised Business after termination of this Agreement, in addition to any other right or remedy Franchisor may have, Franchisee shall pay to Franchisor the amount of One Thousand (\$1,000.00) per day that Franchisee operates the Franchised Business in violation of this Agreement, plus all costs and attorneys’ fees incurred as a result of the violation. This amount is set at \$1,000 per day because it is a reasonable estimation of the damages that would occur from such a breach, and it will almost certainly be impossible to calculate precisely the actual damages from such a breach, as indicated by their respective, authorized representative’s initials below:

Franchisor’s Initials: _____ Franchisee’s Initials: _____

[Franchise Owners' Initials: _____]

16. RIGHTS AND OBLIGATIONS OF COMPANY AND FRANCHISE OWNER UPON TERMINATION OR EXPIRATION OF THE FRANCHISE

16.1 Payment of Amounts Owed to Company. Franchisee shall pay Franchisor within five (5) days after the effective date of termination or expiration of the Franchise, or any later date that the amounts due to Franchisor are determined by Franchisor, all amounts owed to Franchisor or Franchisor’s affiliates which are then unpaid.

16.2 Marks. After the termination or expiration of the Franchise Franchisee shall:

(a) not directly or indirectly at any time identify any business with which Franchisee are associated as a current or former Primp and Blow® franchise or franchisee;

(b) not use any Mark or any imitation of any Mark or any confusingly similar trade name, logo, trademark or service mark in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with Franchisor;

(c) return to Franchisor or destroy (whichever Franchisor specifies) all customer lists, forms and materials containing any Mark or otherwise relating to a P&B franchise;

(d) remove all Marks affixed to uniforms or, at Franchisor’s direction, cease to use those uniforms; and

(e) take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Mark.

16.3 De-Identification. If Franchisee retains possession of the Premises, Franchisee shall completely remove or modify, at Franchisee's sole expense, any part of the interior and exterior decor that Franchisor deems necessary to disassociate the Premises with the image of a P&B franchise, including any signage bearing the Marks. If Franchisee does not take the actions Franchisor requests within thirty (30) days after notice from Franchisor, Franchisor shall have the right to enter the Premises and make the required changes at Franchisee's expense, and Franchisee shall reimburse Franchisor for those expenses on demand.

16.4 Confidential Information. On termination or expiration of the Franchise Franchisee shall immediately cease to use any of the Confidential Information, and shall not use it in any business or for any other purpose. Furthermore, Franchisee shall immediately return to Franchisor all copies of any written Confidential Information or other confidential materials that Franchisor shall have loaned or provided to Franchisee.

16.5 Primp and Blow® Software. On termination or expiration of the Franchise, Franchisee shall immediately cease to use Primp and Blow® Office Management Software and shall uninstall it from all computer systems owned, operated or controlled by Franchisee.

16.6 Company's Option to Purchase the Franchise.

- (a) Following termination or expiration of this Agreement other than due to Franchisor's uncured breach, Franchisor (or Franchisor's assignee, if applicable) shall have the option, exercisable by delivering written notice to Franchisee within sixty (60) calendar days from the date of the termination or expiration, to acquire from Franchisee, any or all of the Franchised Business's physical assets (including equipment, fixtures, inventory, products, materials, and supplies) as selected by Franchisor (collectively, as selected by Franchisor, the "Assets");
- (b) Franchisor shall have the unrestricted right to assign the option in Subsection (a) above;
- (c) Franchisor shall be entitled to receive from Franchisee such representations and warranties satisfactory to Franchisor concerning Franchisee's ownership of the Assets, condition of and title to the Assets, and absence of any liens and encumbrances on the Assets, except as Franchisor in good faith deems acceptable in its judgment;
- (d) The purchase price for the Assets shall be fair market value of the Assets (except actual cost for useable, unopened inventory and supplies); Franchisor shall have the right to set off from the purchase price all amounts due from Franchisee to Franchisor under this Agreement as well as any other amounts due to Franchisor's affiliates; in the event Franchisor and Franchisee do not agree on the fair market value of the Assets within three (3) business days of Franchisor's written offer to Franchisee, they shall each appoint (within ten (10) business days of Franchisor's initial offer) an appraiser experienced in used hair salon transactions to appraise the Assets within one week of appointment, both appraisals shall be provided to Franchisor and to Franchisee to further attempt to agree on the fair market value; if Franchisor and Franchisee are unable to agree on fair market value of the Assets within two (2) business days of such discussion, then Franchisor shall have the option of either: a) paying the average of the two appraisals and proceeding with the purchase (leaving Franchisee the option to bring a claim in arbitration for any difference between fair market value as determined by the arbitrator and what Franchisor has then paid for the Assets, which might result in the arbitrator determining that Franchisor paid more than fair market value and would be entitled to a partial refund); or b) canceling the exercise of Franchisor's purchase of the Assets;
- (e) Franchisor shall pay Franchisee the purchase price (by corporate check, or offset, or a combination, as applicable) at closing of the purchase; the closing shall take place at a time and place designated by Franchisor within ninety (90) calendar days after Franchisee receives Franchisor's notice of exercise of the purchase option; at closing, Franchisee shall deliver to Franchisor an assignment (and other documentation as Franchisor deems appropriate) transferring good and marketable title

to the assets selected by Franchisor, free of liens and encumbrances, with all sales and other transfer taxes paid by Franchisee;

- (f) If Franchisor elects, then the parties shall comply with applicable Bulk Sales provisions of the Uniform Commercial Code in the state where the Store is located, and Franchisor shall have the right to delay the closing until such compliance is completed; and
- (g) At Franchisor's election, as part of the purchase Franchisee shall deliver to Franchisor an assignment of the lease for the Premises (or, if assignment is prohibited, a sublease for the full remaining term and on the same terms as Franchisee's lease); if Franchisee owns the Premises, Franchisee shall lease the Premises to Franchisor (of Franchisor's assignee) pursuant to the terms of a form lease reasonably designated by Franchisor, for a term selected by Franchisor up to 5 years with two successive 5-year renewal options at fair market rental during the initial and renewal terms.

Once Franchisor gives notice that Franchisor will purchase the Franchise assets, Franchisor will have the right to immediately take over the operations of the Franchise. From the date Franchisor take over the Franchise to the date of closing of the purchase of the Franchise assets, Franchisor will be entitled to use any gross revenues of the Franchise to operate the Franchise, and to retain as a management fee equal to ten percent (10%) such gross revenues, plus any additional costs and expenses Franchisor may incur.

16.7 Continuing Operations. All obligations of this Agreement (whether Franchisee's or Franchisor's) that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire; provided, however, any continuance of business relations between Franchisor and Franchisee after termination of this Agreement will NOT be construed as a renewal, extension, or continuation of this Agreement.

16.8 Management of the Franchise. In the event that Franchisor is entitled to terminate this Agreement in accordance with Article 15 above or any other provision of this Agreement, and in addition to any other rights or and remedies available to Franchisor in the event of such termination, Franchisor may, but need not, assume management of the Franchised Business. All gross revenues from the Franchised Business's operation while Franchisor assume its management will be kept in a separate account, and all of the Franchised Business's expenses will be charged to this account. In such event, Franchisee shall be obligated to pay Franchisor (in addition to the Royalty Fee and Marketing Fee contributions due under this Agreement) a management fee in an amount of ten percent (10%) of the Franchised Business's gross revenues, and Franchisor's direct out-of-pocket costs and expenses. In such event, Franchisor shall have a duty to utilize only Franchisor's reasonable efforts in managing the Franchised Business, and will not be liable to Franchisee for any debts, losses, or obligations the Franchised Business incurs, or to any of Franchisee's creditors for any products or services the provided while Franchisor manages it.

17. CHOICE OF LAW, JURISDICTION, VENUE, AND DISPUTE RESOLUTION

17.1 Applicable Law. Except as governed by the Federal Arbitration Act (9 U.S.C. §1 et seq.) as provided below, the Lanham Act (15 U.S.C. §1051 et seq.) shall govern any issue involving the Marks, and the substantive laws of the state in which the Salon is located shall govern Subsection 17.4. Otherwise, the law of the State of Arizona (without regard to principles of conflicts of law) shall govern this Agreement and all legal relations among the parties hereto; provided, however, if the laws of the state where the Salon is located require terms other than those or in addition to those in this Agreement or prohibit any terms in this Agreement, then this Agreement shall be deemed modified to comply with the applicable state laws, but only to the extent needed to prevent invalidity or illegality of this Agreement. To the extent permitted by applicable law, Franchisee waives any provision of law that would otherwise render any provision of this Agreement prohibited or unenforceable in any respect.

