

FRANCHISE DISCLOSURE DOCUMENT

FANTASTIC SAM'S[®] CUT & COLOR

YELLOWWOOD FRANCHISE SERVICES, INC.

A Kentucky corporation
1804 Cargo Court
Louisville, Kentucky 40299
(502) 493-1157
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<https://fantasticsamsfranchise.com/>

We grant franchises to own and operate Fantastic Sams[®] haircare salons. Fantastic Sams salons offer a full range of hair care services and products tailored for men, women, and children.

The total investment necessary to begin operation of a Fantastic Sams franchise is between \$148,000 to \$329,500. This includes an initial franchise fee of \$30,000 that must be paid to the franchisor.

We also offer to qualified persons the right to enter into a multi-unit development agreement for Fantastic Sams franchises. The total investment necessary to begin operation of a multi-unit development business is between \$40,000 and \$70,000 (for a 2 to 5 franchise deal). This entire amount must be paid to the franchisor.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise 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 Yellowwood Franchise Services, Inc at 1804 Cargo Ct, Louisville, KY 40299 and 502-493-1121.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract 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-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

The issuance date of this Disclosure Document: June 12, 2026

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?	You should 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 F.
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 Exhibits J & K 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 Fantastic Sams 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 is it like to be a Fantastic Sams franchisee?	Exhibit F and Exhibit H 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 Kentucky. 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 Kentucky than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

ITEM	DESCRIPTION	PAGE
Item 1:	The Franchisor and Any Parents, Predecessors and Affiliates	1
Item 2:	Business Experience	3
Item 3:	Litigation.....	5
Item 4:	Bankruptcy.....	9
Item 5:	Initial Fees.....	9
Item 6:	Other Fees	10
Item 7:	Estimated Initial Investment.....	12
Item 8:	Restrictions on Sources of Products and Services	14
Item 9:	Franchisee's Obligations.....	17
Item 10:	Financing	19
Item 11:	Franchisor's Assistance, Advertising, Computer Systems and Training.....	19
Item 12:	Territory	26
Item 13:	Trademarks	27
Item 14:	Patents, Copyrights and Proprietary Information	28
Item 15:	Obligation to Participate in the Actual Operation of the Franchise Business	29
Item 16:	Restrictions on What the Franchisee May Sell	29
Item 17:	Renewal, Termination, Transfer and Dispute Resolution	30
Item 18:	Public Figures	33
Item 19:	Financial Performance Representations	33
Item 20:	Outlets and Franchisee Information	34
Item 21:	Financial Statements.....	43
Item 22:	Contracts	43
Item 23:	Receipts.....	43

Exhibits:

State Agencies and Agents for Service of Process.....	A
Franchise Agreement	B-1
Indiana Addendum to Franchise Agreement	B-2
Expanded Retail Program Addendum to Franchise Agreement.....	B-3
Location Addendum.....	B-4
Multi-Unit Development Agreement	C
Promissory Note and Security Agreement	D
List of System-Wide Franchisees	E
List of Yellowwood Franchise Services, Inc. Franchisees	F
System-Wide Exit List	G
Yellowwood Franchise Services, Inc. Exit List	H
List of Teca, Inc. Salons	I
Yellowwood Franchise Services Inc.'s Financial Statements	J
Fantastic Sams Franchise Corporation's Financial Statements	K
Operations Manual Table of Contents	L

Franchise Disclosure Document

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

To simplify the language in this franchise disclosure document (the “Disclosure Document”), we will refer to ourselves as “we,” “us”. or Yellowwood Franchise Services, Inc and we were incorporated on July 16, 1993, in the state of Kentucky. “You,” “franchisee” or “developer” means the prospective purchaser of (i) a Franchise Agreement (“Franchise Agreement”) that grants the right to open and operate one “Fantastic Sams” haircare salon and/or (ii) multi-unit development agreement (“Multi-Unit Development Agreement”) that grants the right to develop an agreed upon number of Fantastic Sams haircare salons within a designated development area. The Franchise Agreement is attached to this Disclosure Document as Exhibit B-1, and the Multi-Unit Development Agreement is attached to this Disclosure Document as Exhibit C. “You” includes the individual shareholders, members, or partners if the Franchise Agreement or Multi-Unit Development Agreement is signed by a corporation, limited liability company or partnership. If you purchase a Franchise Agreement or Multi-Unit Development Agreement, your Franchise Agreement and/or Multi-Unit Development Agreement will be with “us”.

FSFC

Fantastic Sams Franchise Corporation (“FSFC”) is the legal name of the current master franchisor and is a Delaware corporation that was originally formed under the name “Fantastic Sams Salons Corporation” on May 29, 2003 in Delaware. Their principal place of business is at 300 Tradecenter Drive, Suite 4680, Woburn, Massachusetts 01801. FSFC is (i) a franchisor of “Fantastic Sams” haircare salons and (ii) a master franchisor (defined below). They do not offer franchises in other lines of business and do not at this time operate businesses of a type offered under this Disclosure Document but may do so in the future. “Salons Corp” means Old FSFC as an entity prior to the Consolidation (defined below) when they operated under the corporate name “Fantastic Sams Corporation. On August 14, 2015, Old FSFC (defined below) and Fantastic Sams Distribution Corporation (“Distribution Corp”) were merged into the entity Salons Corp which was the surviving entity that changed its name from “Fantastic Sams Salons Corporation” to “Fantastic Sams Franchise Corporation” (the “Consolidation”).

Prior to the Consolidation, the entity Salons Corp only offered, as a subfranchisor of Old FSFC, Franchise Agreements and Multi-Unit Development Agreements in certain regions from September 11, 2003 through the Consolidation. Distribution Corp offered certain products for sale to Fantastic Sams franchisees from August 5, 2003 through the date of the Consolidation. Distribution Corp never offered franchises in any other lines of business and did not operate businesses of the type offered to franchisees.

The Fantastic Sams franchise system (“System”) was originally structured as a three-tiered system where the franchisor (“master franchisor”) granted regional franchise rights to regional owners (“FS subfranchisors”), who in turn, granted local franchises to subfranchisees. Franchise Corp is the current master franchisor and Yellowwood Franchise Services, Inc has been granted regional franchise rights. “Old FSFC” means Fantastic Sams Franchise Corporation, a Delaware corporation which merged into Salons Corp as part of the Consolidation. From September 11, 2003 through the Consolidation, Old FSFC was the master franchisor. Old FSFC did not offer franchises in any other line of business. On August 5, 2003, Old FSFC, together with Salons Corp and its other affiliates, acquired the assets of Old FSFC’s immediate predecessors, FS Concepts, Inc. (“FS Concepts”), Style Systems, Inc. and Kristina Corporation. Previously, on June 30, 1995, FS Concepts acquired the “Fantastic Sams” trademarks, operating systems and the then-existing franchise agreements for Fantastic Sams Salons and regions from Getwell Holdings, Inc. (f/k/a Fantastic Sams

International, Inc.) (“Predecessor”). On December 31, 1997, FS Concepts acquired all of Predecessor’s issued and outstanding stock.

In April, 2022, FSFC started offering franchises to qualified persons and entities to act as FSFC’s development agent and offer Fantastic Sams franchises and provide certain support services to franchisees within a designated territory.

FSFC’s Parent and Affiliates

Fantastic Sams Advertising Management, Inc. (“FSAM”) is a Delaware corporation established December 13, 2014 for the purpose of performing administrative processes for certain Regional Advertising Funds in the Franchise Corp Regions (defined below). FSFC and FSAM are owned by Fantastic Sams International Corporation (“FSI Corp”), a Delaware corporation, which is itself owned by Dessange Group North America, Inc. (“DGNA”), a Delaware corporation. FSAM, FSI Corp, and DGNA share FSFC’s principal business address. FSAM, FSI Corp and DGNA do not own or operate Salons and do not franchise any line of business but may do so in the future.

FSFC’s affiliate, C.Alb Franchising, Inc. (“C.Alb Franchising”), a Delaware corporation, began franchising Camille Albane salons in the United States in April 2013 but no longer actively franchises Camille Albane salons in the United States. As of the November 22, 2024, C.Alb Franchising was dissolved and there were no franchised Camille Albane salons in the United States, and 153 Camille Albane salons outside the United States.

In June 2006, FSFC’s affiliate, Dessange Franchising, LLC, a Delaware limited liability company (“Dessange Franchising”) started selling franchises for Dessange Salons, but no longer actively franchises in the United States. As of December 31, 2025 there were 4 franchised “Dessange” salons in the United States, and 285 Dessange Salons outside the United States. Dessange Franchising shares our principal business address. Dessange Franchising has never owned or operated any Fantastic Sams Salon or sold franchises for any business other than Dessange Salons businesses, but may do so in the future.

D. Participations SAS, a French corporation (“D. Participations”) is the parent of DGNA. D. Participations is also the parent of Dessange International SAS (“DISAS”), also a French corporation. D. Participations and DISAS operate from their office at 3 rue la Boetie – Escalier A – 2 eme etage - 75008, Paris, France.

Except as disclosed above, FSFC does not have any predecessors, parents or affiliates that must be disclosed in the Disclosure Document.

Yellowwood Franchise Services, Inc.

Our principal business address is 1804 Cargo Court, Louisville, Kentucky 40299. In or around July 1993, we purchased certain assets from our immediate predecessor Security Franchise Services, Inc. (“Security”), a Kentucky corporation with a common principal business address. Security began offering Fantastic Sams Franchise Agreements in February 1987.

A Predecessor granted to us the right to offer subfranchises to operate Fantastic Sams salons on July 17, 1993. Additional territory was added in 1994, 1996, 1997, 1999 and 2000. In 2002, we acquired territory in Wyoming and Montana from Thomas and Shanna Kokal, and in 2005, the western PA and West Virginia territory was acquired from Arthur and Carol Venzin. Our territory now includes the greater Louisville, KY area, portions of central KY, Owensboro, KY, portions of southern IN, Evansville, IN, as well as central IN, including the greater Indianapolis area, Fort Wayne, IN, and portions of OH, western PA, portions of W VA.

We sold the Wyoming and Montana territories to FSFC in 2022.

We do not currently operate any company-owned salons. Our parent, TECA, Inc. ("TECA"), a Kentucky corporation with a common principal business address, was formed on May 30, 1984. Effective September 1, 2003, we became a wholly owned subsidiary of TECA. TECA acquired all of the outstanding shares of our common stock in exchange for shares of TECA's common stock. The exchange did not result in any change in the number of our authorized, issued, and outstanding shares of common stock. As of December 31, 2023, TECA owns and operates eight salons in the Louisville, Kentucky metro and surrounding areas. TECA does not offer franchises in any line of business.

Our affiliate Yellowwood, Inc dba Salon Redi ("SalonRedi"), a Kentucky corporation with a common principal business address, was formed on June 25, 1993, and sells Fantastic Sams branded products ("FS Products") and other beauty supplies to our Franchisees. On June 4, 2013, Yellowwood, Inc added the assumed name of SalonRedi, Inc ("SalonRedi"). SalonRedi does not operate salons nor offer franchises in any line of business.

Our registered agent for service of process in Kentucky is Glen O. Adams, 1804 Cargo Court, Louisville, Kentucky 40299. Our agents for service of process in other states are listed in EXHIBIT A attached to this franchise disclosure document.

Franchised Business

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

We offer the opportunity to become a franchisee to own and operate a Fantastic Sams Salon (a "Salon") using the Proprietary Marks and the System. Your Salon will provide a full range of haircare services for men, women, and children, including cuts, shampoos, styles, perms, facial waxing, and color, plus a full line of hair care products for sale. [Additional services may be offered at the Salon only with our prior written consent.](#) You must have your Salon open a minimum of 6 days per week. Your Salon will compete with other national hair care chains and franchises, and local beauty and barber Salons offering the same or similar products and services.

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

Under a Multi-Unit Development Agreement, you will develop an agreed upon number of Salons within a designated development area. You will sign a Franchise Agreement for each Salon. The Franchise Agreement will authorize you to operate the Salon under (i) the System and (ii) FSFC's marks, including "FANTASTIC SAMs" and any other trade names and marks that we designate in writing for use with the System (the "Proprietary Marks"). You must operate your Salon according to our standards and procedures, as described in the Confidential Operations Manual (the "Operations Manual").

Competition

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

Regulations Specific to the Business

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

Item 2: Business Experience

The following is a list of directors, principal officers, and other executives who have management responsibilities for the sale of franchises or the operation of our business relating to the franchises for Fantastic Sams Salons described in this Disclosure Document.

Chief Executive Officer: Glen O. Adams

Mr. Adams serves as the Chief Executive Officer of TECA. Mr. Adams has also been the Secretary and principal owner of TECA since its formation, and the principal owner of Yellowwood since its formation.

Chief Financial Officer and President of Yellowwood: Denise Burns

Ms. Burns serves as the President of Yellowwood and Chief Financial Officer of TECA, Inc. She has been employed in various management capacities with TECA for over 20 years.

President: Robin Miller

Ms. Miller serves as President of Yellowwood, and has served in that capacity since March, 2022. For the last 20 years, Ms. Miller has served in various management capacities with Yellowwood and its affiliates in Louisville, Kentucky.

FSI Entities

The following is a list of directors, principal officers, and other individuals who have management responsibilities for the sale of franchises or the operation of our business relating to the subfranchises described in this franchise disclosure document. For the purposes of this Item 2, FSFC and FSI Corp are sometimes referred to, collectively, as the "FSI Entities." FSI Entities include Old FSFC and Distribution Corp prior to the Consolidation. The principal occupation and business experience of each person during the past 5 years, including the names and locations of prior employers, are described below. Unless otherwise indicated, the employee serves from FSFC's office in Woburn, Massachusetts.

Board of Directors: Anne-Laure Couplet

Anne-Laure Couplet is Chief Executive Officer of DISAS and DGNA since May 2026 in Paris, France. Prior to this role, she served as General Manager of DISAS and DGNA since January 2026. Earlier, she was Chief Executive Officer of The Kooples from June 2023 to January 2026. From May 2019 to May 2023, she was the CEO of BURTON of London in Lognes, France.

Board of Directors: Philippe Vincent

Mr. Vincent has served on our Board of Directors and the Board of Directors of DGNA since January 2009 in Paris, France. Mr. Vincent has also been the Deputy managing Director since January 2011 of DGNA located in Paris, France.

Chief Executive Officer: Kimberly Amadon

Ms. Amadon has been our Chief Executive Officer since August 2025, and before that, was our Chief Operating Officer from May 2024 until August 2025. Previously, Ms. Amadon was our Vice President of Operations and Business Development from January 2024 until May 2024, and the Senior Director of Business Development and Relationship Management from March 2020 to January 2024.

Executive Director of Franchise Development: Patricia Schneider

Ms. Schneider has served as the Executive Director of Development at Dessange International since October 2025. Prior to this, She held the position of Director of Business Development and Relationship Manager from November 2021 through October 2025, when she was promoted to her current role. From August 2026 through October 2021, she served as a Salon Market Trainer and Grand Opening Lead for Ulta Beauty in Charlotte, North Carolina.

VP of Operations: Michael Labrecque

Mr. Labrecque has served as Vice President of Operations at Dessange Group North America since September 2025. Previously, Mr. Labrecque served as Director of Business Development at Dessange Group North America from August 2024 to September 2025. From December 2021 to February 2024, he held the role of Director of Sales and Business Development at Salon Services, Inc. in Seattle, Washington. From June 2020 to June 2021, he served as District Manager at Floyd's 99 Barbershop in Washington, D.C.

VP of Brand Strategy & Education: Melanie Knapp

Ms. Knapp has served as the Vice President of Brand Strategy & Education at Dessange Group North America since October 2025. Previously, Ms. Knapp served as Director of Education, FS Cut & Color, from June 2021 to September 2025.

Item 3: Litigation

Yellowwood Franchise Services, Inc. Legal Actions

We have not initiated any litigation in the past fiscal year that is required to be disclosed.

FSI Entities Legal Actions

Pending Actions:

Fantastic Sams Franchise Corporation v. Maral Yeretsyan, A.A.A., Case No. 01-26-0000-7469. On February 13, 2026, we filed an arbitration with the American Arbitration Association alleging that Respondent, a former franchisee located in California whose franchise had recently expired, was violating

certain post-expiration covenants in the franchise agreement, including the covenant not to compete. Specifically, we alleged that Respondent was planning on opening a competing salon at the site of her prior franchise, failed to disassociate herself from us on the internet, and continued to operate social media pages associated with the salon. We and the Respondent subsequently reached an agreement to settle the matter. Respondent has agreed that she will not open a competing salon at the location of her former franchise and will otherwise abide by all of the post-termination covenants, including the covenant not to compete. In return, we have agreed to withdraw the arbitration upon the execution of a formal settlement agreement. Once a settlement agreement is fully executed, we will dismiss the arbitration.