17.2 Mediation. Except as expressly provided below to the contrary, in the event of any dispute between Franchisor and any other party hereto (including the Franchise Owners) arising out of or otherwise related

to this Agreement, its alleged breach, enforceability, or validity (each a “Dispute”) that is not resolved through direct negotiations within a reasonable time, each party shall next attempt to resolve such Dispute through mediation before a mediator (i) appointed by the International Institute for Conflict Prevention and Resolution (“CPR”) and approved by the mediating parties in accordance with CPR’s Mediation Guidelines, or (ii) a different mediator that all of the disputing parties agree to not later than fifteen (15) days after a party first gives notice of the Dispute and intent to mediate. Mediation will be conducted in Maricopa County, Arizona, and will be conducted and completed within forty-five (45) days following the date either party first gives notice of mediation. The fees, charges, and reimbursements of the mediator shall be shared equally by the disputing parties.

17.3 Arbitration.

(a) Except as expressly provided below, any Dispute between (i) Franchisor, and (ii) Franchisee or any Franchise Owner(s), arising out of or relating to the relationship of Franchisor and Franchisee, or to this Agreement or to any other agreement between Franchisor and Franchisee or any Franchise Owner(s), or to the actual or alleged breach, scope, enforceability, or validity of this Agreement or of any of such other agreements, or of any provision of any of them (including the scope, enforceability, and validity of this Section 17.3) that is not resolved through direct negotiations or mediation will be resolved by submission to binding arbitration by and before a neutral, former judge chosen by agreement of the parties or, if not agreed within ten (10) business days of written demand for arbitration, in accordance with the selection process of a reputable arbitration service, including CPR, JAMS, and other services of equally good reputation. All disputes or issues within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 and following) shall be governed by the Federal Arbitration Act and not by any state arbitration law. For purposes of avoiding any ambiguity, the issue of whether or not a particular dispute is to be resolved by a court or an arbitrator shall be determined by an arbitrator pursuant to this Section 17.3.

The arbitration shall be so scheduled by the arbitrator that the last hearing date of the evidentiary proceedings shall occur no later than the 275th day after the date the arbitration proceeding is commenced, and each party shall be responsible to ensure that all of its representatives, witnesses and counsel are available for not less than three full weeks (in each case, Monday through Friday) during the five full weeks immediately preceding such 275th day. The arbitrator is authorized to award reasonable attorneys fees and costs to the prevailing party; however, the fees, charges, and reimbursements of the arbitrator and arbitration service shall be shared equally by the disputing parties. No arbitration of any dispute involving this Agreement or the franchise relationship among the parties hereto may be commenced except in accordance with this Section 17.3.

(b) All hearings and other proceedings will take place in Maricopa County, Arizona, or other county where Franchisor’s headquarters is then located. Discovery will be governed by the Arizona Code of Civil Procedure or as the parties agree otherwise. The arbitrator’s decision shall be in writing and shall set forth the arbitrator’s finding of facts and legal analysis. Except as provided below, the arbitrator’s decision will be final and binding on the parties, and judgment thereon may be entered in any federal or state court having jurisdiction. Aside from any other bases for overturning an arbitrator’s decision under then current, applicable law, the arbitrator’s finding of facts shall not be subject to appeal, while the arbitrator’s legal analysis shall be appealable and subject to being overturned only on the basis of materially incorrect legal analysis and result.

[Franchisor’s Initials: _____] [Franchisee’s Initials: _____]

[Franchise Owners' Initials: _____ _____ _____ _____ _____]

17.4 Injunctive Relief and Intellectual Property. Notwithstanding Subsections 17.2 and 17.3 above, each party shall have the right to seek relief from a court of competent jurisdiction with respect to issues: a) requiring temporary or permanent injunctive relief, or b) involving ownership or alleged infringement of any of Franchisor’s Marks or other Intellectual Property. Franchisee acknowledges that it is one of a number

of franchisees using the Marks and that failure on its part to comply fully with any of the terms of this Agreement pertaining to the Marks, or other Intellectual Property, or any aspect (including quality, cleanliness, source of ingredients, etc.) of the public image of the System or Chain could cause irreparable damage to other franchisees, the Marks, the System, or the Franchisor, and that to prevent such damage Franchisor shall be entitled to injunctive relief without any requirement that a bond be posted as a condition to such relief.

17.5 Jurisdiction, Venue, Waiver of Jury. With respect to any court proceeding between Franchisee and Franchisor concerning the enforcement, construction, alleged breach, or termination of this Agreement, Franchisee hereby submits to the personal jurisdiction and venue of the federal and state courts located in Maricopa County, Arizona, for all such matters, and promises not to commence against Franchisor any court proceeding concerning such matters in any other court. Franchisor and Franchisee and each Franchise Owner hereby irrevocably waive trial by jury for any and all of such proceedings and counterclaims. This Section 17.5 is subject to and shall not be construed to supersede or control Section 17.2 or Section 17.3 above.

17.6 Lien; Limitation of Remedies; Cumulative Remedies. To secure Franchisee's performance under this Agreement and indebtedness for all sums due Franchisor or Franchisor's affiliates, Franchisor shall have a lien upon, and you hereby grant Franchisor a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it and the proceeds from all of the same:

- (a) all inventory now owned or after-acquired by you and the Franchise, including but not limited to all inventory and supplies transferred to or acquired by you in connection with this Agreement;
- (b) all accounts of you and/or the Franchise now existing or subsequently arising, together with all interest in you and/or the Franchise, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts;
- (c) all contract rights of you and/or the Franchise, now existing or subsequently arising; and
- (d) all general intangibles of you and/or the Franchise, now owned or existing, or after-acquired or subsequently arising.

Franchisee shall execute such financing statements, instruments, and other documents, in a form satisfactory to Franchisor, as Franchisor deems necessary so that Franchisor may establish and maintain a valid security interest in and to these assets. Such documents shall include a collateral assignment of the lease of the Premises in the form of **Exhibit A to Exhibit 1** attached.

Neither party to this Agreement shall be entitled to recover punitive or exemplary damages from any other party to this Agreement. Except as provided in the immediately preceding sentence, all rights and remedies of Franchisor shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. The rights and remedies of Franchisor shall be continuing and not exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or earlier termination of this Agreement shall not discharge or release Franchisee from any liability or obligation then accrued or any liability or obligation continuing beyond or arising out of the expiration or earlier termination of this Agreement.

17.7 Liquidated Damages. If this Agreement is terminated as a result of repudiation, anticipatory breach, default, or other action or omission by Franchisee without material breach hereof by Franchisor, Franchisee shall pay to Franchisor in lump sum as liquidated damages in lieu of Franchisor's lost profits (and in addition to any other remedy or right Franchisor may have for other categories of damages or other relief) the amount of a) nine percent (9%) times the Franchisee's Gross Sales for the last twelve consecutive months of the Salon's full time operation prior to termination of this Agreement, or b) \$100,000.00, whichever is greater.

After careful consideration, the parties hereby acknowledge and agree that the precise amount of Franchisor's actual lost profits in such event would be extremely difficult to ascertain and that the foregoing sum represents a reasonable estimate of such actual damages, based in part upon the approximate time and expense it would take Franchisor to open another retail outlet in the same vicinity operated under the Marks and the injury to the Pimp and Blow® brand and the Marks resulting from such breach by Franchisee. Such liquidated damages shall not apply if either Franchisor or another, authorized franchisee of the System commences operation within sixty (60) days of termination of this Agreement of a retail outlet operated under the Marks within one mile's driving distance of the Premises.

[Franchisor's Initials: _____] [Franchisee's Initials: _____]

[Franchise Owners' Initials: _____]

17.8 Limitations of Actions. Franchisor and Franchisee shall be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement whichever period expires earlier. In any arbitration proceeding, each must submit or file any claim that would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. No claim or cause of action arising out of this Agreement, its negotiations, or any aspect of the relationship or dealings between Franchisor and Franchisee (or any of their owners or affiliates) shall be submitted to arbitration or filed as a lawsuit or other proceeding more than 18 months after its occurrence or one year after its discovery by the injured party, whichever is earlier. Any claim not submitted or filed by the date required is forever barred.

17.9 Survival. The terms of this Article 17 shall survive termination, expiration, or cancellation of this Agreement.

18. MISCELLANEOUS

18.1 GUARANTIES. In conjunction with Franchisee's execution of this Agreement, each and every Franchise Owner shall provide a personal guaranty of Franchisee's full and timely performance of all of Franchisee's obligations under this Agreement. Each such guaranty shall be substantially in the form of **Exhibit 4** attached hereto or otherwise acceptable to Franchisor.

18.2 Disclosure. In all dealings with third parties including customers, employees, suppliers, and others, Franchisee shall disclose, in the manner that Franchisor specifies from time to time, that Franchisee is an entity independent from Franchisor.

18.3 No Binding Other Party. A party to this Agreement shall have no authority to create or assume any obligation, express or implied, or to act or purport to act as agent or representative of the other party for any purpose, except for any express authorization in this Agreement for Franchisor to act for and on behalf of Franchisee in specified circumstances.

18.4 Offset. Franchisor shall have the right to retain any monies coming into Franchisor's possession or relating to Franchisee or on Franchisee's behalf, to offset amounts owed by Franchisee to Franchisor.

18.5 Failure to Enforce. Failure of a party to enforce any provision of this Agreement shall not constitute a waiver of the right subsequently to enforce the provision or to enforce other provisions of this Agreement.

18.6 Waiver. The waiver by Franchisor of any breach or default, or series of breaches or defaults, of any term, covenant or condition herein or of any same or similar term, covenant or condition in any other agreement between Franchisor and any franchisee or licensee, shall not be deemed a waiver of any subsequent or continuing breach or default of the same or any other term, covenant or condition contained in this Agreement, or in any other agreement between Franchisor and any franchisee or licensee.

18.7 Modification. Except as provided in Section 18.22 below ("Severability"), this Agreement cannot be modified or changed other than by written instrument signed by Franchisor and Franchisee.

18.8 System Modification. As provided above, Franchisor shall have the right to modify the Manual and elements or all of the Primp and Blow® System as Franchisor deems appropriate from time to time. Each of these modifications shall be deemed to occur in the performance of and pursuant to this Agreement and will not constitute solicitations to modify, or modifications of, this Agreement.

18.9 Further Actions. Franchisee shall execute such other documents and perform such further acts as Franchisor deems to be needed or desirable to carry out the purposes of this Agreement.

18.10 Successors and Assigns. Subject to the terms and provisions of Article 13 above, this Agreement will be binding upon and inure to the benefit of the successors and assigns of Franchisor and will be binding upon and inure to the benefit of Franchisee and its or their respective heirs, executors, administrators, successors and assigns.

18.11 Force Majeure. Neither party will be liable for failure or temporary delay in performance of this Agreement, other than payment of money due to Franchisor, for the length of time such performance is prevented by strike, terrorism, war, embargo, fire, flood, other natural disaster, act of God, compliance with binding government order, or other force majeure; provided, however, in the event performance is so delayed by more than six (6) months, then either party may terminate this Agreement effective upon ninety (90) days notice to the other party, unless full performance by the excused party is commenced during such notice period and thereafter continues. No such delay shall extend the Term.

18.12 Lease of Land and Building. In the event that the parties have executed a lease of land or building relating to the premises described in Subsection 1.2 above (the "Lease"), such Lease is hereby incorporated into this Agreement by reference, and any failure on the part of Franchisee (lessee therein) to perform, fulfill or observe any of the covenants, conditions or agreements contained therein shall constitute a material breach of this Agreement. It is expressly understood, acknowledged and agreed by Franchisee that any termination of the Lease resulting in Franchisee's loss of possession of the Salon shall result in immediate termination of this Agreement without further notice, and automatically trigger Franchisor's option rights under Subsection 16.6 above to assume Franchisee's position as lessee under the Lease.

18.13 Cost of Living Index. Each amount payable under this Agreement that is denoted in dollars (e.g., \$100.00 late charge under Subsection 7.11) shall be adjusted automatically (applicable to such payments due thereafter until the next adjustment) on the first and every subsequent anniversary date of this Agreement by the increase, if any, in the Consumer Price Index for the Los Angeles area from the date of this Agreement to such anniversary date.

18.14 No Third Party Beneficiaries. This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity will be entitled to any rights hereunder whether claiming third party beneficiary rights or otherwise.

18.15 Joint and Several Liability. If Franchisee consists of, or is owned by, more than one person or entity, or a combination thereof, the obligations and liabilities to Franchisor of each such person or entity are joint and several.

18.16 Survival of Covenants. The covenants contained in this Agreement that by their terms contemplate performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding the expiration or termination of this Agreement for any reason whatsoever.

18.17 Exhibits. Each Exhibit expressly referred to in the body of this Agreement is hereby incorporated in its entirety into this Agreement

18.18 Construction. Headings, table of contents, gender, and language usages in this Agreement are for convenience only and shall not be used to construe the terms of this Agreement. As used in this Agreement, the male gender shall include the female and neuter genders; the singular shall include the plural, and vice versa.

18.19 Time. Time is of the essence of this Agreement.

18.20 Include. Each and every use and version of the word “include” contained within this Agreement shall be construed as without limitation (except where expressly modified by the word “only”).

18.21 Hereby. Except where expressly or by context clearly indicated otherwise, the use in this Agreement of verbs such as “acknowledges” or “agrees” (regardless of number or tense) shall be understood to include by implication the word “hereby.”

18.22 Severability. If any provision of this Agreement is invalid, prohibited, or unenforceable under applicable law, the provision will be deemed amended to conform to the applicable law while maintaining to the maximum extent possible the original intent of the provision.

18.23 Multiple Originals. This Agreement may be executed in multiple originals, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

18.24 Entire Agreement. This Agreement contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other agreements oral or otherwise will be deemed to exist or to bind any of the parties hereto, and any and all prior negotiations, commitments, undertakings, representations, agreements, and understandings are merged into and superseded hereby. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement or the Franchise Disclosure Document. Franchisee hereby represents and warrants that Franchisee has executed this Agreement without reliance upon any such unauthorized representation or promise of Franchisor or any representative of Franchisor. Nothing in this Agreement is intended to disclaim the representations contained in the Franchise Disclosure Document.

19. NOTICE

(a) All notices which the parties may be required or may desire to give under or in connection with this Agreement must be in writing and must be personally delivered, or sent either by certified mail, return receipt requested, postage prepaid, or reliable overnight delivery service, addressed as follows:

If to Franchisor:

P&B Franchise, LLC
Melodi Harmon
10115 East Bell Road, Suite #107-224
Scottsdale, AZ 85260

If to Franchisee:

ATTN: PRINCIPAL OPERATOR

(b) The addresses herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices will be deemed effective at the earlier of actual delivery or when first tendered at the appropriate address during normal business hours for the locale of the addressee.

(c) Notwithstanding the above, Franchisor may elect to utilize email or similar communications to Franchisee for the purpose of communicating System modifications, operations, marketing and other bulletins, product or equipment safety or recall alerts, or any other message Franchisor determines, and Franchisee hereby acknowledges that such communications will constitute actionable communication under this Agreement and shall ensure that Franchisee’s communications system includes the capability, and is set or programmed, to receive such communications from Franchisor on a continual basis throughout the

Term. Franchisee must never opt out or refuse to accept any of such Franchisor communications at any time during the Term.

20. INDEPENDENT PROFESSIONAL JUDGMENT OF FRANCHISEE; FRANCHISOR'S BUSINESS JUDGMENT

20.1 Franchisee's Independent Professional Judgment. Franchisee acknowledges and agrees that the specifications, standards and operating procedures related to the services offered by the Franchise are not intended to limit or replace Franchisee's or Franchisee's General Manager's (if any) professional judgment in supervising and performing the services offered by Franchisee's Franchise. The specifications, standards, and operating procedures represent only the minimum standards, and Franchisee and Franchisee's General Manager (if any) are solely responsible for ensuring that the Franchisee performs services in accordance with all applicable requirements and standards of care. Franchisee shall notify Franchisor immediately upon Franchisee's determination that any specification, standard or operating procedure is contrary to Franchisee's or Franchisee's General Manager's (if any) professional judgment.

20.2 Franchisor's Judgment. The parties hereto recognize, and any mediator or arbitrator is affirmatively advised, that certain provisions of this Agreement describe Franchisor's right to take (or refrain from taking) certain actions (including the granting or denying of Franchisor's approval or consent) in the exercise of Franchisor's business judgment. Where such business judgment has been exercised in good faith, no mediator or arbitrator may substitute his or her own business judgment for that exercised by Franchisor.

21. ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE

21.1 Franchisee's and Franchise Owners' Representations and Warranties. Franchisee and each and all of the Owners represent and warrant that the following statements are true and accurate:

(a) Each of the individuals executing this Agreement on behalf of Franchisee received Franchisor's Franchise Disclosure Document (together with all exhibits) at least 14 days before executing this Agreement;

[Franchisee's Initials: _____, and Franchise Owners' Initials: _____]

(b) None of the Franchise Owners or Franchisee seeks to obtain the franchise granted herein for speculative purposes, and none has any present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the franchise granted herein;

[Franchisee's Initials: _____, and Franchise Owners' Initials: _____]

(c) If Franchisee is a Business Organization, Franchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Salon is located;

[Franchisee's Initials: _____, and Franchise Owners' Initials: _____]

(d) The execution of this Agreement by Franchisee and the Franchise Owners will not constitute or violate any other agreement or commitment to which Franchisee or any Franchise Owner is a party;

[Franchisee's Initials: _____, and Franchise Owners' Initials: _____]

(e) Each individual executing this Agreement on behalf of Franchisee is duly authorized to do so, and this Agreement constitutes a valid and binding obligation of Franchisee and each Franchise Owner;

[Franchisee's Initials: _____, and Franchise Owners' Initials: _____]

(f) Franchisee and each of the Franchise Owners have entered into this Agreement in reliance on information in this Agreement, the Franchise Disclosure Document, and their own investigations, and did not rely on any promise, representation, statement, or undertaking made by Franchisor or Franchisor's representatives that is not included in this Agreement or the Franchise Disclosure Document or that is in conflict with any statement or representation in this Agreement or the Franchise Disclosure Document; in

particular, neither Franchisee nor any of the Franchise Owners has received or relied on any data, representation, projection, forecast, estimate, warranty, assurance, or other communication, expressed or implied, as to actual or potential sales volume, profit, or success of the Salon;

[Franchisee's Initials: _____, and Franchise Owners' Initials: _____]

(g) Franchisee and each Franchise Owner understand and acknowledge the value to the Primp and Blow® System of uniform and ethical standards of quality, consistency, appearance, and service described in and required by the Manual and the necessity of operating the Franchised Business under the standards set forth in the Manual; and, Franchisee has the capabilities, professionally, financially and otherwise, to comply with the standards of Franchisor;

[Franchisee's Initials: _____, and Franchise Owners' Initials: _____]

(h) Franchisee and each of the Franchise Owners have carefully read this Agreement and all other related documents to be executed by them concurrently or in conjunction with the execution hereof, each has obtained, or had the opportunity to obtain, the advice of legal, financial, and business advisors in connection with the execution and delivery of this Agreement, each understands the nature of this Agreement and the considerable effort to be expended on the part of Franchisee and Principal Operator in order to satisfactorily perform their respective obligations hereunder, and each of Franchisee and the Franchise Owners intends to comply herewith and be bound thereby; and

[Franchisee's Initials: _____, and Franchise Owners' Initials: _____]

(i) Franchisee and each of the Franchise Owners acknowledge and fully appreciate that the business contemplated by this Agreement involves significant risks and that any particular results depend largely on Franchisee's business abilities and efforts as well as external economic forces outside Franchisor's control; and, Franchisee and each of the Franchise Owners acknowledge and fully appreciate that neither Franchisor nor any other person can assure any particular results.

[Franchisee's Initials: _____, and Franchise Owners' Initials: _____]

21.2 Additional Information Respecting Franchisee and Franchise Owners. Incorporated herein by this reference is all of the additional information provided by Franchisee or the Franchise Owners to Franchisor as part of the application process pertinent to the grant of franchise evidenced by this Agreement. Franchisee and each of the Franchise Owners acknowledge that Franchisor has relied on each item of such information in granting this franchise.

22. ANTI-TERRORISM LAW

Franchisee and the Franchise Owners certify that none of Franchisee, Franchise Owners, employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. Franchisee promises not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, Franchise Owners, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee and Franchise Owners promise to comply with and assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and Franchise Owners certify, represent, and warrant that none of its property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws, and that Franchisee and Franchise Owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in this Agreement pertain to Franchisee's obligations under this Section. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchise Owners, or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's

Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations) the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Agreement Date.

FRANCHISOR:
P&B Franchise, LLC
an Arizona Limited Liability Company

By: _____
Name: _____
Title: Managing Member

FRANCHISEE:

a _____

By: _____
Name: _____
Title: _____

**STATE SPECIFIC ADDENDUM
TO PRIMP & BLOW®
FRANCHISE AGREEMENT**

1. INTRODUCTION

This Addendum (Addendum) is effective on the same date as the Franchise Agreement (Agreement) to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the Agreement to meet the requirements of regulatory agencies in the States of California, Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island and Washington.

2. AGREEMENT

The parties agree as follows:

2.1 California

Sections 7.1 and 7.2 of the Agreement are amended to read:

7.1 Initial Franchise Fee. Franchisee shall pay Franchisor the initial franchise fee of Thirty-Nine Thousand U.S. Dollars (U.S.\$39,000.00, the “Initial Franchise Fee”) when Franchisee opens the Franchised Business and Franchisor has fulfilled all of its preopening obligations to Franchisee. In recognition of expenses Franchisor has incurred in reviewing Franchisee’s qualifications and the value to Franchisee in the above grant of the Franchise, Franchisee acknowledges and agrees that the Initial Franchise Fee has been fully earned by Franchisor, and that it is fully and appropriately not refundable in whole or in part.

7.2 Training Fees. Franchisor shall provide initial training to two (or, if requested by Franchisee, three) management persons designated by Franchisee (and subject to Franchisor’s acceptance), who will be responsible for the management of the Franchised Business. For each additional person to be trained at any time throughout the Term, Franchisor may charge a reasonable fee and require reimbursement of Franchisor’s administrative and out-of-pocket expenses incurred in providing such training. In each instance of training of these additional persons, Franchisee shall pay the then-required amounts to Franchisor once Franchisor has fulfilled all of its preopening obligations to Franchisee, which amount shall be non-refundable.

Franchisee shall also pay Franchisor the fee for the training and operational assistance services as provided in Sections 4.2 and 5.1(e) above once Franchisor has fulfilled all of its preopening obligations to Franchisee.

2.2 Illinois

Illinois law governs the agreements between the parties to this franchise.

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial status.

Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provided for arbitration to take place outside of Illinois

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

2.3 Maryland

The following provisions apply to you if you live in Maryland or your business will be located in Maryland:

Payment of all fees paid to Franchisor by Franchisee, including payments for goods and services received from Franchisor before the business opens, will be deferred until Franchisor has met its initial obligations to franchisee, and Franchisee has commenced doing business.

Any provision in the Agreement that says that we may require you to sign a release of claims as a condition of renewal or transfer of your franchise will not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law.

Except for claims subject to arbitration, a franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

This Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

No individual or entity (whether named or otherwise designated) will be joined as a party to court proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law. Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in a state court of competent jurisdiction. In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts.

Section 21 of the Agreement requires that you disclaim the occurrence and/or acknowledge the non-occurrence of acts that might constitute a violation of the Maryland Franchise law. These representations are not intended to nor do they act as a release, estoppel or waiver of any liability incurred 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. Any limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

2.4. Minnesota

The following provisions apply to you if your State is Minnesota:

Payment of all fees paid to Franchisor by Franchisee, including payments for goods and services received from Franchisor before the business opens, will be deferred until Franchisor has met its initial obligations to franchisee, and Franchisee has commenced doing business.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside 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 Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.117, Subd. 5.

2.5. New York

The following provision applies to you if your State is New York:

The United States Arbitration Act (9 U.S.C. §1 et seq.) will govern jurisdictional issues respecting arbitration of disputes under the Agreement. The Lanham Act (15 U.S.C. §1051 et seq.) will govern any issue involving the Marks. To the extent applicable, all issues involving (i) modification of the Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under the Agreement, or (iii) post-termination non-competition provisions will be governed by the laws of the state where Franchisee is domiciled. Except as otherwise provided in the Agreement and this Addendum, the Agreement and the legal relations among the parties to the Agreement will be governed by and construed according to the laws of the State of Arizona. The foregoing choice of law should not be considered to be a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.

2.6. North Dakota

The following provisions apply to you if your State is North Dakota:

The North Dakota Securities Commissioner has held that franchise agreements providing that the parties must agree to the mediation or arbitration of disputes at a location that is remote from the site of the franchisee's business is "unfair, unjust, or inequitable to North Dakota franchisees."

No individual or entity (whether named or otherwise designated) will be joined as a party to court proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law. Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in a state court of competent jurisdiction. In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts.