Prior Actions

Fantastic Sams Franchise Corp. v. Linco, LLC, Linda Martinez f/k/a Linda Oppegaard, and Darren Oppegaard, Case No. 25-cv-01042-KAS (D. Colo.). On April 1, 2025, we filed a lawsuit in federal district court alleging that former franchisees Linco, LLC and its personal guarantors, Linda Martinez and Darren Oppegaard, were in violation of the non-compete in the franchise agreement, as they had continued to operate past the expiration of the franchise agreement. We also alleged that the franchisee had improperly used its trademarks. We asserted claims for breach of contract and violation of the Lanham Act. Ms. Martinez and Linco, LLC and we have entered into a settlement in which they agreed to sign a new franchise agreement and to operate as a Fantastic Sams.

Fantastic Sams Franchise Corp. v. KAK Enterprises, LLC and Khurram A. Khan, AAA Case No. 01-25-0001-6654. On April 2, 2025, we filed an arbitration with the American Arbitration Association, alleging that respondents, former franchisees, were in violation of the non-compete in the franchise agreement, by continuing to operate a salon from the location of their former Fantastic Sams salon. The respondents have since ceased operation of the competing salon, and the matter is currently being held in abeyance while the parties discuss further resolution of the matter.

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

Fantastic Sams Franchise Corporation v. HopeWorks, LLC, Asha Vasant, and Umar Latif AAA Case No. 01-17-0002-7304, filed on May 10, 2017 before the American Arbitration Association (“AAA”) in Boston, Massachusetts. HopeWorks, LLC, Asha Vasant, and Umar Latif (the “HopeWorks defendants”) are the franchisee and guarantors under a franchise agreement with us for the operation of a salon (the “HopeWorks Salon”). We brought this action in connection with HopeWorks defendants’ closure of the HopeWorks Salon in default of the franchise agreement. The HopeWorks defendants argued that our claims were outside the scope of the arbitration provision and, in the alternative, sought to transfer the final hearing locale to Orange County, California. The AAA overruled both objections and appointed a three-arbitrator

panel. The HopeWorks defendants renewed their objections before the panel, which similarly overruled them. On December 1, 2017, two of the HopeWorks defendants filed a lawsuit styled HopeWorks and Vasant (“plaintiffs”) v. FSFC, Fantastic Sams Salons Corporation, and John Does 1-10, No. 30-2017-00958860 (Superior Court of the State of California, Orange County), asserting claims for breach of the franchise agreement, intentional misrepresentation, breach of the covenant of good faith and fair dealing, as well as a declaratory judgment. The claims were based on allegations that certain FSFC representatives misrepresented to plaintiffs that the existing franchised salon that the plaintiffs acquired had been profitable when allegedly it was not. Plaintiffs further alleged that FSFC misrepresented the support it would provide to plaintiffs to induce them to acquire the existing salon and breached the franchise agreement and implied covenant by failing to provide that support as well as advertising and training. Plaintiffs sought unspecified general and punitive damages, a declaratory judgment that the arbitration provision is unenforceable, and attorneys’ fees and costs. On March 16, 2018, the parties reached a confidential settlement agreement to fully resolve all claims and counterclaims in the arbitration and state court matter. Under the settlement agreement, the Vasant defendants agreed to pay us \$50,000, and the parties exchanged releases. On March 26, 2018, the state court matter was dismissed with prejudice. On April 16, 2018, the arbitration was dismissed with prejudice.

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

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

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

Item 4: Bankruptcy

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

Item 5: Initial Franchise Fee

The Initial Franchise Fee to operate a Fantastic Sams Salon is \$30,000, payable when you sign the Franchise Agreement.

If you enter into a Multi-Unit Development Agreement, you will pay a Development Fee when you sign the Development Agreement. The Development Fee is currently \$40,000 for the right to develop 2 salons, \$50,000 for the right to develop 3 salons, \$60,000 for the right to develop 4 salons, and \$70,000 for the right to develop 5 salons. The Development Fee is instead of the Initial Franchise Fees that would otherwise apply. For each salon you develop under the Multi-Unit Development Agreement, you will also be required to sign a Franchise Agreement before opening the salon. Initial Franchise Fees and Development Fees are non-refundable, and payable in a lump sum.

Franchisees who signed Franchise Agreements in prior years may have paid lower fees, and many current franchisees will, under the terms of their existing Franchise Agreements, pay lower initial franchise fees if they purchase additional rights to operate Fantastic Sams Salons in the future.

We are currently offering a special incentive through the International Franchise Association's Vet-Fran Program to veterans of the U.S. armed services seeking to purchase a new FS Franchise Agreement. Honorably discharged Veterans of the U.S. Armed Services shall be granted a 25% discount off of the standard Initial Franchise Fee referred to above. In addition, they will be eligible for a \$5,000 credit toward the purchase of their Initial Salon Product Supply order. We are also pleased to offer a 25% discount off the standard Initial Franchise Fee to minority candidates. This discount applies only to the Initial FS Franchise Agreement and cannot be combined with the Veteran's discount.

If you are acquiring a new Fantastic Sams Salon (whether a newly opened salon or an existing salon being transferred to you), then you (or one of your owner) and your Designated Salon Manager must attend and complete to our satisfaction our New Owner Training programs, which includes the "Salon Fundamentals Course" training program ("SFC Training"), preferably before you open your salon (See Item 11). Prior to attending training you must pay our then-current training fee, which is currently \$500 per person and is non-refundable. You must also attend our 2-day New Owner Training in Louisville, Kentucky (See Item 11).

The Initial Franchise Fee covers the then-current training fee for the first person to attend training, which is currently \$500. The training fee includes instruction and lunch during on-site training. The training fee does not include travel, lodging, other meals, personal expenses, or compensation to any employee attending training. The New Owner Training and SFC Training programs are provided to protect our brand and the Proprietary Marks and do not control the day-to-day operation of the salon. We will not pay the training fee for additional attendees. If you decide to send more than one person to the same training session, the training fee for each additional person is currently \$500, which also is nonrefundable.

The Franchise Agreement requires you to conduct a grand opening marketing plan that begins no later than 6 weeks prior to opening the Salon and continues for approximately 6 months after the salon opens (the "Grand Opening Marketing Plan"). This plan must be approved in writing by us. You must spend an amount in the range of \$15,000 and \$18,000 as determined by us (the Minimum Grand Opening Marketing Expenditure) on the Grand Opening Marketing Plan. Upon signing your lease, you must deposit the Minimum Grand Opening Marketing Expenditure with us to pay suppliers and vendors in connection with executing the Grand Opening Marketing Plan. This amount is nonrefundable. We will also work with you to develop

marketing strategies for the utilization of the additional funds you allocate toward your Grand Opening Marketing Plan.

We do not regularly finance or allow installment payments for Development Fees, the first or any subsequent Initial Franchise Fees or training fees, although financing alternatives are available to qualified candidates from outside financing sources.

Item 6: Other Fees

Fee	Amount	Payable	Remarks
Weekly Franchise Fee	For the first 26 weeks, the greater of: (i) 6% of the Salon's Gross Sales, or (ii) \$150 per week, and 6% of the Salon's Gross Sales thereafter.	Each Monday or such day of the week as prescribed by us	Notes 1, 2 & 3
National Advertising Fund Fee ("NAF Fee")	Currently \$147.49	Each Monday or such day of the week as prescribed by us	Notes 1, 3, 4 & 5
Regional Advertising Fund Fee ("RAF Fee")	Varies depending on the geographic area in which the Salon is located (the "Regional Marketing Area" or "DMA"). In some areas, we have not formed a Regional Advertising Fund ("RAF") for the Regional Marketing Area. For the Regional Marketing Area that has a RAF, the current RAF Fee is \$95.00. If a RAF has not yet been established in your Regional Marketing Area, you will not contribute to a RAF until one is formed for the area. (Note 6)	Each Monday or such day of the week as prescribed by us	Notes 6 and Item 11
Assignment Fee	25% of then-current Initial Franchise Fee.	Upon transfer of your Franchise Agreement	Must be paid upon the Franchise Agreement being transferred or assigned.
Renewal Fee	\$2,500.	Upon renewal	Must be paid upon a Renewal Franchise Agreement being signed.
Attorney's Fees	Varies	On Demand	You only have to pay if we must hire an attorney because of your breach.
Indemnification	Will vary under circumstances	On Demand	You must reimburse us and FSFC for claims arising from the operation of your salon.

All fees are due and payable to us, or FSFC and all fees are nonrefundable.

Neither we, nor FSFC, offer subfranchises/franchises under different terms in the specific market where your salon will operate. However, we reserve the right to vary fees, and our collection of these fees has varied in the past fiscal year in various and different circumstances.

NOTES:

1. The Weekly Franchise Fee and the NAF Fee (or any replacement thereof) will be collected by automatic bank draft each week from your account for the entire term of your Franchise Agreement or for so long as you use any part of the System or the Marks whichever period is longer, starting when you open your salon. In addition to the NAF Fee, we recommend that you spend not less than 5% of your gross revenues toward local advertising. You must also conduct a Grand Opening Marketing Plan for your salon. "Gross Sales" means all revenue or consideration that is received by franchisee, directly or indirectly, from operating the Salon, whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Gross Sales include the proceeds of any business interruption insurance or similar insurance. If we authorize or require the franchisee to participate in online group-bought deals (e.g. Groupon or Living Social), gift certificate and/or gift card programs, the payments received by franchisee for those online group-bought deals, gift certificates or gift cards shall be included in Gross Sales in accordance with our then current guidelines for calculating Gross Sales, which may include calculating such amounts, at our option, as either (i) the purchasing value of such certificate, card or deal when it is redeemed at the Salon, or (ii) the amount of the payment received by the franchisee for such certificate, card or deal at the time of its sale. Gross Sale does not include any federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority.
2. On occasion we may, in our discretion, offer to abate the Weekly Franchise Fee, in whole or in part (a "Franchise Fee Abatement"), for a limited time following the opening of the Salon for very unique situations that warrant it due to projected startup hurdles. During the past fiscal year, in various and unique circumstances, our collection of these fees has varied
3. The NAF Fee disclosed above reflect the amount of those fees as of the date of this Disclosure Document. Our existing franchisees make those payments at a different rate. During the term of your Franchise Agreement, the NAF Fee will or may be adjusted based upon the average change in an index calculated by the federal government called the Consumer Price Index for Personal Care Services. This adjustment will be made no more than once per year.
4. We collect NAF Fees and deposit them into the National Advertising Fund's bank account. The purpose of NAF and the manner in which the funds are utilized by the NAF Board is described in Item 11 of this Disclosure Document.
5. The Pittsburgh DMA is classified as an 'Electronic DMA' therefore all the owners with salons geographically located within that DMA are required to use their NAF fees cooperatively.
6. By signing the Franchise Agreement, you agree to participate and adhere to the actions of a RAF in your Regional Marketing Area. We have the right to adjust the Weekly RAF Fee on an annual basis; provided, however, the Weekly RAF Fee shall not exceed \$200 unless a majority of the members of the RAF agree to increase the Weekly RAF Fee in excess of \$200. If any RAF seeks to increase the RAF fee in excess of \$200, we may prevent such an increase. Each RAF has the power to assess additional fees for promotional or advertising purposes upon the majority vote of the franchisees in your Regional Marketing Area, and you would be required to pay these whenever due. See Item 11 below for details regarding how decisions on RAF Fees in your Regional Marketing Area are made. We do not have controlling voting power over any RAF. Currently there is a RAF established within the Louisville, Kentucky DMA. All franchisees in the Louisville area pay a RAF fee of \$95.00 per week, per salon. Should a franchisee council be established in your DMA, it would have the power to assess additional fees upon the majority vote of the other franchisees in your area and you would be required to pay these

whenever due. If your salon is located in Indiana, then an assessment of RAF fees in excess of 5% of your gross revenues by a council of other franchisees may not be enforceable under Indiana law.

Item 7: Estimated Initial Investment
YOUR ESTIMATED INITIAL INVESTMENT
(Franchise Agreement)

Type of Expenditure	Estimated Cost (Low - High)	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee ⁽¹⁾	\$30,000	Lump Sum	When you sign the Franchise Agreement	Us
New Owner/SFC Training Fee ⁽²⁾	\$500 to \$1,000	Lump Sum	Before your Training	FSFC
Travel and Living Expenses for You and Your Employees During Training ⁽³⁾	\$1,500 to \$3,000	As Incurred	During Training	Third Party Suppliers
Leasehold Improvements ⁽⁴⁾ (Including salon design drawings)	\$30,000 to \$150,000	As Incurred	Before you open your Salon	Third Party Suppliers
Rent Deposit ⁽⁴⁾	\$1,500 to \$7,000	Lump Sum	Before you open your Salon	Landlord
Utility Deposit ⁽⁵⁾	\$500 to \$1,500	Lump Sum	Before you open your Salon	Utility companies
Initial Haircare Product Inventory (3-month supply) ⁽⁶⁾	\$8,000 to \$13,000	As Incurred	Before you open your Salon	Third Party Suppliers
Salon Equipment ⁽⁷⁾	\$35,000 to \$40,000	1/2 with order and ½ upon delivery	Before you open your Salon	Third Party Suppliers
Other Equipment, Fixtures, and Furnishings ⁽⁸⁾	\$6,000 to \$10,000	Lump Sum	Before you open your Salon	Third Party Suppliers
Salon Supplies- Non-Technical (3-month supply) ⁽⁹⁾	\$1,500 to \$4,500	As Incurred	Before you open your Salon	Third Party Suppliers
New Salon Signage and Graphics ⁽¹¹⁾	\$5,000 to \$15,000	Lump Sum and As Incurred	Before you open your Salon	Third Party Suppliers
Grand Opening Marketing Plan/Advertising (first 6 months) ⁽¹¹⁾	\$15,000 to \$18,000	As Incurred	Before and for 6 months after you open your Salon	Third Party Suppliers
Insurance ⁽¹²⁾	\$3,500 to \$6,500	As Required	As Incurred	Third Party Suppliers
Additional Funds - 3 Months ⁽¹³⁾	\$10,000 to \$30,000	As Incurred	As Arranged	Employees, Third Party Suppliers & Utilities
TOTAL ⁽¹⁵⁾	\$148,000 to \$329,500			

NOTES:

1. The Initial Franchise Fee is \$30,000 for an individual Franchise Agreement. If you enter into a Multi-Unit Development Agreement, you will pay a Development Fee to us (See Item 5), and you

will not be required to pay any initial franchise fee for the Franchise Agreements executed pursuant to the Multi-Unit Development Agreement. Your estimated initial investment for each salon will be as set forth above, except that the Development Fee is instead of the Initial Franchise Fees that would otherwise be payable.

2. The lower estimate described above reflects the cost to you if you send 1 person in addition to yourself. The higher estimate described above reflects the cost to you if you send 2 people in addition to yourself. The estimate provided does not include amounts for transportation, lodging and meals.
3. The estimate provided for Travel and Living Expenses during training is a general figure and will vary depending upon the number of people sent, accommodations available, distance traveled and a variety of other factors. The lower estimate set forth above approximates the cost for 1 person attending, while the higher estimate approximates the cost for 2 people attending.
4. Most new Salons are developed in multi-unit commercial establishments such as “strip centers”. The typical lease term is 5 years with one option to renew for an additional 5 years, or a straight 10-year term. Our estimate for rental costs assumes that the typical Fantastic Sams Salon occupies 1,000 to 1,400 square feet, and rents for between \$30 to \$68 per square foot, depending on the market rental rates. The rental cost is calculated at net rent, which does not include common area maintenance fees, real estate taxes, or insurance, which may be charged on a monthly, quarterly, or yearly basis by your landlord. Your rent deposit will generally equal approximately one month’s rent. Depending on the landlord, you may be required to pay a security deposit as well, which is typically equal to one month’s rent. You must modify your salon location to meet our standards of décor established for Fantastic Sams Salons (“leasehold improvements”). The costs of leasehold improvements, including architectural expenses, depending on the lease, may be amortized over the lease term thus increasing the rent, or the landlord may provide a cost allowance for leasehold improvements. In some cases, leasehold improvements must be paid in full by you. Due to variable materials and labor costs, leasehold improvement costs cannot be estimated with precision. The higher figure assumes you pay the full cost of leasehold improvements before salon opening. Charges for the salon design drawings are as follows: preliminary drawing is \$98.00, blueprints (12 copies) are \$195.00 for the plans and specification sheets to be emailed. Any drafting/design services that does not fall into the previously mentioned category will be charged at an hourly rate of \$98.00 per hour.
5. The estimate assumes that you may be required to provide various utility deposits.
6. Estimates for the cost of the Initial Haircare Product Inventory are based on the new Salon décor with the expanded retail product line.
7. Beauty salon equipment such as shampoo bowls, dryers, styling/shampoo/reception chairs, mirrors, styling stations, and styling mats, etc., must be acquired before Salon opening. The estimate provided is for the equipment necessary to furnish an 8-station Salon. Salons located in Kentucky require additional locked cabinetry for the storage of all chemical based products (i.e. hair color, developers, perms, cleaning supplies, etc.).
8. You must purchase certain equipment from various approved suppliers other than us, including lighting, a POS/computer system, washing machine and dryer and a television.
9. This includes capes, towels, paper products and cleaning supplies.
10. Exterior salon signage must be purchased and installed before Salon opening. must be purchased through an approved supplier. The higher range of this line assumes that you will have to install 3

exterior signage depending on the location of your Salon. The lower range of this line item assumes that you will only install 1 exterior signage depending on the location of your Salon. Estimates also include Salon hour decal, WOW wall and window logo.