A provision in the Agreement that terminates the franchise upon bankruptcy of the franchisee may not be enforceable under Title 11, United States Code Section 101.

The United States Arbitration Act (9 U.S.C. 1 et seq.) will govern jurisdictional issues respecting arbitration of disputes under the Agreement. The Lanham Act (15 U.S.C. 1051 et seq.) will govern any issue involving the Marks. To the extent applicable, the laws of the state where Franchisee is domiciled will govern all issues involving (i) modification of the Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under the Agreement, and (iii) enforcement of post-termination non-competition provisions. Otherwise, except as to matters within the purview of the North Dakota franchise law, the Agreement and the legal relations among the parties will be governed by and construed in accordance with the laws of the State of Arizona.

2.7. Rhode Island

The following provisions apply to you if your State is Rhode Island:

The United States Arbitration Act (9 U.S.C. 1 et seq.) will govern jurisdictional issues respecting arbitration of disputes under the Agreement. The Lanham Act (15 U.S.C. 1051 et seq.) will govern any issue involving the Marks. To the extent applicable, the laws of the state where Franchisee is domiciled will govern all issues involving (i) modification of the Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under the Agreement, and (iii) enforcement of post-termination non-competition provisions. Otherwise, except as to matters within the purview of the Rhode Island Franchise Investment Act, the Agreement and the legal relations among the parties will be governed by and construed in accordance with the laws of the State of Arizona.

2.8. Washington

The following provisions apply to you if your State is Washington:

The state of Washington has a statute, RCW 19.100.180 which 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 proceeding involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, 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.

The undersigned does hereby acknowledge receipt of this Addendum.

3. INCORPORATION OF FRANCHISE AGREEMENT

The terms and conditions of the Agreement are incorporated into this Addendum by reference except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Agreement Date.

FRANCHISOR:
P&B Franchise, LLC
an Arizona Limited Liability Company

By: _____
Name: _____
Title: Managing Member

FRANCHISEE:

a _____

By: _____
Name: _____
Title: _____

EXHIBIT 1 to Franchise Agreement

ADDENDUM TO LEASE AGREEMENT

This Addendum to Lease Agreement (this "Addendum") dated on the ____ day of _____, 20____ (the "Effective Date") by and between _____ ("Lessor") and _____ ("Lessee") (each a "Party" and collectively, the "Parties").

RECITALS

WHEREAS, the Parties hereto have entered into a certain Lease Agreement, dated on the ____ day of _____, 20__ (the "Agreement"), and pertaining to the premises located at _____ (the "Premises").

WHEREAS, Lessor acknowledges that Lessee intends to operate a Primp and Blow® franchise from the Premises pursuant to a Franchise Agreement (the "Franchise Agreement") with P&B Franchise, LLC ("Franchisor") under the name Primp and Blow® or other name designated by Franchisor ("Franchised Business"); and

WHEREAS, the Parties now desire to amend the Lease Agreement in accordance with the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth and each act done and to be done pursuant hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

1. Remodeling and Decor. The above recitals are hereby incorporated by reference. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment. Lessee shall have the right to assign all of its right, title and interest in and to the Lease Agreement to Franchisor or its parent, subsidiary, or affiliate, or another Primp and Blow® franchisee at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor's consent, pursuant to the terms of the Collateral Assignment of Lease attached hereto as **Exhibit A**. However, no assignment shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease Agreement, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease Agreement is assigned to, and accepted in writing by, Franchisor. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord's consent in accordance with Section 4(a).

3. Default and Notice.

a. In the event of a default or violation by Lessee under the terms of the Lease Agreement, Lessor shall give Lessee and Franchisor written notice of the default or violation within ten (10) days after Lessor obtains knowledge of its occurrence. If Lessor delivers to Lessee a default notice, Lessor shall simultaneously provide Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option to cure, but is not obligated to cure the default or violation.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

P&B Franchise, LLC
Attention: Melodi Harmon
10115 E Bell Rd - #107-224
Scottsdale, AZ 85260

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

c. Following Franchisor's approval of the Lease Agreement, Lessee shall not terminate, or in any way alter or amend the same prior to expiration of the Initial Term of the Franchise Agreement without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests hereunder.

4. Termination or Expiration.

a. Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease Agreement or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest in the Lease Agreement and at any time thereafter to re-assign the Lease Agreement to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the franchisee agrees to assume Lessee's obligations under the Lease Agreement. Upon notice from Franchisor to Lessor of an automatic assignment to Franchisor, Lessor will, at the cost of Franchisor, take appropriate actions to secure the leased premises including but not limited to changing the locks and granting Franchisor sole rights to the Premises.

b. Upon the expiration or termination of either the Lease Agreement or the Franchise Agreement (attached), Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect Primp and Blow® marks and system, and to distinguish the Premises from a Primp and Blow® business. In the event Franchisor exercises its option to purchase assets of Lessee or has rights to those through the terms and conditions of any agreement between Lessee and Franchisor, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

a. Lessor hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by **Exhibit A**.

b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee’s sales from its Franchised Business.

7. Amendments. No amendment or variation of the terms of the Lease or this Addendum shall be valid or enforceable unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease Agreement shall remain in full force and effect as presented to Franchisor.

9. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed this Addendum as of the Effective Date.

LESSOR:

LESSEE:

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Exhibit A to Lease Addendum

COLLATERAL ASSIGNMENT OF LEASE

This COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into effective as of the _____ day of _____, 20____ (the "Effective Date"). The undersigned _____ ("Assignor") hereby assigns, transfers, and sets over unto P&B Franchise, LLC, an Arizona limited liability company ("Assignee") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease Agreement"), with respect to the premises located at _____ (the "Premises").

This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee takes possession of the Premises demised by the Lease Agreement pursuant to the terms hereof and expressly assumes in writing the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease Agreement and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer to anyone other than Assignee any of Assignor's interest in the Lease Agreement nor the Premises demised thereby.

Upon a default by Assignor under the Lease Agreement or under that certain Primp and Blow® franchise agreement between Assignee and Assignor (the "Franchise Agreement"), Assignee shall have the right and is hereby empowered to take possession of the Premises, expel Assignor therefrom, and with such expulsion Assignor shall have no further right, title or interest in the Lease Agreement.

Assignor shall not suffer or permit any surrender, termination, amendment or modification of the Lease Agreement without the prior written consent of Assignee. Through the Initial Term of the Franchise Agreement and any extension or renewal, Assignor shall elect and exercise all options to extend the term of or renew the Lease Agreement not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease Agreement as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

IN WITNESS WHEREOF, Assignor and Assignee and have duly executed this Collateral Assignment of Lease as of the Effective Date.

ASSIGNOR:

By: _____
Name: _____
Its: _____

ASSIGNEE:

P&B Franchise, L.L. C
an Arizona limited liability company

By: _____
Name: Melodi Harmon
Its: Managing Partner

EXHIBIT 2 to Franchise Agreement

FORM OF PHOTOGRAPHY RELEASE

I, _____, the undersigned, hereby sells, assigns and grants P&B FRANCHISE, LLC ("P&B") and its assigns and their affiliates and successors (collectively hereinafter "Assigns") all right, title and interest to and permission to copyright, use, publish and republish photographs of me and negatives and reproductions thereof, in any form, whether in whole, part or composite form, electronic, digital or conventional; blurred, altered or distorted; in color or black and white; video or otherwise for art, trade, internal distribution or any other lawful purpose in any lawful manner anywhere in the world and/or on the worldwide web. I hereby waive any right to inspect or approve any final product of my photographs. I hereby release and discharge P&B and the Assigns and their employees, directors and officers from all actions, claims, and demands of any nature which I, my heirs, executor, administrator, assigns or agents may have at any time now or in the future arising out of or related to the rights granted above or the photographs taken of me on or about the date noted above or any time throughout the term of the Franchise Agreement.

I hereby warrant that I am at least 18 years of age and have full right and capacity to contract in my own name with respect to the above.

I have read and understand the above and consent to the foregoing.

Franchise Owner's Signature: _____

Print Name: _____

Date: _____

EXHIBIT 3 to Franchise Agreement

OWNERSHIP INTERESTS IN FRANCHISE OWNER

Franchisee name: _____

3-1. Franchisee hereby represents that the Franchisee is a(n): *(check one)*

- _____ **Individual Proprietorship**
- _____ **Corporation**
- _____ **Limited Liability Company**
- _____ **Partnership**

Franchisee was incorporated, organized or otherwise formed on _____, _____, under the laws of the State of _____. Franchisee has not conducted business under any other name except _____ *(if applicable)*.