11. Advertising is essential to the successful operation of a Fantastic Sams Salon. We recommend that, on a continuing basis, you spend not less than five percent (5%) of your gross revenues toward advertising, in addition to the NAF fee. However, advertising before your salon opens, and the 180 days after your salon opens is crucial to the eventual success of your salon. Therefore, we require that you conduct a Grand Opening Marketing Plan in conjunction with the opening of your Salon. You must spend the Minimum Grand Opening Marketing Expenditure on the Grand Opening Marketing Plan. These amounts will be used to pay local media suppliers and vendors for targeted digital campaigns, newspaper advertising, radio advertising, television advertising and/or direct mail advertising.
12. You must maintain the minimum insurance coverage set forth in the Franchise Agreement and described in Item 7. For all insurance, you must include FSFC and us as additional insureds as well as furnish us with proof of that coverage every 12 months. Because insurance premiums vary greatly by state and by companies and with business insurance packages, it is difficult to give an exact figure, or even an approximate figure, for the annual or monthly insurance costs. Insurance fees are paid to an insurance agency, person or entity chosen by you.
13. You will need additional funds to support on-going expenses, such as payroll, rent, and utilities to the extent that these costs are not covered by sales revenue. We estimate that the amount given will be enough to cover on-going expenses for the start-up phase of the business, which we calculate to be 3 months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during the start-up phase or after. **Our estimate of additional funds and other expenses in this table is not a representation that you will reach break even or become profitable after investing these amounts or in three months.** We have relied on our experience in franchising and operating Fantastic Sams Salons to formulate this estimate.
14. Except as indicated, we do not offer direct or indirect financing to franchisees for any of these items. Payments to FSFC and us are not refundable. Payments made to other suppliers are generally not refundable unless you negotiate refund terms and conditions with a supplier. **These amounts may not include any sales and use tax that may be due on items you purchase from out-of-state suppliers. You will need to consult with your tax advisor to determine if any sales or use tax may be due in your state.**
15. Your costs will vary depending on how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for services and products; the prevailing wage rate; competition within your market; and the sales level reached by your salon during the start-up phase. Additionally, our estimate does not include any extraordinary or atypical costs or capital improvements specific to your site or necessitated by the location of your site (e.g., bringing utilities to the site).

YOUR ESTIMATED INITIAL INVESTMENT

(Multi-Unit Development Agreement)

Type of Expenditure	Amount (Low-High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Development Fee ⁽¹⁾	\$40,000 to \$70,000	Lump Sum	When you sign the Multi-Unit Development Agreement	Us
Additional Funds - 3 Months ⁽²⁾	\$0	N/A	N/A	N/A
TOTAL	\$40,000 to \$70,000			

NOTES:

(1) If you enter into a Multi-Unit Development Agreement, you will pay a Development Fee when you sign the Development Agreement. The Development Fees are currently \$40,000 for the right to develop 2 Salons, \$50,000 for the right to develop 3 Salons, \$60,000 for the right to develop 4 Salons, and \$70,000 for the right to develop 5 Salons. The Development Fee is instead of the Initial Franchise Fees that would otherwise apply. For each salon you develop under the Multi-Unit Development Agreement, you will also be required to sign a Franchise Agreement before opening the salon. Initial Franchise Fees and Development Fees are nonrefundable.

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

Item 8: Restrictions on Sources of Products and Services

Product Purchase and Sale Requirements

You must sell Fantastic Sams branded shampoos, conditioners, and related haircare products (“FS Branded Products”) in your Salon, carry recommended inventory levels of the full line of FS Branded Products. In order to maintain uniformity and quality of services provided by all franchisees, you must also use only designated FS Branded Products and other specifically approved products in providing haircare services to customers of your Salon. Adherence to the then-current, approved menu of services is critical to brand standard. In the absence of an FS Branded Product for hair color services, you must use only hair color products in your Salon that are designated and approved by us. You must purchase FS Branded Products from distributors we approve.

In addition to the FS Branded Products, you will need to purchase other approved national brands of hair care products (“National Brand Products”) to be displayed and sold at your Salon. These National Brand Products must be purchased from suppliers approved by us. Your purchase of approved National Brand Products will be a major on-going expense. FSFC, may develop Fantastic Sams branded haircare tools and accessories, for example hair dryers, flat-irons, brushes, etc. (“FS Accessories”), which we may sell to our

franchisees and to other FS subfranchisors for resale in Salons. Currently, there is no requirement that you purchase and/or offer FS Accessories for sale in your Salon, but we may require you to do so in the future.

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

During the period from January 1, 2025, to December 31, 2025, we received no revenue from product sales to Franchisees. In 2025, SalonRedi received \$513,580.06 from the sales of FS Branded Products to Franchisees, including certain Franchisees of other FS subfranchisors. The amount was 21% of SalonRedi's total revenue in 2025. In addition to the sale of FS Branded Products, SalonRedi offers a full line of beauty supply items. There is no requirement that you purchase beauty supply items from SalonRedi, although many Franchisees choose to do so.

We require that you purchase an approved point-of-sale ("POS") system. Your POS has a monthly fee ranging from \$65.00 to \$155.00, depending on the POS and its features. The fee includes 24-hour/7-day support with automatic updates to the system. We receive no revenue from the sale of these software systems.

During fiscal year ended December 31, 2025, FSFC and its affiliates did not receive any revenue from sale or lease of goods and services to its franchisees. FSFC may receive a commission or rebate in the range of 10% to 60% based on the net amount of purchases made by its franchisees made by our designated suppliers and distributors of hair products and certain Salon furniture, fixture, and equipment. Some of FSFC's designated suppliers of hair products may also (i) contribute towards our annual franchisee conventions an amount within the range of \$4,000 to \$150,000 or an amount equal to 2% of the aggregate net receipts derived by them from sales to FSFC's franchisees, (ii) contribute to FSFC's Product Promotion Fund an amount in the range of 2.55% to 5% of the aggregate net receipts derived by them from sales to FSFC's franchisees, (iii) contribute towards FSFC's franchisee education programs 5% of the aggregate net receipts derived by them from sales to FSFC's franchisee towards educational programs for FSFC's franchisees, and/or (iv) in certain circumstances, accrue 3% of the net amount of purchases made by FSFC's franchisees in an obsolete product allotment account to defray the cost of obsolete products. During fiscal year 2025, FSFC received \$1,109,367 in revenue or commission from designated vendors and distributors, which was 12.3% of FSFC's total revenues of \$9,054,689 for 2025.

FSFC and our predecessors implemented a program with the manufacturer of certain FS Branded Products and FS subfranchisors for the establishment and funding of a Product Promotion Fund for production of promotional materials for in-Salon advertising and promotion of the FS Branded Products. Under this program, the manufacturer, FS subfranchisors and FSFC each contribute a percentage of the manufacturer's net sales price of the FS Branded Products to the Product Promotion Fund. For the period January 1, 2025, to December 31, 2025, a total of \$1,047 was contributed to the Product Promotion Fund, and no contributions were made between September 1, 2025 to December 31, 2025..

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

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

operation of your Salon.

Except as described above, we do not require you to purchase from or deal with specific people or companies to buy goods or services required in the operation of your Salon. FSFC and its predecessors have formulated standards and specifications for the products and services sold at Fantastic Sams Salons, and for approved suppliers, to provide uniformity throughout the System. Standards and specifications are outlined in the Operations Manuals and are modified as needed by updates to the Operations Manuals to address changing market conditions or other circumstances. In the Operations Manuals and other materials, you will receive upon signing your Franchise Agreement and attending training, FSFC has listed certain approved products, goods, equipment and supplies along with a list of approved suppliers. Except for the FS Branded Products and National Brand Products, you need not purchase these goods from approved suppliers, nor are you limited in purchasing solely these goods. Except for the items that are purchased from us or our affiliates, none of our officers owns an interest in any companies that are vendors or suppliers to our franchisees. Currently, there are no purchasing or distribution cooperatives in existence. However, we or FSFC may periodically negotiate purchase agreements and price terms with certain suppliers of hair products and Salon furniture and equipment for the benefit of franchisees. Except as stated above, neither we nor FSFC derive revenue from your purchase of goods or services.

Our Supplier or Product Approval

Should you desire to seek approval of an unapproved supplier, you may propose a supplier to become approved. You must send representative samples and specifications of that supplier's products or services to us. We do not charge a fee to review a proposed supplier. Within 60 days after receiving the necessary samples and information, SalonRedi will determine whether the supplier complies with established uniformity requirements, quality standards and specifications and will advise you in writing as to its determination at no cost to you.

Product/Service Approval

Whenever a franchisee or outside supplier requests that Yellowwood Franchise Services, Inc. review a product, good or service to potentially add to our approved list, we first evaluate the product or service to see if its addition would fit the System. This is a discretionary decision made by our management team. The product will either be tested by us or a franchisee for a period of time sufficient to adequately evaluate its benefits or disadvantages. We will test the ability of the product or service to add to the revenue or atmosphere of a Salon; the capability of Salon employees of the Salon to properly use or implement the product or service; the services available from the manufacturer or seller of the product; the quality, historical background and stability of the manufacturer and seller; the "fit" with the System; the scope of products used within the System; the potential impact on consistency within the System; and many other elements, both tangible and intangible. This testing process may take as long as 6 to 9 months. We do not charge a fee for this testing process.

We require you to maintain minimum insurance coverages described below:

COVERAGE	AMOUNT LIMITS
"Special" Property Form Insurance (aka "All Risk")	
Business Contents	\$25,000 (Minimum Required)
Sprinkler Leakage	Recommended

Business Interruption	Recommended
Plate Glass	As Required in Lease
Sign	Recommended
Commercial Blanket Bond	Recommended
Broad Form Money & Securities (On/Off Premises, Messenger's Home)	
Comprehensive General Liability Insurance	\$1,000,000 CSL (Required)—Occurrence
Premises and Operations	Included in General Liability
Automobile (including owned, hired or leased and Non-Owned)	
Products and Professional	Included in General Liability
Broad Form Liability Endorsement	Included in General Liability
Fire Legal Liability Included	\$300,000 minimum
Medical Payments Included	\$5,000 minimum
Workers' Compensation	Statutory Limits (Required)
Umbrella Liability	Recommended
Cyber Insurance	Recommended
Flood Insurance	Recommended
Earthquake Insurance	Recommended

For all types of insurance, you must include FSFC and us as additional insureds and loss payees and furnish us with proof of such coverages every 12 months. Insurance fees are paid to an insurance agency, person or entity chosen by you, and neither we nor FSFC derive any revenue from your purchase of required insurance coverage.

From time-to-time FSFC may organize a convention for Fantastic Sams franchisees, FS subfranchisors and stylists. It is strongly recommended, but not required, that you attend the convention, and you will be responsible for all costs associated with such attendance (i.e. registration fees, travel, lodging, and meals). To participate in the convention, attendees must register with the convention management agency chosen by FSFC and pay attendance fees to the agency. To maximize attendance at conventions, FSFC and its agency budget convention revenues and costs to break even; however, in the past FSFC has been required to supplement attendance fees in order to cover all convention costs. In addition, suppliers are often requested to make contributions and provide sponsorships to defray the costs of the convention. The size of these contributions and sponsorships will vary from supplier to supplier and from year to year. In the event that attendance at a convention was to materially exceed the projected enrollment, FSFC would receive the excess revenues from the agency.

We and FSFC may revoke the approval of any supplier at any time. Except as stated above, we and FSFC do not derive revenue from your purchases of goods or services.

Item 9: Franchisee's Obligations

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

Obligation		Section in Franchise Agreement	Item in Franchise Disclosure Document
a.	Site selection and acquisition/lease	Section 1 and 5. d	Items 7 and 11
b.	Pre-opening purchases/leases	Section 5. f	Item 8
c.	Site development and other pre-opening requirements	Section 5. f	Items 5, 7 and 11
d.	Initial and ongoing training	Section 3.b and 5.c	Items 5, 7 and 11
e.	Opening	Sections 1.b, 3, 7. a	Item 11
f.	Fees	Sections 3, 5.a, 7.c, 10.a, 12.c and 14	Items 5 and 6
g.	Compliance with standards and policies/Operations Manuals	Sections 5 and 6	Items 11 and 16
h.	Trademarks and proprietary information	Sections 5.b, 5.o, 5.r and 16	Items 13 and 14
i.	Restrictions on products/services offered	Section 8	Items 8 and 16
j.	Warranty and customer service requirements	Not applicable	Not applicable
k.	Territorial development and sales quotas	Not applicable	Item 12
l.	Ongoing product/service purchases	Section 8	Item 8
m.	Maintenance, appearance, and remodeling requirements	Sections 5.f and 5.g	Item 11
n.	Insurance	Section 5.p	Item 7
o.	Advertising	Section 3.d, 3.e, 4.c, 5.i, and 7	Items 6 and 11
p.	Indemnification	Sections 5.q	Item 17
q.	Owner's participation/management/staffing	Sections 3.b and 5.c	Items 11 and 15
r.	Records/reports	Section 5.n, 5.s	Item 11
s.	Inspections/audits	Section 5m	Item 17
t.	Transfer	Section 10 and 12.b	Item 17
u.	Renewal	Section 14	Item 17
v.	Post-termination obligations	Section 12.d	Items 15 and 17
w.	Non-competition covenants	Sections 11	Items 15 and 17
x.	Dispute resolution	Section 13	Item 17

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

Obligation		Section in Multi-Unit Development Agreement	Item in Franchise Disclosure Document
a.	Site selection and acquisition/lease	None	Items 7 and 11
b.	Pre-opening purchases/leases	None	Item 8
c.	Site development and other pre-opening	None	Items 5, 7 and 11

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

Item 10: Financing

Except as described below, neither FSFC nor we finance any portion of the Initial Franchise Fee, Weekly Franchise or NAF fees, or the ongoing operations of the business. Under certain situations, such as the purchase of a Franchise Agreement to open a Salon in a targeted area and subject to credit and other approval we or our affiliates may extend financing for the purchase of the Salon equipment. The amount financed will typically be less than 29% of the franchisee's initial expense in opening the franchise. The terms of repayment, such as interest rate and number of monthly payments, will be negotiated on an individual basis depending on the circumstances of the purchase and the total amount to be financed by us or our affiliate.

If we finance any amount to you, you must sign a promissory note and security agreement pledging all of the assets of the Salon to secure payments under the note. The note will bear interest at a rate which is mutually agreed between you and us or our affiliate. Interest rates on these notes will be based on the Prime Lending Rate as posted in the Wall Street Journal. The term of the note will depend on the amount financed, the use of the funds, and the collateral provided. The note will require monthly payments of principal and interest. The note must be signed by you and, if you are a corporate borrower, personally guaranteed by all of your shareholders. The note will include no penalty for prepayment. Should you fail to make the monthly payment on time, we or our affiliate may elect to accelerate the entire remaining principal and unpaid interest amount and require immediate repayment. If the note is not paid in full when due or accelerated, all costs of suit and other expenses and all reasonable attorney's fees must be paid by you. At that time, you will forfeit your rights under the Franchise Agreement. You must also pay all costs of collecting the amount due.

We have not in the past, and do not intend in the future, to sell, assign, or discount to a third party all or part of the financing arrangement. Neither we nor FSFC arrange any other type of financing from any other source. Neither we nor FSFC guarantee your note, lease, or other obligation.

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

Except as listed below, neither FSFC nor we are not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Salon, we will assist you in developing the Grand Opening Marketing Plan, which is more fully described in Items 5 and 11 of this Disclosure Document (Franchise Agreement, Section 7(a)).

Before you open your Salon, we will provide training to you (or one of your owners and the Designated Salon Manager, which is described below (Franchise Agreement, Section 4.a). In addition to the 2-Day Regional New Owner Training identified by us, we require that you attend FSFC's Salon Fundamentals Course ("SFC Training"); preferably before your Salon is opened for business and complete it to our satisfaction.

FSFC's Salon Fundamentals training is held in Massachusetts or, at the company's discretion, an alternative location or virtually. The SFC Training is required of all new franchisees. Classes occur over a 5-day period if offered in-person or through 7 virtual classes if offered virtually. Currently, these classes are scheduled to be held up to 4 times per year. However, FSFC may reduce the annual number of classes based on the number of franchisees who register to attend. The classes cover an in-depth discussion of the System, together with Salon operations, management, customer service, and marketing and advertising. FSFC, at its discretion, reserves the right to change the frequency, classroom, location and/or structure of the training.

SFC Training classes are primarily taught by individuals who have at least 5 years' experience in the haircare industry, owning and/or operating Salons, and/or providing technical education to trained stylists. The instructors include training personnel from both product manufacturers and FSFC's staff. The fee structure for the SFC Training is set forth in Item 5 above. All travel, lodging and other expenses associated with this type of training will be your responsibility.

We offer Salon manager and hair stylist training throughout the year at facilities established by us. Classes consist of classroom, in-Salon and/or virtual training. The content of the stylist training consists of hairstyling techniques, upselling services, and retail sales training, a thorough indoctrination in the System, and motivational development. The content of the manager and owner training is supplementary as it relates to SFC and is region-specific. All Region training classes are taught by individuals who have an extensive background of 20 years or more in Salon operations and management and/or technical expertise. Supplemental training may be provided by REDKEN and other product vendors.

Additional, training is available upon request. Training programs are provided to protect our brand and the Proprietary Marks and not to control the day-to-day operation of the Salon.

Other than the tuition charged for SFC Training, we do not currently charge any tuition or other training costs for you or your employees, but we reserve the right to in the future. Additionally, we reserve the right to charge reasonable sums for the training materials and the products used in any training session.

You and your employees have the right to attend these training sessions without purchasing these training materials and products from us. Further, we will not be responsible for the transportation charges for any personnel to and from the training site, nor any living expenses during the training program. We will not compensate you or any of your employees during any training sessions.

TRAINING PROGRAM

NEW OWNER ONBOARDING AGENDA ⁽¹⁾

SUBJECT	HOURS OF CLASSROOM TRAINING ⁽²⁾	HOURS OF ON-THE-JOB TRAINING	LOCATION ⁽³⁾
FS Team, Support and Resources	2 – 4	0	At our offices in Woburn, MA (or an alternative location) or virtually
Products	2 – 4	0	At our offices in Woburn, MA (or an alternative location) or virtually
Finance	2 – 4	0	At our offices in Woburn, MA (or an alternative location) or virtually
Operations	2 – 4	0	At our offices in Woburn, MA (or an alternative location) or virtually
Education	2 – 4	0	At our offices in Woburn, MA (or an alternative location) or virtually
Marketing	2 – 4	0	At our offices in Woburn, MA (or an alternative location) or virtually
Development	2 – 4	0	At our offices in Woburn, MA (or an alternative location) or virtually
Total	14 – 28	0	

SALON FUNDAMENTALS ⁽¹⁾

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Introduction to FS 	2-8	0	Currently at FSFC'S corporate offices in Woburn, MA an alternative location or virtually.
Intro to Building Successful Teams 	2-8	0	Currently at FSFC'S corporate offices in Woburn, MA an alternative location or virtually.
Intro to Brand & Field Marketing 	2-8	0	Currently at FSFC'S corporate offices in Woburn, MA an alternative location or virtually.
Intro to Business Intelligence	2-8	0	Currently at FSFC'S corporate offices in Woburn, MA, an alternative location or virtually.
Intro to Social & Digital Marketing 	2-8	0	Currently at FSFC'S corporate offices in Woburn, MA, an alternative location or virtually.
Intro to Inventory Management 	2 – 8	0	Currently at FSFC'S corporate offices in Woburn, MA, an alternative location or virtually.
Intro to Operational Excellence 	2 - 8	0	Currently at FSFC'S corporate offices in Woburn, MA, or an alternative location or virtually.
Total	14 - 25	0	

NOTES:

(1) You must also attend the New Owner's Training Program and SFC Training if you: (a) purchase an existing Fantastic Sams Salon, unless we waive the training in writing. In this case, you will pay all costs you incur in attending these New Owner's Training Programs, including travel, lodging,

meals, and other incidental expenses (see Item 7 of this Disclosure Document). This course curriculum is updated on a regular basis and, therefore, subject to change.

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

(3) Our 2-Day New Owner Training is held on an as-needed basis at the location(s) that we designate, which may be at our training center in Louisville, KY, at the site of your Salon, at one or more third-party locations, or virtually. This training is supplementary as it relates to SFC and region-specific. Our staff has an extensive background in Salon operations and management. Hair stylist training is held throughout the year at our training facility and at other designated facilities. The content of the stylist training consists of hairstyling techniques, sales training, thorough indoctrination in the System and motivational development. All travel, lodging and other expenses associated with this type of training will be your responsibility. Additional, optional training is available upon request and will be provided in conjunction with pre-existing training schedules.

Post-Opening Obligations

During the operation of your Salon, we will provide you with owner, management, and stylist classes and courses and technical training at facilities that we establish (Franchise Agreement, Section 4). In addition, we will conduct training and consultation sessions at facilities we establish. Upon your request, specific classes may be held in your Salon or other agreeable locations.

We hold regular training classes (in person or virtual) to assist you, your stylists, and managers with offering the latest styles and techniques in haircare, sales and management training and other operationally oriented classes. We may consult with you and recommend to you advertising, merchandise, and marketing materials, data and advice as may be deemed helpful and as developed by us (Franchise Agreement, Section 7). Additionally, we may advise you of new developments and improvements in the System (Franchise Agreement, Section 6).

We will provide access to the Operations Manuals and materials that contain information about the System; these manuals and materials are confidential and FSFC may revise them from time to time (Franchise Agreement, Section 6). Upon request, we offer prospective franchisees an opportunity to review the Operations Manual before signing the Franchise Agreement or Multi-Unit Development Agreement.

During the operation of your Salon, we will continuously work on improving the System under which all Salons do business (Franchise Agreement Section 6). We will look for and test new services and products. Once a new service or product is approved, we will introduce it to you for implementation in your Salon. We will also provide updates to the Operations Manuals as they are developed for your reference in using the new product or service in your Salon.

We will make available to you a list of the approved manufacturers, lines of products and individual haircare products from which you may select for use in your Salon (Franchise Agreement, Section 8).

We will administer the RAF as described below (Franchise Agreement, Section 7(h)).

National Advertising Fund

Other than administering the NAF, neither we nor FSFC owe any marketing obligations. NAF is a separate Tennessee not-for-profit corporation that provides advertising materials, guidelines, and services to the entire System. NAF is used exclusively for marketing, advertising, or recruitment. NAF must spend at

least 85% of the National Advertising Contribution on either: (a) media that in the advertising industry is regarded as "National Media;" or (b) reimbursement of local or regional media that covers the area you serve and is approved according to NAF guidelines. You must contribute to NAF by paying a NAF Fee, which is currently \$147.49 per week, but is subject to increase during the term of the Franchise Agreement as described in Item 6.

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

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

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

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

NAF is audited annually. You may request a copy of the audited financial statements by notifying the NAF Board. For the fiscal year ended December 31, 2025, NAF spent its funds in the following percentages: 13.6% on production, 78.5% on media placement, and 7.9% on administrative costs. In the event NAF fees are not spent in the fiscal year in which they are received, they would be carried over and used in the succeeding year. Any questions regarding the carried-over funds may be directed to NAF.

All of your marketing endeavors, including social media and digital advertising, need to follow brand standards and use only NAF approved materials. We recommend that pre-approval be obtained from us for all advertising utilizing NAF funds. Pre-approval of these ads by us will ensure payment by NAF. Any other advertising you propose to use must be reviewed and approved in writing by us before placement in any media.

The Pittsburgh DMA is classified as an 'Electronic DMA'. Therefore, all of the owners with Salons geographically located within that DMA are required to use their NAF fees to advertise cooperatively.

Regional Advertising Fund ("RAF")

By signing your Franchise Agreement, you must participate in a RAF and be bound by the actions of RAF in the Regional Marketing Area where your Salon is located, if any exist or we established in the future. If a RAF has not been established in your Regional Marketing Area and we create a RAF for the Regional Marketing Area, we will give you 30 days written notice that we have created a RAF for your Regional Marketing Area and that you must pay RAF Fees to the RAF. The weekly RAF Fee is payable according to the procedure set forth above in Note 6 to Item 6 of this Disclosure Document. If a RAF exists or is established in your area, it will have the power to assess additional fees upon the majority vote of the other franchisees in your area and you must pay these fees whenever due. The weekly regional advertising contribution is subject to adjustment by the majority vote of the Franchisees within the regional advertising council. The weekly regional advertising contribution is payable according to the procedure set forth above in Notes 1 and 6 to Item 6 of this Disclosure Document.

Although the RAF will aim to utilize the weekly RAF Fees to develop advertising and marketing materials and programs and place advertising that will benefit the System, the RAF may use a portion of the weekly RAF Fees for recruitment purposes. Neither we nor the RAF is obligated to ensure that expenditures by the RAF in or affecting the Regional Marketing Area are proportionate or equivalent to the contributions to the RAF by franchisees operating in the Regional Marketing Area or that you or any other franchisee will benefit directly or in proportion to its contributions to RAF.

We and the RAF have the right to make recommendations to franchisees operating Salons in the Regional Marketing Area, including you, as to special promotions and promotional pricing. We have the right, in our discretion, to: (i) suspend contributions to and operations of the RAF for one or more periods that we determine to be appropriate; (ii) terminate the RAF upon 30 days' written notice to you; and (iii) upon the written request of you or any other franchisee, defer or waive, in whole or in part, any weekly RAF Fees required under the applicable franchise agreement if, in our judgement, there has been demonstrated unique, objective circumstances justifying any such waiver or deferral.

On termination of the RAF, all monies in the terminated RAF shall be spent for advertising and/or promotional purposes. We have the right to reinstate any terminated RAF upon the same terms and conditions set forth in the applicable franchise agreement upon 30 days' written notice to you. We do not use any portion of the RAF Fees for advertising that is principally a solicitation of new franchisees. In addition to the advertising materials made available through the NAF, the RAF may utilize the services of regional or national advertising agencies to produce commercials for use on radio and/or television and to generate other advertising and marketing materials.

Currently, there is a RAF established in the Louisville, KY DMA. The franchisees meet regularly to determine the placement of advertising. The principal owner of TECA is Glen O. Adams. Since TECA Salons, like all other Salons in the Louisville area, pay weekly RAF and NAF Fees, Mr. Adams participates in the decisions of the Louisville DMA. As of the 2025 fiscal year end, there are 13 Salons in the Louisville DMA and TECA owns 8 of those Salons. The by-laws that govern the Louisville DMA specify that every Salon has one vote, therefore Mr. Adams has considerable input in the decisions on how, when, and where to place the Louisville advertising. TECA does not have any input as to how franchisees outside the Louisville DMA place their advertising; however, we do have the ability to provide input. In addition to advertising, the RAF may use a portion of the weekly RAF Fees for recruitment purposes.

Grand Opening Marketing and Ongoing Advertising

You must conduct a Grand Opening Marketing Plan that we approved in writing. You must spend at least the Minimum Grand Opening Marketing Expenditure on the Grand Opening Marketing Plan. We strongly encourage you to spend additional monies on advertising the grand opening for your Salon for at least 6 months. For any advertising that you conduct, you must comply with all our standards and requirements, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with our guidelines.

Advertising Council

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

Electronic Point-of-Sale and Computer Systems

Under the terms of the Franchise Agreement, we may establish standards for a computer system that each Salon owner must use. We and FSFC currently require that you use a computer system for managing the inventory control, product ordering, staffing, customer relations, and scheduling, and other aspects of your businesses. We have the right to require you to upgrade or replace this type of computer system in the future. We also require you to purchase or lease a POS system from an approved supplier. A computer is required to run the POS software. This computer must meet the minimum requirements mandated by the POS supplier, including having a minimum amount of available hard drive space and memory, an encrypted credit card scanner, a barcode scanner, scanning wand, cash drawer and receipt printer, and in order to communicate with the POS servers, the computer must have an internal network card. We shall not be responsible for any training related to the use of the computer or POS systems. Any and all training related to the computer or POS systems shall be delivered by, and be the responsibility of, the supplier of such system(s). The computer system, including hardware, software, and peripherals, the POS system, and all existing or future communication or data storage systems are collectively referred to as the "Technology System"). We may require you to update, supplement, modify or replace the Technology System, including the point of sale system, at your expense and there are no contractual limitations on the frequency and the cost of this obligation.

Additionally, a non-wireless, security-configured firewall router must be wired to a network. A computer with these capabilities typically sells at retail for \$500 to \$2,000. You may annually spend between \$250 and \$750 to update your computer system. We require that you purchase an approved POS system, accounting, and inventory management software, high-speed internet connection (DSL, cable, or fiber optic), compatible e-mail, business management, database management and data transfer software, all of which are available through commercial computer hardware and software suppliers. We may modify these requirements to address changes in business and technology, and we may require you to upgrade your computer hardware and software to comply with our then-current standards. We require that any credit card processing and POS system meet all PCI compliance standards. We cannot estimate the cost of any upgrades at this time. We do not provide computer maintenance and support services. You must arrange for such services at a cost negotiated with the service provider. We have the right to directly access and poll all sales, financial, marketing, management, customer list and other business information and all other data maintained and stored in your computer databases ("Data and Information"). You must configure and maintain your computer system to permit us to access the Data and Information through the internet and to permit us and FSFC to upload and download the Data and Information and other business information from and to your computer system. We may periodically establish policies respecting the use of the Data and Information.

Site Selection

You may select the location for your new Salon within the area where we are authorized to offer

subfranchises. We have the right to accept on a reasonable basis any proposed location. You may not relocate or use any other location for a Fantastic Sams Salon without our prior written acceptance. Once you have notified us of a site, we will request that you provide certain information about the location for our review. Once this information has been submitted, we may physically inspect the site or request photographic information. We will use our best efforts to notify you of our acceptance or non-acceptance as soon as possible, which typically takes between 1 to 2 weeks. In accepting or rejecting the location for your Salon, we take into consideration the traffic patterns, population density, type of population in the nearby vicinity, proximity of certain key businesses and proximity of competing and other hair Salons. In addition, we take into consideration the prior history of the location with regard to its prior success or potential for future success. Our acceptance of any Salon location shall in no way constitute a representation or an express or implied warranty as to the viability or success of your Salon at such location. If we do not accept your site selection, you will not be allowed to open the salon in the selected location, and you must find an alternative location that we accept. If the exact location for your Salon is not specified in your Franchise Agreement on the date your Franchise Agreement is signed by us, then you must obtain a location accepted by us, enter into our then-current form of Location Addendum, and you must open your salon for regular business within 12 months of the date of your Franchise Agreement, unless we extend this date in writing. Regardless of whether you open your Salon on a timely basis, all of our initial obligations related to opening your Salon will be deemed to have been satisfied as of the last day of the calendar year following the calendar year in which you signed your Franchise Agreement, and all associated fees will be deemed to have been earned by us as of that date. If you are converting your existing Salon, we must accept your current Salon location.

Typical Length of Time Before Opening

We expect that it will typically take approximately 2 to 6 months to build and open a new Salon. (approximately 1 to 4 months to find a site and execute a lease, and approximately 3 to 6 months to build or convert a Salon). Several factors affect the length of time between signing your Franchise Agreement and opening your Salon, including the amount of time spent locating a site for the Salon and negotiating a lease with the landlord, completing of the build-out of the interior of the Salon, dealing with any strikes, supply shortages or weather delays in construction, obtaining required building and other permits and licenses, securing adequate financing to pay for necessary pre-opening expenses, hiring and training of the staff to be employed in the Salon and receiving and installing of Salon equipment. If you elect to limit your site search to a neighborhood or an area that has a shortage of available real estate, your opening time will likely exceed the estimate given above.