3-2. The following is the full list of members/directors/officers as of the date of execution below:

<u>Name of Each Member/Director/Officer</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3-3. The following list includes the full name of each Franchise Owner (as defined in the Franchise Agreement) with description of all ownership interests in Franchisee currently held by such Franchise Owner *(attach additional page(s) if necessary)*:

<u>Name of Owner</u>	<u>Percentage/Description of Interest</u>
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

The undersigned, as a duly authorized representative of the above named Franchisee, hereby certifies to P&B Franchise, LLC that each of the above representations is true and not misleading in any material respect as of this ____ day of _____, 20__.

Sign: _____
Name: _____
Title: _____

EXHIBIT 4 to Franchise Agreement

FORM OF PERSONAL GUARANTY OF FRANCHISEE'S UNDERTAKINGS

In consideration of, and to induce, the agreement by P&B Franchise, LLC, an Arizona limited liability company ("P&B"), to the terms of that certain Franchise Agreement dated as of _____, 20__ (the "Franchise Agreement"), with _____ ("Franchisee"), each of the undersigned (collectively, "Guarantors," and each individually, "Guarantor") unconditionally guarantees to P&B that Franchisee will fully perform and satisfy on time, each and every term, covenant, condition, payment, indebtedness, agreement, undertaking, and obligation of Franchisee in the Franchise Agreement in accordance with the terms and conditions below.

Each of the undersigned Guarantors hereby represents to P&B that: a) they constitute all of the owners of all of the outstanding equity of Franchisee and their respective spouses; and b) they will not permit any transfer of any ownership interest in Franchisee without first obtaining P&B's written consent in accordance with the terms of the Franchise Agreement.

This Guaranty is absolute and shall be continuing and irrevocable throughout the term of the Franchise Agreement and any extension or renewal and thereafter until all obligations of Franchisee to P&B have been satisfied. This Guaranty is directly enforceable against each of the undersigned guarantors without first resorting to or exhausting remedies against Franchisee. No indulgence, forbearance or extension of time for performance will in any way release any of the undersigned from any liability or obligation under this Guaranty.

The Guaranty is a guaranty of performance, not merely of collection. P&B and its successors and assigns may, from time to time without notice to Guarantors and without diminishing Guarantors' obligations: (a) resort to any of the Guarantors for payment of any of Franchisee's liabilities, whether or not P&B or its successors resorted to any property that secures the liabilities or proceeded against any other Guarantor(s) or against Franchisee on any of the liabilities; (b) release or compromise liability of any Guarantor or any liability of any parties primarily or secondarily liable on any of the liabilities; and (c) extend, renew, or credit any of the liabilities for any period (whether or not longer than the original period).

Guarantors hereby covenant to comply with and abide by the restrictive covenants and non-disclosure provisions in the Franchise Agreement to the same extent and for the same period of time as Franchisee is required to comply with and abide by those covenants.

Guarantors' obligations shall survive termination, expiration, non-renewal, or transfer of the Franchise Agreement. Until all obligations of Franchisee to P&B have been satisfied, Guarantors' obligations shall remain in full force and effect without regard to, and shall not be released, discharged, or modified or affected by, any circumstance or condition (whether or not Guarantors have any knowledge or notice), including without limitation Franchisee's bankruptcy, insolvency, reorganization, composition, liquidation, or similar proceeding or condition. The remedies in this Guaranty shall be nonexclusive and cumulative of all other rights, power, and remedies provided under the Franchise Agreement or by law or in equity.

Guarantors waive presentment, demand, notice of dishonor, protest, nonpayment, notice of acceptance hereof, notice of all contracts and commitments, notice of the existence or creation of any liabilities under the Franchise Agreement or the amount and terms thereof, notice of defaults, disputes, or controversies resulting from the Franchise Agreement or otherwise, and the settlement, compromise, or adjustment thereof, as well as all other notices.

Guarantors shall pay all reasonable expenses incurred by P&B in attempting to enforce the Franchise Agreement or this Guaranty, including without limitation reasonable attorneys' fees, out-of-pocket expenses, and costs. Any waiver, extension of time, acceptance of partial payment, or other indulgence, if any, granted from time to time by P&B, its agents, successors, or assigns shall in no way modify or amend

this Guaranty, which shall be continuing, absolute, unconditional, and irrevocable. No delay or failure of P&B in the exercise of any right, power, or remedy, or the exercise of any other right, power, or remedy shall be deemed a waiver of any right, power, or remedy. Guarantors intend that each of them shall remain liable hereunder as a principal until all obligations have been satisfied, regardless of any fact, act, event, or occurrence that might otherwise operate as a legal or equitable discharge of Guarantors.

The liability of each Guarantor shall be joint and several and primary. No Guarantor shall attempt to assign or delegate this Guaranty without the prior written consent of P&B, which consent may be withheld in the sole discretion of P&B, and no such attempt shall be effective except with such prior written consent.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Arizona. Each Guarantor hereby consents to the jurisdiction and venue of the federal and state courts located within the County of Maricopa in the State of Arizona and covenants to initiate no litigation or arbitration proceeding pertaining to this Guaranty in any venue outside the County of Maricopa in the State of Arizona.

This Guaranty is signed by each Guarantor (and each respective spouse in consent of the pertinent Guarantor's entry into this Guaranty) on the date stated next to that Guarantor's name, and the Guaranty is effective for each Guarantor as of the earliest of such dates.

Guarantor
Print Name _____
Date _____

(Witness to Signature at Left)
Print Name: _____

Spouse of Guarantor
Print Name: _____
Date _____

(Witness to Signature at Left)
Print Name: _____

Guarantor
Print Name _____
Date _____

(Witness to Signature at Left)
Print Name: _____

Spouse of Guarantor
Print Name: _____
Date _____

(Witness to Signature at Left)
Print Name: _____

Guarantor
Print Name _____
Date _____

(Witness to Signature at Left)
Print Name: _____

Spouse of Guarantor

Print Name: _____

Date _____

(Witness to Signature at Left)

Print Name: _____

Guarantor

Print Name _____

Date _____

(Witness to Signature at Left)

Print Name: _____

Spouse of Guarantor

Print Name: _____

Date _____

(Witness to Signature at Left)

Print Name: _____

EXHIBIT G to Franchise Disclosure Document

NON-COMPETITION AND NON-DISCLOSURE AGREEMENT

This Non-Competition and Non-Disclosure Agreement (this “Agreement”) is made and entered into on _____, 20__, by and between P&B Franchise, LLC, an Arizona limited liability company (“P&B”), and _____ (“Franchise Owner”), an individual residing at _____, with reference to the following facts.

RECITALS

Franchise Owner owns or, as applicable, intends to acquire an ownership interest in a new or existing Primp and Blow® franchisee entity (“Franchisee”). Franchise Owner acknowledges that the experience, training, and assistance offered by P&B and Franchise Owner’s access as an owner of a Primp and Blow® franchisee entity to confidential and proprietary information could enable Franchise Owner to take unfair advantage of P&B by competing against part or all of the Primp and Blow® System or chain during or after Franchise Owner’s period of ownership. To protect this information, Franchise Owner’s signing and delivery of this Agreement are conditions for P&B to authorize the disclosure of certain information to Franchise Owner. Accordingly, the parties hereby agree as follows:

AGREEMENT

1. Non-Disclosure. Franchise Owner shall hold in confidence all Confidential Information (as defined below) and shall not disclose, communicate, publish, or make use of all or any part of any Confidential Information, without prior written consent of an officer of P&B, which consent may be withheld in P&B’s sole discretion.
2. Definition. “Confidential Information” shall mean all disclosures and communications of information made to Franchise Owner by or at the direction of Franchisee or P&B containing information not available to the general public. Confidential Information includes without limitation all methods for preparation of Primp and Blow® products, product specifications, systems, procedures, techniques for hair styling or other treatments or procedures of cosmetology, sales and marketing, development and operational procedures of Primp and Blow® salons, confidential marketing programs for Primp and Blow® salons, and confidential information on Primp and Blow® procedures, specifications, products, materials, suppliers, equipment, operating results, and financial performance of Primp and Blow® salons, other trade secret information, and all portions of Primp and Blow®’s Confidential Operations Manual.
3. Other Protections under Applicable Law. The restrictions from disclosure in Section 1 are additional to and not in lieu of protections afforded to trade secrets and proprietary confidential information under applicable laws. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting Primp and Blow®’s rights under applicable laws to protect trade secrets and proprietary confidential information.
4. Return of Materials. On P&B’s request, Franchise Owner shall immediately deliver to P&B all memos, notes, records, manuals, drawings and other documents (including, but not limited to, written instruments, voice or data recordings, computer tapes, disks and files of any nature), and all copies of these materials and all documents prepared or produced in connection with the foregoing, containing Confidential Information regarding P&B or its business, whether made or compiled by Franchise Owner or furnished to

Franchise Owner due to Franchise Owner's relationship with P&B or Franchisee or otherwise obtained by Franchise Owner.