Item 12: Territory

Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. After execution of your Franchise Agreement and after locating and obtaining approval of a site for your Salon, we will designate your limited protected area (the "Protected Area") equal to a half mile radius of your Salon location (Franchise Agreement Section 2). This means that we will not open or allow another franchisee to open a Fantastic Sams Salon within your Protected Area. However, by granting you a Protected Area, we do not prohibit other Salon owners, including us if applicable, from advertising in or drawing guests from your Protected Area, nor do we prohibit affiliates of ours, if applicable, or their franchisees from operating Salons under names other than Fantastic Sams in your Protected Area. FSFC and its affiliates are also free to use alternate channels of distribution (such as internet sales) to offer certain Fantastic Sams branded products within your Protected Area without paying any compensation to you.

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

We, FSFC, and its Affiliates retain the right: (a) to continue to own and operate, and allow others to continue to own and operate, competitive businesses operating under the Trademark and System existing inside of the Territory as of the issuance date of this disclosure document; (b) to establish, or grant to others the right to establish, competitive businesses outside of the Territory; (c) to establish and operate, and license others to establish and operate, competitive businesses under other systems using other proprietary marks, both within and outside the Territory; (d) to purchase or otherwise acquire the assets or controlling ownership of one or more competitive businesses (and/or acquire other franchisors or licensors of competitive businesses), some or all of which may be located anywhere, including within the Territory; (e) to be acquired (regardless of the form of transaction) by any competitor, even if the competitor operates competitive businesses and/or franchises or licenses competitive businesses within the; and (f) to engage in any activities not expressly forbidden by this Agreement. . If FSFC or its affiliates purchase or acquire other franchisors or licensors of competitive businesses, FSFC or its affiliate may, in its sole discretion, act as franchisor or licensor with respect to such other franchised or licensed systems wherever located.

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

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

Multi-Unit Development Agreement

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

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

Under a Multi-Unit Development Agreement or under any Franchise Agreement, neither we nor FSFC will be restricted in the distribution of “Fantastic Sams” branded products or similar products or services

either within or outside of your Protected Area. We and FSFC will be able to market these products and other goods bearing the Proprietary Marks or different trademarks within your Protected Area. Neither we nor FSFC currently distribute products or goods in the manner described above, but both retain the right to do so in the future. Companies under common ownership with FSFC are not limited as to the establishment of businesses selling haircare products or services under trademarks other than the Proprietary Marks, or as to the establishment of other channels of distribution for “Fantastic Sams” branded products, within or outside of your Protected Area. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we or FSFC control or are affiliated with.

Item 13: Trademarks

Under your Franchise Agreement, we license you to use the Proprietary Marks. We have listed below FSFC's principal Proprietary Marks, which are registered on the Principal Register of the United States Patent and Trademark Office. All required affidavits and renewals have been timely filed with the United States Patent and Trademark Office:

PROPRIETARY MARK	REGISTRATION NUMBER	REGISTRATION DATE
	5,087,286	November 22, 2016
	5,019,015	August 9, 2016
	4,924,190	March 22, 2016
FANTASTIC SAMS CUT & COLOR	4,924,189	March 22, 2016
FANTASTIC SAMS CUT AND COLOR	4,924,187	March 22, 2016
FANTASTIC SAMS	1,909,009	August 1, 1995
<i>Fantastic Sams</i>	2,374,938	August 8, 2000

FSFC owns all rights to the Proprietary Marks listed above and has filed all required affidavits and renewals for the Proprietary Marks that FSFC has decided to continue to use in the future. Under a Franchise agreement between FSFC and us, FSFC has granted us the right to subfranchise all its Proprietary Marks. You may use the Proprietary Marks designated by us in operating your Salon. However, you may not use any of the Proprietary Marks or any derivative of them in your corporate entity name, email address or in social

media. In addition to the principal registered Proprietary Marks listed above, FSFC owns a variety of other Proprietary Marks which may also be used in operating your business if approved by us.

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

Under the Regional Franchise Agreements between FSFC and us, we have the right to use the Marks through the end of the term of Region #927 Franchise Agreement in 2044 and through the end of the term of the Region #883 Franchise Agreement in 2045. We have the right to renew the Regional Franchise Agreement(s) if we are not in default. FSFC has the right to terminate the Regional Franchise Agreement(s) upon our default. If the Regional Franchise Agreement(s) is terminated or expires and is not renewed, your Franchise Agreement will be assigned from us to FSFC and FSFC will assume our responsibility to you in regard to that Franchise Agreement.

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

Neither we nor FSFC is obligated by the Franchise Agreement to protect any and all rights that you have to use the service marks or to protect you against any claims of infringement or unfair competition with respect to the marks. We have no plans for compensating franchisees for any modification or loss of the right to use a particular registered mark. If you become aware of another person or party using the same or similar trademarks to those, we license to you in the Franchise Agreement, you must notify us immediately of this use.

Neither we nor FSFC is obligated under your Franchise Agreement to protect any of your rights to use the Proprietary Marks against claims of infringement or unfair competition, nor will we compensate, indemnify, or defend you in any proceedings regarding the use of the Proprietary Marks. Should you be prohibited from using the Proprietary Marks, we will agree to mutual termination of the Franchise Agreement and full mutual releases of all liability under the Franchise Agreement.

Neither we nor FSFC know of any party infringing upon the use of the Proprietary Marks or holding any superior rights to use the Proprietary Marks.

Item 14: Patents, Copyrights and Proprietary Information

Although neither we nor FSFC have filed applications for copyright registration, FSFC claims copyright protection and a proprietary interest in the Manuals and all written and video materials used in conjunction with the System. We and FSFC hold no patents. We also know of no party infringing upon the use of our copyrights or proprietary information that could materially affect your use of the information.

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

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

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

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

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

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

We will not limit you in any way in selecting or employing a "Designated Salon Manager". We recommend that your Designated Salon Manager and any replacement Designated Salon Manager attend our two-day management training in Louisville, Kentucky, or at an alternative location chosen by us (See Items 5 and 11). The Designated Salon Manager is not required to have an equity or ownership interest in your Salon.

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

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

Item 16: Restrictions on What the Franchisee May Sell

You will sell, dispense, use, or offer only goods, supplies, products, or services which have been approved by us. You are not restricted in any way under the Franchise Agreement as to the guests you service in your Salon. Your Salon will provide a full range of haircare services for men, women, and children,

including cuts, shampoos, styles, perms, and color treatments. Additionally, your Salon will sell a complete line of haircare products. Additional services may be offered at the Salon only with our prior written consent.

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

Item 17: Renewal, Termination, Transfer and Dispute Resolution

THE FRANCHISE RELATIONSHIP*

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

Provision		Section in Franchise Agreement	Summary*
a.	Length of the franchise term	Section 14	10 years from the effective date of the franchise agreement.
b.	Renewal or extension of the term	Section 14	1 additional 10-year term.
c.	Requirements for you to renew or extend	Section 14	Sign a new Franchise Agreement, which may have terms that are materially different from the current form of Franchise Agreement (such as different fees and different legal terms); pay a renewal fee; modernize your Salon based on a schedule
d.	Termination by you	Section 12. a	No provision in Franchise Agreement.
e.	Termination by us without cause	Section 12.c	Not applicable.
f.	Termination by us with cause	Section 12.b & c	Your Franchise Agreement can be terminated if you default.
g.	"Cause" defined –curable defaults	Section 12.c	Any breach of Franchise Agreement, including: you breach an agreement with us; you fail to pay any amount to us; you fail to perform any obligation required by any local, regional or national franchisee council; you use the Proprietary Marks in manner inconsistent with our standards; you engage in any conduct which materially impairs the System; you fail to pass a Salon inspection within one year of previous inspection where you received a notice of deficiency; you fail to notify us of the death or incapacity of any of your principals; or you fail to maintain a Designated Salon Manager.
h.	"Cause" defined –non-curable defaults	Section 12. b	We have the right to terminate the Franchise Agreement immediately for nonpayment of fees for two consecutive weeks or four weeks in any year, abandonment of the Salon, conviction for criminal misconduct, repeated defaults even if cured, refusal to be drafted for fees, breach of a confidentiality agreement, bankruptcy, or assignment of assets for the benefit of creditors.
i.	Your obligations on termination or non-renewal	Section 12. d	Cease using all Marks, complete de-identification, payment of all amounts due under Franchise Agreement, return of all Manuals, transfer all phone numbers, listings and social media accounts, cease using and return to us all Data and Information. (also see r. below).
j.	Assignment of the contract by us	Section 10. e	No restrictions.
k.	"Transfer" by you -	Section 10. a	Includes transfer of franchise, assets, or ownership change.

Provision		Section in Franchise Agreement	Summary*
	definition		
l.	Our approval of transfer by you	Section 10. a	Based on evaluation of prospective franchisees but will not be unreasonably withheld.
m.	Conditions for our approval of transfer	Section 10. a	Transferee owner qualifies; you are in compliance with the franchise agreement; you satisfy all debts owed to us; transfer fee paid; new Franchise Agreement signed by transferee; you sign a general release; transferee attends Designated Salon Manager's training class; you deliver necessary documents to transferee; and you or transferee updates, remodels and modernizes the Salon.
n.	Our right of first refusal to acquire your business	Section 10. b	You must first offer the sale of your Salon to us. We must respond to your offer within 30 days.
o.	Our option to purchase your business	Not applicable	Not applicable
p.	Your death or disability	Section 10.c	No automatic assignment through probate; heirs must qualify (See l. and m. above).
q.	Non-competition covenants during the term of the franchise	Section 11	You may not participate in any business offers hair cutting, hair coloring and/or hair care services and/or related products. You may not interfere with our relationships with customers, vendors, and consultants.
r.	Non-competition covenants after the franchise is terminated or expires	Section 12.d, 9 and 10	You may not participate in any business that offers hair cutting, hair coloring and/or hair care services and/or related products and which is located at the site of your Salon, within five miles of your Salon, or two and one-half miles of any Fantastic Sams Salon for two years from termination or expiration of your Franchise Agreement. Refrain from interfering with our relationships with customers, vendors, and consultants, subject to applicable state law.
s.	Modification of the agreement	Section 17. e	Must be in writing and signed by you and us; Manuals also subject to revision
t.	Integration/merger clauses	Section 17. d	Subject to this Disclosure Document, only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 13	All disputes must be arbitrated in Kentucky unless local law provides otherwise.
v.	Choice of forum	Section 17.c	Mediation, arbitration, and litigation must be in Kentucky; see u. above, subject to applicable state law..
w.	Choice of law	Section 17. k	Kentucky Law applies, subject to applicable state law..

*The Multi-Unit Development Agreement does not change any of the provisions referred to in the chart listed above.

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

Provision ⁽¹⁾		Section in Multi-Unit Development Agreement	Summary*
a.	Length of the franchise term	Section 11	Until anniversary of Agreement corresponding to final year of the development schedule.

Provision ⁽¹⁾		Section in Multi-Unit Development Agreement	Summary*
b.	Renewal or extension of the term	Not Applicable	Not Applicable
c.	Requirements for you to renew or extend	Not Applicable	Not Applicable.
d.	Termination by you	Section 9	Not Applicable.
e.	Termination by us without cause	Section 9	Not Applicable.
f.	Termination by us with cause	Section 9	Your Multi-Unit Development Agreement can be terminated if you default.
g.	"Cause" defined – curable defaults	Section 9	Any breach of Multi-Unit Development Agreement or any Franchise Agreement; you use the Proprietary Marks in manner inconsistent with our standards; you engage in any conduct which materially impairs the System; or you violate any policies established by us.
h.	"Cause" defined - non-curable defaults	Section 9	We may terminate the Multi-Unit Development Agreement immediately for nonpayment of fees for two consecutive weeks; abandonment of your business; conviction of criminal misconduct; repeated defaults even if cured; refusal to be drafted for fees; breach of a confidentiality agreement; bankruptcy; or assignment of assets for the benefit of creditors.
i.	Your obligations on termination/non-renewal	Section 9	Payment of all amounts due; continue to operate existing, non-defaulting Salon(s) pursuant to signed Franchise Agreement(s) and cease use of all Data and Information; (also see r. below).
j.	Assignment of contract by us	Section 7	No restrictions.
k.	"Transfer" by you – defined	Section 7	Includes (i) the sale, transfer, assignment, or otherwise disposing of the Multi-Unit Development Agreement or your rights under the Multi-Unit Development Agreement under any circumstances or (ii) your owners selling, transferring, assigning, or otherwise disposing of their ownership interests in you under any circumstances.
l.	Our approval of transfer by you	Section 7	You and your owners have no right to Transfer.
m.	Conditions for our approval of transfer	Section 7	Not applicable.

Provision ⁽¹⁾		Section in Multi-Unit Development Agreement	Summary*
n.	Our right of first refusal to acquire your business	Section 7	You must first offer the sale of your business to us. We must respond to your offer within 30 days.
o.	Our option to purchase your business	Not Applicable	None
p.	Your death or disability	Section 7	No automatic assignment through probate; heirs must qualify (See l. & m. above).
q.	Non-competition covenants during the term of the franchise	Section 8	You may not participate in any business that offers hair cutting, hair coloring and/or hair care services and/or related products.
r.	Non-competition covenants after the franchise is terminated or expires	Section 9	You may not participate in any business that offers hair cutting, hair coloring and/or hair care services and/or related products and which is within the Development Area or within two- and one-half miles of your or any Fantastic Sams Salon for two years from termination or expiration of your Multi-Unit Development Agreement, subject to applicable state law.
s.	Modification of the agreement	Section 13	Must be in writing, signed by you, and accepted by us; Operations Manuals also subject to revision.
t.	Integration or merger clauses	Section 13	Subject to this Disclosure Document, only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 10	Except for certain claims, all disputes are first subject to mediation and then arbitration in Kentucky.
v.	Choice of forum	Sections 10 and 13	Mediation, arbitration, and litigation must be in Kentucky, subject to applicable state law.
w.	Choice of law	Section 13	Kentucky Law, subject to applicable state law.

Item 18: Public Figures

Neither we nor FSFC use any public figure to promote this franchise.

Item 19: Financial Performance Representations

The FTC's Franchise Rule permits a franchisor to disclose 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 the information is included in the franchise disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the

actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize any employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Glen O. Adams, at 1804 Cargo Court, Louisville, KY 40299: (502) 671-0782, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Information

Tables 1(a), 2(a), 3(a), 4(a) and 5(a) below show historical information for Salons and franchisees in our Region, and Tables 1(b), 2(b), 3(b), 4(b) and 5(b) below show historical information for Salons and franchisees for the entire System.

Table 1(a)
Yellowwood Franchise Services, Inc. Outlet Summary
For Years 2023 to 2025

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised				
	2023	26	22	-4
	2024	22	22	0
	2025	22	22	0
Company Owned				
	2023	10	8	-2
	2024	8	8	0
	2025	8	8	0
Total Outlets				
	2023	36	30	-6
	2024	30	30	0
	2025	30	30	0

Table 2(a)
Transfers to Outlets from Franchisees to New Owners
(other than Franchisor)
For Years 2023 to 2025
Yellowwood Franchise Services, Inc.

State	Year	Number of Transfers
Indiana		
	2023	0
	2024	0
	2025	0
Kentucky		
	2023	0
	2024	0

	2025	0
Ohio		
	2023	0
	2024	0
	2025	0
Pennsylvania		
	2023	0
	2024	0
	2025	0
West Virginia		
	2023	0
	2024	0
	2025	0
Totals		
	2023	0
	2024	0
	2025	0

Table 3(a)
Status of Franchised Outlets
For Calendar Years 2023-2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/Other Reasons	Outlets at End of Year
Indiana								
	2023	15	0	2	0	0	0	13
	2024	13	0	0	0	0	0	13
	2025	13	0	0	0	0	0	13
Kentucky								
	2023	10	0	3	0	0	0	7
	2024	7	0	0	0	0	0	7
	2025	7	0	0	0	0	0	7
Ohio								
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Pennsylvania								
	2023	11	0	1	0	0	0	10

West Virginia	2024	10	0	0	0	0	0	10
	2025	10	0	0	0	0	0	10
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
TOTALS	2023	36	0	6	0	0	0	30
	2024	30	0	0	0	0	0	30
	2025	30	0	0	0	0	0	30

Table 4(a)
Status of Company-Owned Outlets
For Calendar Years 2023-2025
Yellowwood Franchise Services, Inc.

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Indiana							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Kentucky							
	2023	9	0	0	2	0	7
	2024	7	0	0	0	0	7
	2025	7	0	0	0	0	7
Ohio							
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Pennsylvania							

	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
West Virginia							
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Total							
	2023	10	0	0	2	0	8
	2024	8	0	0	0	0	8
	2025	8	0	0	0	0	8

Table 5(a)
Projected Openings as of December 31, 2025 for 2026
Yellowwood Franchise Services, Inc.