5(a). In-Term Non-Competition Covenant. Franchise Owner covenants that during that period of her or his ownership (direct or indirect) of any financial, beneficial, or equity interest in Franchisee while the Franchise Agreement is in effect, Franchise Owner shall not in any way, directly or indirectly, perform any services for, engage in, or hold any financial, beneficial or equity interest in, any Competitive Business to that of a Primp and Blow® Salon. For purposes of this Section 5(a), such a "Competitive Business" means (a) any salon or similar business specializing or in any way emphasizing dry blow, other hair styling, make up application, or other services of cosmetology, or related products located anywhere, or (b) any entity that is granting franchises or licenses to others to operate one or more salons specializing in or emphasizing such services or products.

5(b). Post-Term Non-Competition Covenant. Franchise Owner covenants that for the twenty-four (24) month period immediately following the earlier of: a) the complete transfer of any and all of her or his ownership (direct or indirect) of any financial, beneficial, or equity interest(s) in Franchisee, or b) the expiration or termination of Franchisee's franchise agreement, Franchise Owner shall not in any way, directly or indirectly, perform any services for, engage in, or hold any financial, beneficial or equity interest in, any Competitive Business to that of a Primp and Blow® Salon. For purposes of this Section 5(b), a "Competitive Business" means (a) any salon or similar business specializing or in any way emphasizing dry blow, other hair styling, make up application, or other services of cosmetology, or related products located within ten (10) miles of the Primp and Blow® Salon which was or is then the subject of the Franchise Agreement or within ten (10) miles of any other Primp and Blow® Salon then operating or under construction, or (b) any entity that is granting franchises or licenses to others to operate one or more salons specializing or in any way emphasizing dry blow, other hair styling, make up application, or other services of cosmetology, or related products.

6. Severability. If a judicial or arbitral determination is made that any provision of this Agreement is an unreasonable or otherwise unenforceable restriction against Franchise Owner, that provision shall be deemed to be amended to comprise the maximum, enforceable scope of protection in that jurisdiction of the Confidential Information, the Primp and Blow® System or Chain, and each Primp and Blow® Salon, as applicable. Any judicial or arbitral authority construing this Agreement shall be empowered to sever any prohibited business activity, time period, or geographic area from the coverage of this Agreement and to apply the provisions of this Agreement to the remaining business activities, remaining geographic area and remaining time period not so severed by that authority. The time period during which the prohibitions in this Agreement shall apply shall be tolled and suspended for a period equal to the aggregate amount of time during which Franchise Owner violates those prohibitions in any way. This tolling is not intended to waive or excuse any breach and is in addition to and not in lieu of available remedies for the breach.

7. Injunctive Relief. Franchise Owner acknowledges and agrees that any remedy at law for breach of Sections 1, 4 or 5 would be inadequate and that P&B shall be entitled to injunctive relief, without posting any bond, in addition to any other remedy P&B may have under this Agreement.

8. Miscellaneous

a. No Hardship. Franchise Owner acknowledges, represents and warrants that the restrictions in this Agreement do not restrict Franchise Owner from engaging in any trade or profession, and that Franchise Owner has skills and talents sufficient to enable Franchise Owner to earn a living, so that compliance with the restrictions in this Agreement is not and will not be a hardship to Franchise Owner.

b. Binding effect. This Agreement shall be binding on, and shall benefit P&B and its successors and assigns, and Franchise Owner and his heirs, representatives and assigns.

c. Governing Law. This Agreement is entered into in conjunction with a Franchise Agreement dated _____, 20____, between P&B and an entity wholly or partially owned by Franchise Owner (the "Franchise Agreement") pertaining to a Primp and Blow® Salon; this Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without regard to the conflicts of law principles thereof.

d. Jurisdiction, Venue, Waiver of Jury. With respect to any court proceeding between Franchise Owner and P&B concerning the enforcement, construction, alleged breach, or termination of this Agreement, Franchise Owner hereby submits to the personal jurisdiction and venue of the federal and state courts located in Maricopa County, Arizona, for all such matters, and promises not to commence against P&B any court proceeding concerning such matters in any other court. P&B and Franchise Owner hereby irrevocably waive trial by jury for any and all of such proceedings and counterclaims.

e. Headings. Section and paragraph headings in this Agreement are for reference only and shall not affect the meaning or interpretation of this Agreement.

f. Counterparts. This Agreement may be signed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

g. Waiver of Conditions. Any party may, at its option, waive in writing any or all of the conditions in this Agreement to which its obligations are subject. No waiver of any provision of this Agreement shall constitute a waiver of any other provision (whether or not similar), nor shall any waiver on one occasion constitute a continuing waiver unless otherwise expressly provided.

h. Entire Agreement. This Agreement is intended by the parties to be the final expression of their agreement regarding its subject matter and is the complete and exclusive statement of the terms thereof, regardless of any representations, statement or agreements to the contrary. Only a written instrument signed by all of the parties may modify this Agreement.

Entered into as of the date first above written.

FRANCHISE OWNER

Individually

Print Name: _____

P&B FRANCHISE, LLC

By: _____

Name: _____

Title: _____

EXHIBIT H to Franchise Disclosure Document

PERSONAL GUARANTY OF FRANCHISEE'S UNDERTAKINGS

In consideration of, and to induce, the agreement by P&B Franchise, LLC, an Arizona limited liability company ("P&B"), to the terms of that certain Franchise Agreement dated as of _____, 20__ (the "Franchise Agreement"), with _____ ("Franchisee"), each of the undersigned (collectively, "Guarantors," and each individually, "Guarantor") unconditionally guarantees to P&B that Franchisee will fully perform and satisfy on time, each and every term, covenant, condition, payment, indebtedness, agreement, undertaking, and obligation of Franchisee in the Franchise Agreement in accordance with the terms and conditions below.

Each of the undersigned Guarantors hereby represents to P&B that: a) they constitute all of the owners of all of the outstanding equity of Franchisee and their respective spouses; and b) they will not permit any transfer of any ownership interest in Franchisee without first obtaining P&B's written consent in accordance with the terms of the Franchise Agreement.

This Guaranty is absolute and shall be continuing and irrevocable throughout the term of the Franchise Agreement and any extension or renewal and thereafter until all obligations of Franchisee to P&B have been satisfied. This Guaranty is directly enforceable against each of the undersigned guarantors without first resorting to or exhausting remedies against Franchisee. No indulgence, forbearance or extension of time for performance will in any way release any of the undersigned from any liability or obligation under this Guaranty.

The Guaranty is a guaranty of performance, not merely of collection. P&B and its successors and assigns may, from time to time without notice to Guarantors and without diminishing Guarantors' obligations: (a) resort to any of the Guarantors for payment of any of Franchisee's liabilities, whether or not P&B or its successors resorted to any property that secures the liabilities or proceeded against any other Guarantor(s) or against Franchisee on any of the liabilities; (b) release or compromise liability of any Guarantor or any liability of any parties primarily or secondarily liable on any of the liabilities; and (c) extend, renew, or credit any of the liabilities for any period (whether or not longer than the original period).

Guarantors hereby covenant to comply with and abide by the restrictive covenants and non-disclosure provisions in the Franchise Agreement to the same extent and for the same period of time as Franchisee is required to comply with and abide by those covenants.

Guarantors' obligations shall survive termination, expiration, non-renewal, or transfer of the Franchise Agreement. Until all obligations of Franchisee to P&B have been satisfied, Guarantors' obligations shall remain in full force and effect without regard to, and shall not be released, discharged, or modified or affected by, any circumstance or condition (whether or not Guarantors have any knowledge or notice), including without limitation Franchisee's bankruptcy, insolvency, reorganization, composition, liquidation, or similar proceeding or condition. The remedies in this Guaranty shall be nonexclusive and cumulative of all other rights, power, and remedies provided under the Franchise Agreement or by law or in equity.

Guarantors waive presentment, demand, notice of dishonor, protest, nonpayment, notice of acceptance hereof, notice of all contracts and commitments, notice of the existence or creation of any liabilities under the Franchise Agreement or the amount and terms thereof, notice of defaults, disputes, or controversies resulting from the Franchise Agreement or otherwise, and the settlement, compromise, or adjustment thereof, as well as all other notices.

Guarantors shall pay all reasonable expenses incurred by P&B in attempting to enforce the Franchise Agreement or this Guaranty, including without limitation reasonable attorneys' fees, out-of-pocket expenses, and costs. Any waiver, extension of time, acceptance of partial payment, or other indulgence, if any, granted from time to time by P&B, its agents, successors, or assigns shall in no way modify or amend

this Guaranty, which shall be continuing, absolute, unconditional, and irrevocable. No delay or failure of P&B in the exercise of any right, power, or remedy, or the exercise of any other right, power, or remedy shall be deemed a waiver of any right, power, or remedy. Guarantors intend that each of them shall remain liable hereunder as a principal until all obligations have been satisfied, regardless of any fact, act, event, or occurrence that might otherwise operate as a legal or equitable discharge of Guarantors.

The liability of each Guarantor shall be joint and several and primary. No Guarantor shall attempt to assign or delegate this Guaranty without the prior written consent of P&B, which consent may be withheld in the sole discretion of P&B, and no such attempt shall be effective except with such prior written consent.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Arizona. Each Guarantor hereby consents to the jurisdiction and venue of the federal and state courts located within the County of Maricopa in the State of Arizona and covenants to initiate no litigation or arbitration proceeding pertaining to this Guaranty in any venue outside the County of Maricopa in the State of Arizona.

This Guaranty is signed by each Guarantor (and each respective spouse in consent of the pertinent Guarantor’s entry into this Guaranty) on the date stated next to that Guarantor’s name, and the Guaranty is effective for each Guarantor as of the earliest of such dates.

Guarantor
Print Name _____
Date _____

(Witness to Signature at Left)
Print Name: _____

Spouse of Guarantor
Print Name: _____
Date _____

(Witness to Signature at Left)
Print Name: _____

Guarantor
Print Name _____
Date _____

(Witness to Signature at Left)
Print Name: _____

Spouse of Guarantor
Print Name: _____
Date _____

(Witness to Signature at Left)
Print Name: _____

Guarantor
Print Name _____
Date _____

(Witness to Signature at Left)
Print Name: _____

Spouse of Guarantor
Print Name: _____
Date _____

(Witness to Signature at Left)
Print Name: _____

Guarantor

Print Name _____

Date _____

Spouse of Guarantor

Print Name: _____

Date _____

(Witness to Signature at Left)

Print Name: _____

(Witness to Signature at Left)

Print Name: _____

EXHIBIT I to Franchise Disclosure Document

OPERATIONS MANUAL TABLE OF CONTENTS

SECTION	PAGE
A. Introduction and Overview	A1 to A19
B. Opening a Primp and Blow® Business	B-1 to B-31
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D. Daily Operating Procedures	D-1 to D-18
E. Sales and Marketing Procedures	E-1 to E-17
F. Providing Products and Services	F-1 to F-13
G. Appendix	G-1 to G-56

Total number of pages in the Operations Manual: 237

EXHIBIT J to Franchise Disclosure Document

LIST OF CURRENT FRANCHISEES

Cynthia Harmon
HAYDEN PEAK CROSSING
20567 N Hayden Rd Suite 110
Scottsdale, AZ 85260
480.419.1000

Cherish Kirkland
PRAIRIEFIRE CENTER
5621 West, 135th Street, Suite 2640
Overland Park, KS 66223
913.562.1234

Kirsti Martin
PARADISE VALLEY MARKET PLACE
10810 N. Tatum Blvd., Suite 134
Phoenix, AZ 85028
602.427.4777

Jessica Edward & Carol Murray
PARKER SQUARE
2903 Garnett Avenue
Wichita Falls, TX 76308
940.222.2513

Mark and Mary Headberg
WEST UNIVERSITY
5164 Buffalo Speedway
Houston, TX 77005
346.360.3575

Mark and Mary Headberg
BAYBROOK MALL
700 Baybrook Mall F138
Friendswood, TX 77546
281.909.7045

Erin Lipton
EVANS
624 Mullins Colony Drive
Evans, GA 30809
760.920.2099

Miguel and Barbara Berastegui
GILBERT
1887 Williams Field Road, Suite 102
Gilbert, AZ 85295
480.626.2530

Preston and Alexix Webb
THE HEIGHTS
1717 West 34th Street, Suite 1000
Houston, TX 77018
713.609.9888

Lina Kalvyte
2036 E. Belt Line Ave. NE Suite C
Grand Rapids MI 49525
616.200.4945

Franchise Agreements Signed But Not Yet Open

Prachi Patel
4700 Guadalupe Street
Austin, TX 78751
830.237.3820

LIST OF TERMINATED FRANCHISEES

Not applicable

LIST OF TRANSFERRED FRANCHISEES

Danya Banning and Diana Cokington
PRAIRIEFIRE CENTER
5621 West, 135th Street, Suite 2640
Overland Park, KS 66223
913.562.1234

EXHIBIT K to Franchise Disclosure Document

GENERAL RELEASE

WHEREAS, a Franchise Agreement dated _____ was executed by and between Franchisee and Franchisor for the operation of a franchised unit located at _____ (the “Franchised Salon”); and

WHEREAS, Franchisor has been notified of Franchisee’s desire to [transfer –or- renew] all right, title and interest held by Franchisee, in and to the Franchise Agreement and, therefore, has requested that Franchisor consent to the [transfer –or- renewal] pursuant to the terms of the Franchise Agreement; and

WHEREAS, Franchisor is willing to grant its consent to the proposed [transfer –or- renewal] of the Franchise Agreement subject to Franchisee’s execution of this General Release.

NOW, THEREFORE, in consideration of Franchisor’s consent to the proposed [transfer –or- renewal] of the Franchise Agreement, Franchisee hereby relinquishes all rights, interests, and claims of whatever nature to, in, or under the Franchise Agreement, and the relationships created thereby, and does hereby forever discharge and release Franchisor, its predecessors, its successors, and its present and former officers, directors, agents, and employees from any and all claims, causes of action, obligations, and liability arising from, under, or out of the Franchise Agreement, or any other act or occurrence of any kind whatsoever, it being the intent of Franchisee to grant in favor of the Franchisor a general release of any claims Franchisee might have against Franchisor as a result of or arising out of their course of dealing through the effective date of this Release.

The release of rights, interests and claims under this Release is not intended to, nor shall it act as, a release, estoppel or waiver of any liability incurred under any State’s franchise relationship laws.

IN WITNESS WHEREOF, this General Release has been duly signed by Franchisor and its owners as indicated and shall be effective as of the date it is executed.

FRANCHISEE:

OWNERS:

By: _____
Its: _____

Name

Name

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
Michigan	May 10, 2023
Illinois	Pending
Wisconsin	May 25, 2023

In all other states, the effective date of this Disclosure Document is the issuance date of May 1, 2023.

EXHIBIT L to Franchise Disclosure Document

RECEIPT PAGE

The disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. The franchisor is P&B Franchise, LLC, located at 10115 E. Bell Road #107-224, Scottsdale, Arizona 85260.

If P&B Franchise, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that P&B Franchise, LLC gives you this disclosure document at the 1st personal meeting. Michigan requires that P&B Franchise, LLC gives you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that P&B Franchise, LLC gives you this disclosure document at the earlier of the 1st personal meeting, or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If P&B Franchise, LLC 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in Exhibit A.

Issuance Date: May 1, 2023.

The additional individual franchise seller involved in offering this franchise is: Melodi Harmon at 10115 E. Bell Road #107-224, Scottsdale, Arizona, 85260

I have received the Disclosure Document dated May 1, 2023 which included the following Exhibits:

- A. State Administrators/Agents for Service of Process
- B. State Specific Addenda
- C. Financial Statements
- D. Franchise Application
- J. General Release
- E. Electronic Funds Transfer Form
- F. Confidentiality and Non-Competition Agreement
- G. Personal Guaranty and Assumption of Obligations
- H. Operations Manual’s Table of Contents
- I. List of Franchise Owners and Locations
- K. Receipt Page (2 copies)

Prospective Franchisee Signature

Printed Name

Date Received: _____

Instructions for returning the receipt:

If the disclosure document is not delivered in person, the prospective franchisee must sign both copies, retaining one (1) for your records. The other copy must be sent within five (5) business days via certified mail to the franchisor: P&B Franchise, LLC at 10115 E. Bell Road #107-224, Scottsdale, Arizona, 85260.

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