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Year
Indiana	0	0	0
Kentucky	0	0	0
Montana	0	0	0
Ohio	0	0	0
Pennsylvania	0	0	0
West Virginia	0	0	0
Wyoming	0	0	0
Total	0	0	0

Note: For the purpose of the Regional Item 20 charts contained in this Disclosure Document, units listed as “Company-Owned” include (i) units owned by us and/or our respective parent, affiliates or subsidiaries and (ii) units which are otherwise under common control by us and the franchisee.

The following information relates to FSFC:

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

Table No. 1(b)
System-Wide Outlet Summary
For Years 2023 – 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022 2023	701 614	614 565	-87 -49
	2024	565	512	-53
	<u>2025</u>	<u>512</u>	<u>484</u>	<u>-28</u>
*Company-Owned	2022 2023	0 0	0 0	0 0
	2024	0	0	0
	<u>2025</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets	2022 2023	701 614	614 565	-87 -49
	2024	565	512	-53
	<u>2025</u>	<u>512</u>	<u>484</u>	<u>-28</u>

Notes:

For the purpose of the Item 20(b) Charts contained in this Franchise Disclosure Document, units listed as “Company-Owned” include units owned by FSFC or its affiliates.

Table No. 2(b)
Systemwide Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 – 2025

State	Year	Number of Transfers
Arizona		3
	2023	4
	2024	2
	2025	
California		7
	2023	5
	2024	4
	2025	6
Colorado		
	2023	0

	2024	1
	2025	0
Florida		
	2023	1
	2024	2
	2025	3
Georgia		
	2023	1
	2024	0
	2025	0
Illinois		
	2023	0
	2024	4
	2025	1
Louisiana		
	2023	2
	2024	1
	2025	0
Massachusetts		
	2023	0
	2024	0
	2025	0
Michigan		
	2023	1
	2024	0
	2025	0
Minnesota		
	2023	8
	2024	0
	2025	3
Missouri		
	2023	0
	2024	2
	2025	1
Nevada		
	2023	6
	2024	1
	2025	0

New Jersey		
	2023	0
	2024	0
	2025	0
New York		
	2023	0
	2024	1
	2025	3
North Carolina		
	2023	18
	2024	3
	2025	3
Pennsylvania		
	2023	1
	2024	0
	2025	0
Tennessee		
	2023	0
	2024	7
	2025	3
Texas		
	2023	7
	2024	1
	2025	0
Utah		
	2023	4
	2024	7
	2025	1
Wisconsin		
	2023	3
	2024	1
	2025	0
Total		
	2023	61
	2024	37
	2025	28

Table No. 3(b)
Systemwide Status of Franchised Outlets

For Years 2023 – 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations/Other Reasons	Outlets at End of Year
Alabama								
	2023	2	0	2	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Arizona								
	2023	26	0	0	0	0	2	24
	2024	24	0	0	0	0	2	22
	2025	22	0	1	0	0	0	21
Arkansas								
	2023	4	0	0	0	0	1	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
California								
	2023	91	2	0	1	0	5	87
	2024	87	2	0	2	0	5	82
	202582	2	4	0	0	0	0	80
Colorado								
	2023	20	0	0	3	0	0	17
	2024	17	0	0	2	0	0	15
	2025	15	1	0	1	0	0	15
Florida								
	2023	71	1	3	0	0	2	67
	2024	67	0	6	2	0	0	59
	2025	59	0	2	1	0	0	56
Georgia								
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	1	2
Hawaii								
	2023	11	0	0	0	0	1	10
	2024	10	0	0	0	0	1	9
	2025	9	0	2	0	0	0	7

Idaho								
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Illinois								
	2023	11	0	0	0	0	1	10
	2024	10	0	0	0	0	0	10
	2025	10	0	1	0	0	0	9
Indiana								
	2023	15	0	0	1	0	1	13
	2024	13	0	0	0	0	0	13
	2025	13	0	0	0	0	0	13
Iowa								
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Kansas								
	2023	7	0	0	0	0	0	7
	2024	7	0	0	1	0	0	6
	2025	6	0	0	1	0	0	5
Kentucky								
	2023	12	0	1	0	0	2	9
	2024	9	0	0	0	0	0	9
	2025	9	0	0	0	0	0	9
Louisiana ⁽²⁾								
	2023	18	0	0	1	0	0	17
	2024	17	0	0	3	0	0	14
	2025	14	1	0	1	0	0	14
Maryland								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
	2025	0	0	0	0	0	0	0
Massachusetts ⁽¹⁾								
	2023	10	0	0	0	0	0	10
	2024	10	0	0	0	0	1	9
	2025	9	0	0	0	0	0	9
Michigan								
	2023	22	0	1	1	0	0	20

	2024	20	0	0	1	0	1	18
	2025	18	0	0	1	0	0	17
Minnesota								
	2023	70	1	6	1	0	3	61
	2024	61	1	0	3	0	3	56
	2025	56	2	4	1	0	4	49
Mississippi								
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Missouri								
	2023	17	0	2	0	0	1	14
	2024	14	0	0	0	0	1	13
	2025	13	0	0	0	0	2	11
Nevada								
	2023	8	0	0	0	0	1	7
	2024	7	1	0	0	0	6	2
	2025	2	1	0	0	0	0	3
New Hampshire⁽¹⁾								
	2023	5	0	0	0	0	0	5
	2024	5	1	0	0	0	0	6
	2025	6	1	0	0	0	0	7
New Jersey								
	2023	3	0	0	0	0	1	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
New Mexico								
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
New York								
	2023	16	0	1	0	0	0	15
	2024	15	0	0	0	0	0	15
	2025	15	0	1	0	0	0	14
North Carolina								
	2023	39	0	0	1	0	1	37
	2024	37	0	0	0	0	2	35
	2025	35	0	2	0	0	1	32

Ohio								
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5
Oklahoma								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Pennsylvania								
	2023	13	2	0	1	0	0	14
	2024	14	0	0	0	0	0	14
	2025	14	0	0	0	0	0	14
Rhode Island								
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
	2025	7	0	0	0	0	0	7
South Carolina								
	2023	1	0	0	0	0	1	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Tennessee								
	2023	20	0	0	0	0	0	20
	2024	20	0	1	1	0	1	17
	2025	17	0	0	0	0	0	17
Texas								
	2023	40	1	0	0	0	3	38
	2024	38	1	2	3	0	4	30
	2025	30	1	2	0	0	1	28
Utah								
	2023	16	0	0	0	0	1	15
	2024	15	0	0	1	0	2	12
	2025	12	0	0	0	0	0	12
Virginia								
	2023	2	0	0	0	0	1	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Washington								
	2023	3	0	0	0	0	0	3

	2024	3	0	0	1	0	0	2
	2025	2	0	1	1	0	0	0
West Virginia								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Wisconsin								
	2023	17	0	0	0	0	0	17
	2024	17	0	0	1	0	1	15
	2025	15	0	1	0	0	0	14
Total								
	2023	614	7	16	10	0	29	566
	2024	566	7	9	22	0	30	512
	2025	512	11	22	7	0	10	484

Note 1 – Salon closed in Massachusetts and relocated to New Hampshire in 2024.

Note 2 – Salon did not close in Louisiana in 2023 as it relocated in 2024.

Table No. 4(b)
Status of Company-Owned Outlets
For Years 20223- 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total							
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Table No. 5(b)
Projected Openings as of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Year
Alaska	0	0	0
California	0	0	0
Kentucky	0	0	0
Louisiana	1	1	0
Michigan	1	1	0

Minnesota	0	1	0
New York	0	0	0
Oklahoma	1	1	00
Tennessee	2	1	0
Texas	7	4	0
Virginia	2	1	0
Washington	1	1	0
Wisconsin	0	0	0
Total	15	11	0

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

Notes: For the purpose of the System-Wide Item 20(b) Charts contained in this Franchise Disclosure Document, units listed as “**Company-Owned**” include (i) units owned by FSFC and/or by FS subfranchisors (and/or by their respective parent, affiliates, or subsidiaries) and (ii) units which are otherwise under common control by FSFC or the FS subfranchisor and the franchisee.

In the past three fiscal years, in some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experience with the System. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

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

Attached as EXHIBITS to this Disclosure Document are:

- (i) a System-wide list of all franchisees and subfranchisees operating under the System; (ii) a System-wide list of franchisees and subfranchisees operating under the System that have signed Franchise Agreements but have not opened their Salon; (iii) a list of our current franchisees in the Yellowwood Franchise Service Regions operating under the System; (iv) a System-wide list of all franchisees operating under the System who have had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during the most recently completed fiscal year or have not communicated with us or FSFC within 10 weeks of the date of issuance of this Disclosure Document; and (v) a list of all our franchisees in the Yellowwood Franchise Service Regions who have had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during the most recently completed fiscal year or have not communicated with us within 10 weeks of the date of issuance of this Disclosure Document.

Item 21: Financial Statements

Attached as EXHIBIT J are our audited financial statements for the periods ended December 31, 2025, December 31, 2024, and December 31, 2023. Attached as EXHIBIT K are the audited financial statements of FSFC for the periods ended December 31, 2025, December 31, 2024, and December 31, 2023.

The financial statements of FSFC are attached for purposes of satisfying various legal requirements; FSFC does not in any way guarantee our obligations to you.

Item 22: Contracts

The following contracts are attached as exhibits to the Disclosure Document:

- EXHIBIT B-1 – FRANCHISE AGREEMENT
- EXHIBIT B-2 – STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT
- EXHIBIT B-3 – EXPANDED RETAIL PROGRAM ADDENDUM
- EXHIBIT B-4 - LOCATION ADDENDUM
- EXHIBIT C – MULTI-UNIT DEVELOPMENT AGREEMENT
- EXHIBIT D – PROMISSORY NOTE AND SECURITY AGREEMENT

Item 23: Receipts

The last pages of this Disclosure Document consist of detachable documents acknowledging your receipt of this Disclosure Document.

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

The following list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent we are registered in their states). The list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Department of Business Oversight 320 West 4 th Street Suite 750 Los Angeles, CA 90013 (866) 275-2677 (toll-free) ask.DBO@DBO.ca.gov	Commissioner of Business Oversight Department of Business Oversight 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 1-866-275-2677
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street Room 203 Honolulu, HI 96813 (808) 586-2722 (p)	Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Attorney General Franchise Division State of Illinois 500 South Second Street Springfield, IL 62706 (217) 782-4465 (p)	Illinois Attorney General 500 South Second Street Springfield, IL 62706
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street Room E111 Indianapolis, IN 46204 (317) 232-6681 (p)	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204 (317) 232-6531 (p)
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360 (p)	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
MICHIGAN	Consumer Protection Division Franchise Section Michigan Department of Attorney General G. Mennan Williams Building, 6 th Floor Lansing, Michigan 48933 (517) 373-7117	Michigan Department of Commerce Corporation and Securities Bureau 6546 Mercantile Way Lansing, Michigan 48909
MINNESOTA	Department of Commerce 85 7 th Place East Suite 500 St. Paul, MN 55101-2198 (612) 296-4026 (p)	Commissioner of Commerce 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101-2198
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8236	Secretary of State of New York 99 Washington Avenue Albany, NY 12231

State	State Agency	Agent for Service of Process
NORTH DAKOTA	North Dakota Securities Department Capitol Building 600 East Boulevard Avenue 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712 (p)	Securities Commissioner, State of North Dakota Fifth Floor 600 East Blvd. Bismarck, ND 58505
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities 350 Winter Street N.E. Suite 410 Salem, OR 97310 (503) 378-4387 (p)	Department of Consumer and Business Services Division of Finance and Corporate Securities State of Oregon 350 Winter Street, NE, Room 21 Portland, OR 97310
RHODE ISLAND	Department of Business Regulation Rhode Island Securities Division 1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920 (401) 462-9500 (p)	Department of Business Regulation Rhode Island Securities Division 1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920 (401) 462-9500
SOUTH DAKOTA	Department of Insurance Securities Regulation 124 E. Euclid Street, Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Department of Insurance Securities Regulation 124 E. Euclid Street, Suite 104 Pierre, SD 57501
VIRGINIA	State Corporation Commission Division of Securities & Retail Franchising 1300 East Main Street 9 th Floor Richmond, VA 23219 (804) 371-9051 (p) (804) 371-9911 (f)	Clerk of the State Corporation Commission 1300 East Main Street 1 st Floor Richmond, VA 23219 (804) 371-9733 (p)
WASHINGTON	Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760 (p) (360) 586-5068 (f)	Director of Department of Financial Institutions Securities Division State of Washington 150 Israel Road SW Tumwater, Washington 98501
WISCONSIN	Director of Divisions of Securities Registration Division 101 East Wilson Street 4 th Floor Madison, WI 53703 (608) 266-1365 (p)	Commissioner of Securities Wisconsin Securities Commission 345 W. Washington Ave., 4 th Floor P.O. Box 1768 Madison, WI 53703
ALL OTHER STATES	None	Yellowwood Franchise Services, Inc. 1804 Cargo Court Louisville, KY 40299

EXHIBIT B-1
FRANCHISE AGREEMENT

YELLOWWOOD FRANCHISE SERVICES, INC.
FRANCHISE AGREEMENT

Franchise Agreement Summary Page

Franchisee Information:

Complete Business Name: _____

Principal Owner(s): _____ %
Full Name _____
_____ %
Full Name _____
_____ %
Full Name _____
_____ %
Full Name _____

Address for Notices (not a P.O. Box): _____

Email Address for Notices: _____

Telephone No.: _____

Mobile Phone: _____

Initial Franchise Fee: **\$30,000**

Royalty Fee: **6% of Gross Sales, payable weekly**

National Advertising Fee: **\$147.49 per week***

Regional Advertising Fund: **\$95.00 per week***

*Subject to increase in accordance with increases in the Consumer Price Index. See Section 3 for additional fee information.

To be completed by Franchisor:

Effective Date: _____	Salon Location: _____
Expiration Date: _____	_____
License Number: _____	_____
Salon Number: _____	Opening Date: _____
Salon Name: _____	County: _____

This Franchise Agreement (this "Agreement") is made and entered into between **Yellowwood Franchise Services, Inc.**, a Kentucky corporation, having its principal place of business located at 1804 Cargo Court, Louisville, Kentucky 40299 (the "Franchisor") and the Franchisee ("Franchisee") identified on the summary page (the "Summary Page"), to be effective from the Effective Date to the Expiration Date identified on the Summary Page, subject to the terms and conditions set out in this Agreement.

RECITALS

WHEREAS, Fantastic Sams Franchise Corporation ("FSFC"), has developed a family haircare system ("System") for family haircare salons ("Fantastic Sams Salons") that currently includes, but is not limited to: (i) common use and promotion of the name "Fantastic Sams" and other tradenames, trademarks, service marks, logos, slogans, trade dress, and domain names that FSFC may periodically develop and designate for use within the System (the "Marks"), (ii) educational and training programs, (iii) advertising and marketing plans, (iv) standard policies, procedures, and techniques for operating a Fantastic Sams Salon, (v) architectural drawings, plans, designs and layouts; and (vi) Confidential Information (defined in Section 5.n. below);

WHEREAS, FSFC has granted FRANCHISOR the right to grant others the right to own and operate Fantastic Sams Salons in Indiana, Kentucky, Montana, Ohio, Pennsylvania, West Virginia, and Wyoming.

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

WHEREAS, FRANCHISEE is desirous of obtaining the right to utilize and benefit from the use of the System and the Marks to operate the Salon (defined below);

WHEREAS, FRANCHISEE represents that it is not obtaining a franchise for any speculative or investment purpose and has no present intention to sell, transfer or assign its franchise business in whole or in part;

WHEREAS, FRANCHISEE understands and acknowledges the importance of the high and uniform standards of quality, cleanliness, convenience, service and value imposed by FSFC and/or FRANCHISOR, in order to maintain the value of the Marks, and the necessity of operating the business of FRANCHISEE in compliance with the standards of FRANCHISOR.

NOW, THEREFORE, in consideration of the premises and in further consideration of the mutual undertakings of the parties, including the payment of all fees, FRANCHISOR and FRANCHISEE agree to abide by the terms, provisions, and conditions of this Agreement and further agree as follows:

1. GRANT OF FRANCHISE.

- a. Location of Salon.** Subject to the provisions and conditions of this Agreement, FRANCHISOR grants to FRANCHISEE, and FRANCHISEE hereby accepts, a nonexclusive right to open and operate a single Fantastic Sams Salon (the "Salon") under the Marks and in compliance with the System. The Salon will operate only at the Salon Location identified on the Summary Page. In the event that a Salon Location has not been determined as of the Effective Date, when a salon location is accepted by FRANCHISOR, FRANCHISEE shall enter into FRANCHISOR'S then-

current form of Location Addendum (the "Location Addendum"), and the Salon will operate only at the Salon Location set forth on the Location Addendum. Any moving or relocation of the Salon must comply with Section 5.g. below. FRANCHISEE may move or relocate the Salon pursuant to this Agreement only after receiving prior written approval of FRANCHISOR. FRANCHISEE's selection of the Salon Location will be subject to the prior written approval of FRANCHISOR. FRANCHISOR's acceptance of a Salon Location shall in no way constitute a representation or an express or implied warranty as to the viability or success of the Salon at such Salon Location. If during the Initial Term (defined below), FRANCHISEE seeks to relocate the Salon from the initial Salon Location, upon FRANCHISOR's acceptance of the new site as the Salon Location and FRANCHISEE's compliance with FRANCHISOR's then-current relocation requirements, the references in this Agreement to the Salon Location will mean such new accepted site for the Salon.

- b. **Required Opening of Salon.** If the Salon Location has not been determined as of the Effective Date, then the Salon Location will be described or otherwise defined in an exhibit signed by the parties and attached to this Agreement. If FRANCHISEE selects a Salon Location in a Regional Marketing Area (defined below) covered by a RAF (defined below), FRANCHISEE shall participate in the RAF in accordance with the provisions of Sections 3.d and 7.f of this Agreement. FRANCHISEE's selection of the Salon Location will be subject to the prior written acceptance of FRANCHISOR. FRANCHISEE must open the Salon within 365 days of the execution of this Agreement (the "Required Opening Date"). If the Required Opening Date passes and FRANCHISEE has not opened the Salon, at FRANCHISOR's option, FRANCHISOR may grant a one-time extension for unanticipated construction delays. Any extension must be requested by FRANCHISEE before the Required Opening Date and any extension granted must be in writing and signed by FRANCHISOR and FRANCHISEE. The duration of any extension must be mutually agreed upon by FRANCHISOR and FRANCHISEE. In the event no extension is given and the Required Opening Date passes, (i) this Agreement will automatically terminate without further action (ii) FRANCHISOR will have no further obligations under this Agreement and (iii) all sums paid to FRANCHISOR under this Agreement are and shall remain FRANCHISOR's property.

2. **PROTECTED AREA.**

- a. **Scope of Protected Area.** FRANCHISOR will not operate or grant to any third party the right to operate a Fantastic Sams Salon within a limited protected area that extends to a half mile radius of FRANCHISEE's Salon Location indicated on the Summary Page ("Protected Area"). By granting FRANCHISEE a Protected Area, FRANCHISOR is not promising that other Fantastic Sams Salons will not draw customers or advertise for customers within FRANCHISEE's Protected Area but is only agreeing that FRANCHISOR will agree not to locate another Fantastic Sams Salon within a half mile radius of the Salon Location.
- b. **Outside the Protected Area.** FRANCHISOR reserves the absolute and unconditional right to grant franchises for, and to operate, Fantastic Sams Salons, and to otherwise use the System, at sites outside of FRANCHISEE's Protected Area, even if such sites may compete for customers within FRANCHISEE's Protected Area. Furthermore, FRANCHISEE acknowledges that companies under common ownership with FSFC are not limited as to the establishment of businesses selling hair care products or services under trademarks other than Fantastic Sams, or as to the establishment of other channels of distribution for Fantastic Sams branded retail products, either within or outside of FRANCHISEE's Protected Area.

3. **FEES.**

- a. **Initial Franchise Fee/Assignment Fee/Renewal Fee.** In consideration of the right granted in Section 1; FRANCHISEE shall pay FRANCHISOR an initial franchise fee described on the Summary Page. This fee is fully earned and nonrefundable by FRANCHISOR upon signing this Agreement. FRANCHISEE acknowledges that FRANCHISOR may debit such fee from FRANCHISEE'S account using the same bank draft, pre-authorized check, or other prepayment arrangement described in Section 3.f.
- b. **New Owner and Designated Salon Manager's Training Class Payments.** FRANCHISEE shall appoint and at all times maintain a "Designated Salon Manager." The Designated Salon Manager will be an owner or employee of FRANCHISEE who is responsible for the day-to-day operations of the Salon for FRANCHISEE. FRANCHISEE must attend and successfully complete FSFC's Salon Fundamentals Course ("SFC Training"), conducted by FSFC in Massachusetts or other locations, selected by FSFC, prior to or contemporaneously with assuming responsibility for the day-to-day operations of the Salon. FRANCHISEE must also attend, and successfully complete FRANCHISOR's new owner training held in Louisville, Kentucky, or at such other location designated by FRANCHISOR. It is also recommended that the Designated Salon Manager, if other than FRANCHISEE, attend and complete FRANCHISOR's management training. All costs of travel, lodging, meals, and all other costs associated with attendance at FRANCHISOR's New Owner Training and SFC Training will be borne by FRANCHISEE.

If this Agreement is a new, first-time franchise purchased directly from FRANCHISOR, then the cost of materials, instruction, and daily lunches for FRANCHISEE to attend FRANCHISOR's New Owner Training in Louisville, Kentucky, or such other location designated by FRANCHISOR, will be arranged, and paid for by FRANCHISOR. If this Agreement is acquired as a result of a transfer or is other than a new, first-time franchise purchased directly from FRANCHISOR, then FRANCHISEE shall be responsible for all costs associated with all persons attending FRANCHISOR's new owner training in Louisville, Kentucky.

Should the Designated Salon Manager be terminated, resign or otherwise no longer be responsible for the day-to-day operation of the Salon at any time during the term of this Agreement, FRANCHISEE shall appoint a new Designated Salon Manager, who must attend and successfully complete FRANCHISOR's management training in Louisville, Kentucky, or such other location designated by FRANCHISOR, prior to or contemporaneously with assuming responsibility for the day-to-day operation of the Salon. FRANCHISEE shall pay all expenses associated with the training of this new Designated Salon Manager. FRANCHISEE agrees that its Designated Salon Manager shall attend all mandatory class sessions.

Notwithstanding any provision in the Section 3.b to the contrary, FSFC may provide any training (including SFC Training), seminars, conferences, or other meetings virtually (such as through a video-conferencing service). If any such training programs are offered virtually, FSFC may modify the length of the program or meeting. In addition, FRANCHISOR will not be required to send any of its personnel to the Salon to provide any training, assistance, or services if FRANCHISOR determines it is unsafe to do so. Such determination by FRANCHISOR will not relieve FRANCHISEE from its obligations under this Agreement, including FRANCHISEE'S obligation to pay monies owed to FRANCHISOR, and will not serve as a basis for FRANCHISEE's termination of this Agreement.

- c. **Weekly Franchise Fee.** In consideration for the grant of the right to use the System and the Marks FRANCHISEE shall pay weekly to FRANCHISOR an amount equal to 6% of the Salon's

Gross Sales. For the first 26 weeks of the term of this Agreement, FRANCHISEE must pay to FRANCHISOR the greater of: (i) 6% of the Salon's Gross Sales, or (ii) \$150 per week (the "Weekly Franchise Fee"), payable in advance on Monday of each week beginning with the first full week the Salon is in operation. FRANCHISEE shall continue to pay the Weekly Franchise Fee to FRANCHISOR throughout the Initial Term, or for so long as it uses any part or all of the System or the Marks, whichever period is longer, whether such use is authorized or not. "Gross Sales" means all revenue or consideration that is received by FRANCHISEE, directly or indirectly, from operating the Salon, whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Gross Sales include the proceeds of any business interruption insurance or similar insurance. If FRANCHISOR authorize or require FRANCHISEE to participate in online group-bought deals (e.g. Groupon or Living Social), gift certificate and/or gift card programs, the payments received by FRANCHISEE for those online group-bought deals, gift certificates or gift cards shall be included in Gross Sales in accordance with FRANCHISOR'S then current guidelines for calculating Gross Sales, which may include calculating such amounts, at FRANCHISOR'S option, as either (i) the purchasing value of such certificate, card or deal when it is redeemed at the Salon, or (ii) the amount of the payment received by FRANCHISEE for such certificate, card or deal at the time of its sale. Gross Sale does not include any federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority.

- d. **Weekly National Advertising Fee and Weekly RAF Fee.** In further consideration for the grant of the right to use the System and the Marks, FRANCHISEE shall pay weekly to FRANCHISOR the non-refundable weekly advertising fee indicated on the Summary Page ("Weekly National Advertising Fee"), payable in advance on Monday of each week beginning with the first full week the Salon is in operation. The Weekly National Advertising Fee will be modified annually according to Section 3.e below. FRANCHISEE shall continue to pay the Weekly National Advertising Fee to FRANCHISOR throughout the Initial Term, or for so long as it uses any part or all of the System or the Marks, whichever is longer, whether such use is authorized or not.

FRANCHISOR shall deposit the Weekly National Advertising Fee of FRANCHISEE into the National Advertising Fund described in Section 7.c of this Agreement.

IF Franchisee is in a DMA with a RAF:

FRANCHISEE shall also pay weekly to FRANCHISOR the non-refundable weekly RAF Fee in an amount indicated on the Summary Page (the "Weekly RAF Fee"), payable in advance on Monday of each week beginning with the first full week the Salon is in operation. FRANCHISOR shall apply the Weekly RAF Fee collected from FRANCHISEE to the Regional Advertising Fund ("RAF") for the geographic area in which the Salon is located (the "Regional Marketing Area" or "DMA"). FRANCHISEE shall continue to pay the Weekly RAF Fee to FRANCHISOR throughout the Initial Term of this Agreement, or for so long as it uses any part or all of the System or the Marks, whichever period is longer, whether such use is authorized or not.

- e. **Modification of Weekly Fees.** The amount of the Weekly National Advertising Fee shall be modified annually beginning with the workweek ending on the first Friday in August of each year following the execution of this Agreement. The annual modification to the Weekly National Advertising Fees shall be based on the average of the unadjusted percent change from the first calendar quarter in the preceding year to the first calendar quarter of the year the change will be in effect as set forth in the Consumer Price Index, All Urban Consumers, U.S. City Average, 1982-84=100, Other Goods and Services, Personal Care Services or other index or similar compilation. The product of the Weekly National Advertising Fee multiplied by the Average

Unadjusted Percent Change for the first quarter of that year shall be added to the prior Weekly National Advertising Fee to arrive at the new Weekly National Advertising Fee for the year beginning with the work week ending on the first Friday in August of any year.

During July of each year following the execution of this Agreement, FRANCHISOR shall make available to FRANCHISEE the following:

1. Copies of the Monthly Consumer Price Index for the months constituting the first calendar quarter of the year;
 2. The calculation of the Average Unadjusted Percent Change for the first calendar quarter; and
 3. The amount of the new Weekly National Advertising Fees.
- f. **Payment Procedure for the Weekly Fees.** Upon execution of this Agreement, FRANCHISEE shall execute the forms and complete the reasonable procedure of FRANCHISOR to establish a bank draft, pre-authorized check, or other prepayment arrangement whereby FRANCHISOR will be able to present a draft or a pre-authorized check for the Weekly Franchise Fees, the Weekly National Advertising Fees, and the Weekly RAF Fees (collectively the “Weekly Fees”) and any other amounts due to FRANCHISOR under this Agreement to the bank or other financial institution used by FRANCHISEE. FRANCHISEE shall have sufficient funds in its account for the bank draft, pre-authorized check, or other prepayment arrangement to be honored by its bank or other financial institution and shall advise FRANCHISOR in advance of any change in its bank, financial institution, or account. FRANCHISOR shall submit bank drafts or pre-authorized checks only for the correct Weekly Fees of FRANCHISEE.
- g. **Liability for Weekly Fees.** FRANCHISEE's obligation to pay FRANCHISOR Weekly Fees pursuant to the terms of this Agreement is absolute and unconditional and will remain in full force and effect until the Initial Term has expired, or for so long as FRANCHISEE uses any part or all of the System or the Marks, whichever period is longer, whether such use is authorized or not. FRANCHISEE does not have the “right of offset” and, as a consequence, FRANCHISEE will timely pay all Weekly Fees due to FRANCHISOR regardless of any claims or allegations FRANCHISEE may allege against FRANCHISOR.

4. **FRANCHISOR'S OBLIGATIONS.**

- a. **Instruction.** As FRANCHISOR deems advisable, FRANCHISOR may provide FRANCHISEE'S owners, management and hair care classes and courses regularly at facilities chosen by FRANCHISOR or virtually. The curricula for these classes and courses shall include, but not be limited to, management procedures, system organization and hair technology and trends. Any and all traveling, living and other expenses incurred by anyone attending the in-person classes or courses shall be paid by FRANCHISEE.
- b. **Seminars.** FRANCHISEE and its Designated Salon Manager shall attend seminars at such locations as may be designated by FRANCHISOR or virtually to discuss management practices, procedures, updates to policies and procedures and other topics as determined by FRANCHISOR. FRANCHISEE shall pay the costs of travel, lodging and meals incurred by FRANCHISEE and any other persons attending in-person seminars with or on behalf of FRANCHISEE. FRANCHISEE shall cause its employees to satisfy all of FRANCHISOR's minimum training and proficiency standards. The intent is to require FRANCHISEE to cause its

employees to meet FRANCHISOR's standards, not require FRANCHISEE's employees to attend FRANCHISOR'S training sessions. FRANCHISOR may offer the training for the benefit of FRANCHISEE and FRANCHISEE's employees.

- c. **Advertising and Merchandising.** FRANCHISOR shall consult with and recommend to FRANCHISEE such merchandising, marketing, and advertising materials, data and advice as developed by FRANCHISOR and deemed by FRANCHISOR to be helpful in the operation of the Salon.
- d. **Grand Opening Marketing Plan.** FRANCHISOR will assist FRANCHISEE in developing the Grand Opening Marketing Plan (as described in Section 7.a below), which plan shall be conducted at FRANCHISEE'S expense.
- e. **Manuals and System.** During the Initial Term, FRANCHISE CORP covenants to (i) provide access to FRANCHISE CORP's confidential standard Fantastic Sams operations manual, approved menu of services, policy, and procedure manuals, which may include one or more separate written manuals, as well as computer software, information available on an internet site, other electronic media, bulletins and/or other written materials (the "Manuals") and (ii) provide use of the Marks. Any required specifications, standards, and/or operating procedures described in the Manuals exist to protect FSFC's interests in the System and the Marks and to create a uniform guest experience, and not for the purpose of establishing any control or duty to take control over the day-to-day operational matters that are reserved to FRANCHISEE.

5. **FRANCHISEE'S OBLIGATIONS.**

- a. **Payment of Weekly Fees.** Commencing upon the opening of the Salon, FRANCHISEE shall operate the Salon for the entire Initial Term and shall pay and comply with the payment procedure for the Weekly Fees.
- b. **Use of Marks.** FRANCHISEE shall use the Marks and the System only in the manner and to the extent specifically granted by this Agreement and as specifically set forth in the Manuals. Thus, FRANCHISEE shall not advertise, publish, or circulate any documents or other matter relating to the Salon or the System, or using the Marks except as approved by FRANCHISOR prior to publication. FRANCHISEE will not use any of the Marks as part of a corporate entity name, internet domain name or e-mail address without the prior written consent of FRANCHISOR. FRANCHISEE acknowledges that this Agreement grants the right to use only the System and Marks and does not grant FRANCHISEE the right to use any other trade names or marks owned by FSFC or any company under common ownership with FSFC.
- c. **Management.** FRANCHISEE shall devote full time and best efforts or employ a Designated Salon Manager to devote full time and best efforts to establish and develop the business of the Salon. FRANCHISEE and all managers of FRANCHISEE must attend at least one owner and management training course offered by FRANCHISOR (including SFC training) before the Salon opens for business or in combination with management of the Salon. FRANCHISEE shall pay the tuition, travel, and other expenses of all managers to all required training sessions wherever located, except as otherwise provided in Section 3.b of this Agreement.

FRANCHISOR may designate certain training programs, conventions, seminars and/or meetings (collectively the "Training Programs") as mandatory, and FRANCHISEE (or FRANCHISEE's personnel, as designated by FRANCHISOR) is required to successfully complete such Training Programs within 6 months of notification thereof by FRANCHISOR. FRANCHISEE shall bear

all costs and expenses incurred by FRANCHISEE (or FRANCHISEE's personnel, as applicable) in connection with attendance at such Training Programs.

FRANCHISEE shall require all of FRANCHISEE's personnel performing managerial or supervisory functions, all personnel receiving or to receive special training from FRANCHISOR, and family members of FRANCHISEE, its partners, officers, directors, shareholders and/or members to sign a confidentiality agreement, agreeing to keep confidential all information received during special training.

FRANCHISEE will be solely responsible for recruiting and hiring the persons FRANCHISEE employs to operate the Salon. FRANCHISEE will be responsible for its training, wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline, and termination and for compliance with all workplace related laws. At no time will FRANCHISEE or FRANCHISEE's employees be deemed to be employees of FRANCHISOR or FRANCHISOR's affiliates. FRANCHISOR will have no right or obligation to direct FRANCHISEE's employees or to operate the Salon.

- d. **Lease Rider.** FRANCHISEE shall execute and cause its landlord to execute FRANCHISOR'S then-current form of Lease Rider ("Lease Rider") prior to, concurrent with, or any time after, the execution of a site lease agreement for the Salon Location. The current form of Lease Rider is attached as Exhibit A. FRANCHISEE shall be bound by the terms of the Lease Rider. At no time during the Initial Term or after expiration or termination of this Agreement will FRANCHISEE sublease, transfer, or sell FRANCHISEE'S interest in any lease, sublease or ownership of the Salon Location or assets of the Salon for the operation of a Haircare Business that is not a Fantastic Sams Salon. For purposes of this Agreement, a "Haircare Business" is any business that offers hair cutting, hair coloring and/or hair care services and/or related products.
- e. **Payment of Obligations.** FRANCHISEE agrees that the image of the System in its community is an integral part of FRANCHISEE's success. To that end, FRANCHISEE shall promptly pay all obligations incurred in the course of business and operation of the Salon including, but not limited to, property lease payments, equipment rental payments, business taxes and franchise fees, employee salaries, wages and withholding taxes, and product invoices.
- e. **Salon Location Appearance.** FRANCHISEE shall construct and equip the Salon in accordance with the building and equipment standards provided by FRANCHISOR. Further, FRANCHISEE shall purchase or lease from FRANCHISOR'S approved suppliers and vendors and install in the Salon equipment, signs, furnishings, supplies, and fixtures in accordance with the standard specifications furnished by FRANCHISOR.
- f. **Relocation and Remodeling.** FRANCHISEE shall not relocate the Salon from the Salon Location without the prior written approval of FRANCHISOR. If FRANCHISEE desires to relocate the Salon, FRANCHISEE shall submit such materials and information as FRANCHISOR may request for the evaluation of the requested plan of relocation. FRANCHISOR has the right to require any or all of the following as conditions of its approval for relocation (i) FRANCHISEE not be in default under any provision of this Agreement, or any other agreement between FRANCHISEE and FRANCHISOR; (ii) the proposed substitute location meets FRANCHISOR's then-current standards for Fantastic Sams salons; (iii) FRANCHISEE must possess the financial resources to meet the costs associated with relocating; (iv) if this Agreement has a term that expires before the term of proposed lease for the substitute location, FRANCHISEE must enter into the then-current form of franchise agreement with a term covering the lease period for the substitute location and pay any applicable renewal fee; and (v)

FRANCHISEE to develop the Salon at the new location in accordance with FRANCHISOR'S then-current System and specifications. FRANCHISEE shall not make any modification, remodeling, or installation at the Salon Location without first obtaining FRANCHISOR's prior written approval. FRANCHISEE shall promptly supply FRANCHISOR with proposed remodeling plans necessary for FRANCHISOR's review. FRANCHISEE shall periodically make reasonable capital expenditures to remodel and upgrade the Salon and to replace equipment and modernize the Salon so that it will reflect the then-current new Salon image intended to be portrayed by FRANCHISOR. All remodeling, modernization, upgrades, or replacements must conform to FRANCHISOR's then-current new Salon quality standards and specifications and must be approved by FRANCHISOR in writing. FRANCHISEE may be asked to remodel or upgrade the Salon at various times during the Initial Term.

h. Operation. FRANCHISEE shall:

1. Operate the Salon under the System during normal business hours designated in the Manuals for at least 6 days per week, excluding acceptable federally recognized holidays;
2. Operate in accordance with the System, including the mandatory standards, business practices and policies presently in force and as amended from time to time by FRANCHISOR, or as set forth in the Manuals;
3. Keep the Salon location, building, equipment and parking area, to the extent assigned to or under the control of FRANCHISEE, maintained at all times in good condition and repair and clean and neat;
4. Require all employees of FRANCHISEE to present a neat and clean appearance and render competent, sober and courteous service to the patrons of the Salon;
5. Offer, use, and sell only products, services and merchandise that are presently approved for use by Fantastic Sams FRANCHISEES and as from time to time may be prescribed or approved by FRANCHISOR; and
6. Appoint and at all times maintain a Designated Salon Manager for the Salon and require the Designated Salon Manager to attend and successfully complete the management training in Louisville, Kentucky, prior to or in combination with assuming the responsibility for the day-to-day operation of the Salon.

Regional Advertising Fund. FRANCHISEE shall be bound by the actions of any RAF created to cover the Regional Marketing Area as designated by FRANCHISOR. FRANCHISEE shall join and participate in the RAF created to cover the Regional Marketing Area. Such RAF shall operate in accordance with Section 7.h. In certain areas, RAF's may have been called councils in previous years or under previous forms of franchise/license agreement, but the terms "RAF" and "council" are synonymous. Each RAF also has the authority to assess additional fees for promotional or advertising purposes upon the majority vote of the franchisees in the Regional Marketing Area for the RAF.

- j. Signs.** FRANCHISEE shall display at the Salon Location the signs that have been designated by FRANCHISOR in writing. FRANCHISEE shall not use or display any other signs of any kind or nature at the Salon Location without obtaining the written approval of FRANCHISOR before their use. FRANCHISEE agrees, subject to local building codes and regulations, to equip the

Salon with such signs that provide maximum displays of the Marks in the colors, appearance and specifications approved from time to time by FRANCHISOR.

- k. Governmental Compliance.** FRANCHISEE shall conduct its business and maintain the Salon in strict compliance with all applicable laws, ordinances, regulations and other requirements of any federal, state, county, municipal or other government, including, but not limited to, all health licensing laws, all health and safety regulations, cosmetology regulations, all laws relating to employees, all environmental laws, all discrimination laws, all sexual harassment laws and all laws relating to the disabled. FRANCHISEE will, at its expense, be solely and exclusively responsible for determining and obtaining all necessary permits, licenses or other consents for the operation of its business. FRANCHISEE shall be solely responsible for all costs associated with modification of the Salon to comply with applicable state and federal laws. FRANCHISEE acknowledges that FRANCHISOR has no responsibility to ensure that the Salon is developed and operated in compliance with all applicable laws, ordinances and regulations and that FRANCHISOR will have no liability in the event the development or operation of the Salon violates any law, ordinance, or regulation. Notwithstanding the foregoing, unless any order issued by any federal, state, or local governmental authority requires closure of the Salon, FRANCHISEE will not close the Salon unless FRANCHISEE obtains FRANCHISOR's prior written consent.
- l. Entry and Inspection.** FRANCHISOR, or its representatives, shall have the right to visit and inspect all areas of the Salon Location periodically for the purpose of reviewing operating procedures, auditing the financial records of FRANCHISEE, ensuring the proper use of the Marks, and counseling FRANCHISEE in the operation of its business. Neither FRANCHISOR, nor its representatives, shall have the right to direct, discipline, hire or fire any of FRANCHISEE's employees. FRANCHISEE shall cooperate with FRANCHISOR for purposes of visits and inspections. FRANCHISOR, or its representative, shall make reasonable efforts to avoid disruption of FRANCHISEE's business.
- m. Weekly Sales Reports.** FRANCHISEE shall report weekly to FRANCHISOR the gross sales of products and haircare services for the Salon for the preceding week. FRANCHISEE shall also supply any other reports, forms and other records or information requested by FRANCHISOR or specified by FSFC in the Manuals.
- n. Non-Disclosure.** FRANCHISEE shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or know-how concerning FRANCHISOR, the System and/or the marketing, management, or operations of the Salon that may be communicated to FRANCHISEE or of which FRANCHISEE may be apprised by virtue of FRANCHISEE's operation under the terms of this Agreement. FRANCHISEE shall divulge such Confidential Information only to such of its employees, partners, officers, directors, or shareholders of FRANCHISEE as must have access to it in order to operate the Salon and who have signed a confidentiality agreement. For purposes of this Agreement, "Confidential Information" means: (i) any and all information, knowledge, or know-how relating to FRANCHISOR and/or the System which may be communicated to FRANCHISEE, whether communicated in writing, orally, electronically, by inspection, or by sample, exhibit, training, demonstration, or other means; and (ii) all Manuals, information, and materials received by FRANCHISEE from FRANCHISOR; provided, however, it shall not include information which FRANCHISEE can demonstrate came to its attention prior to disclosure thereof by FRANCHISOR, or which, at or after the time of disclosure by FRANCHISOR to FRANCHISEE, had become or later becomes part of the public domain through publication or communication by others. Confidential Information may include information relating to the development and operation of the System; proprietary information

and trade secrets regarding the products and services sold under the System and providing services and products offered and sold under the System, advertising and marketing plans and materials for the System; information concerning the marketing, management and operation of Fantastic Sams Salons; information concerning FRANCHISOR: electronic communications posted on any intranet for the System; electronic mail distribution lists; customer data; and the Manuals. The foregoing list of Confidential Information is illustrative only and does not necessarily include all matters considered confidential by FRANCHISOR. FRANCHISEE hereby acknowledges that it has not developed or been engaged in any program or system similar to the System and that the System was unknown to FRANCHISEE prior to the execution of FRANCHISEE's first franchise/license agreement to operate a Fantastic Sams salon. FRANCHISOR shall have the right to obtain injunctive relief in the event of breach of this Section 5.n by FRANCHISEE, in addition to any and all other remedies and damages available to FRANCHISOR. FRANCHISEE agrees that FRANCHISOR has the right to distribute information including operational results of Fantastic Sams Salons, including the Salon, among franchisees operating under the System in order to provide, among other items, operational metrics to assist franchisees operating Fantastic Sams Salons.

- o. **Insurance.** FRANCHISEE shall maintain all forms of insurance that may be required by law and by FRANCHISOR. The types and amounts of insurance coverage may be unilaterally changed, modified, or increased from time to time by FRANCHISOR. FRANCHISEE shall maintain, at a minimum, the following amounts against all types of property damage, public liability and products liability with an insurance company satisfactory to FRANCHISOR:

<u>COVERAGE</u>	<u>LIMITS</u>
“Special” Property Form Insurance (aka “All Risk”)	
Business Contents	\$25,000 (Minimum Required)
Sprinkler Leakage	Recommended
Business Interruption	Required, minimum amount to include all continuing operating FRANCHISEE expenses
Plate Glass	As Required in Lease
Sign	Recommended
Commercial Blanket Bond	Recommended
Broad Form Money & Securities (On/Off Premises, Messenger's Home)	Recommended
Comprehensive General Liability Insurance	\$1,000,000 CSL (Required)—Occurrence
Premises and Operations	Included in General Liability
Beautician Professional	Included in General Liability or a separate insurance agreement
Automobile (including owned, hired, or	Can be included in General Liability

leased and Non-Owned)

Products and Completed Operations Coverage	Included in General Liability
Broad Form Liability Endorsement	Included in General Liability
Fire Legal Liability	\$300,000 minimum
Medical Payments Included	\$5,000 minimum
Workers' Compensation	Statutory Limits (Required)
Umbrella Liability	Recommended
Cyber Insurance	Recommended
Flood Insurance	Recommended

The above referenced insurance coverages are only required minimums. Higher limits in each category are available and recommended, and FRANCHISOR urges FRANCHISEE to maintain all types of coverage recommended above.

If FRANCHISEE fails to maintain these designated insurance requirements, FRANCHISOR may, but is not required to, either obtain such insurance, with FRANCHISEE reimbursing FRANCHISOR the amount of premium immediately upon demand or terminate this Agreement.

For all types of insurance, including liability and malpractice coverage, FRANCHISEE shall add the names of FRANCHISOR, its respective officers, directors, partners, members, affiliates, subsidiaries, and employees ("Additional Insured Parties") and FSFC as additional insureds and loss payees and shall furnish proof of such coverage to FRANCHISOR every 12 months. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors, or omissions of the Additional Insured Parties. FRANCHISEE shall maintain such additional insured status for the Additional Insured Parties on its general liability policies continuously during the term of this Agreement. FRANCHISEE's insurance policies are required to respond on a primary and non-contributory basis to any insurance carried by FRANCHISOR or FSFC. Further, FRANCHISEE shall give 30 days' written notice to FRANCHISOR of any lapse, or discontinuation of any of the required insurance coverage, and such policies shall require the insurance company to provide FRANCHISOR with 30 days' notice prior to any change, lapse, cancellation, or discontinuance of such policies. All proof of coverage required under this Section 5.p. shall also include the street address of the Salon covered by the policy(ies).

FRANCHISEE's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that may be maintained by FRANCHISOR, nor shall FRANCHISEE's procurement of required insurance relieve it of liability under the indemnity provisions set forth in this Agreement. FRANCHISEE's insurance procurement obligations under this Section 5.o. are separate and independent of FRANCHISEE's indemnity obligations.

p. Indemnification. FRANCHISEE has a duty to defend FRANCHISOR and FSFC from and against any and all liability whatsoever, direct, or indirect, arising from the operating of FRANCHISEE'S Salon. In addition FRANCHISEE shall protect, indemnify, and hold harmless FRANCHISOR and FSFC and their affiliates, and their respective owners, officers, directors

and employees (the "Indemnitees"), , harmless against any and all, direct and indirect, causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, as a result of, or in connection with the operation of the Salon (including labor and employment law violations and any acts or omissions by FRANCHISEE or any of FRANCHISEE's agents, servants, employees, or patrons), FRANCHISEE's breach of this Agreement, or the business FRANCHISEE conducts under this Agreement, including, without limitation, those alleged to be caused by the Indemnitees' negligence, unless (and then only to the extent that) the claims, obligations or damages are determined to be caused solely by the Indemnitees' gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. FRANCHISEE agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, to: (i) choose counsel; (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or FRANCHISEE, any claim against the Indemnitees in their sole discretion. Indemnitees shall not be required to mitigate damages or seek recovery through an insurer.

- q. **Protection of Marks.** FRANCHISEE shall ensure that in any use whatsoever of the Marks, the Marks are identified on the document or in the material or program as being registered to or owned by FSFC. FRANCHISEE acknowledges that FSFC is the exclusive owner of the Marks and all goodwill associated therewith, and any unauthorized use of the Marks is and shall be deemed an infringement of the rights of FSFC. FRANCHISEE further agrees that it will not, during the Initial Term and after termination or expiration hereof for any reason whatsoever, dispute or contest, directly or indirectly, the validity, ownership, or enforceability of the Marks, nor directly or indirectly attempt to dilute the value of the goodwill attached to the Marks, nor counsel, procure or assist anyone else to do the same.
- r. **Computer System.** FRANCHISOR has the right to require FRANCHISEE, at its sole expense, to purchase or lease the computer hardware and computer peripherals, including printers, monitors, modems, credit card processing machines and networking equipment, together with computer software, including a point of sale system ("POS System"), customer database management, e-mail, high-speed internet access, and accounting system (collectively the "Computer System") that meets the standards and specifications described in the Manuals or otherwise established by FRANCHISOR for use in FRANCHISEE's Salon. To the extent that FRANCHISOR's required, recommended, or approved software establishes recommendations or prescriptions for employee scheduling, payroll, or other aspects of the relationship between FRANCHISEE and FRANCHISEE's employees, FRANCHISEE is not required to follow such recommendations or prescriptions. FRANCHISEE shall purchase or lease the required Computer System promptly upon notice from FRANCHISOR and shall from time to time upgrade its Computer System to meet FRANCHISOR's then-current standards and specifications. FRANCHISOR and FSFC shall be the sole owners of all sales data, financial data, marketing data, management data, customer list and other business information and all other data ("Data and Information") maintained and stored by FRANCHISEE in its Computer System and POS System. FRANCHISEE shall, at its expense, configure its computer and maintain the communications software necessary to permit FRANCHISOR and FSFC to access the Data and Information through the internet/World Wide Web and to permit FRANCHISOR and FSFC to upload and download the Data and Information and other business information from and to FRANCHISEE's Computer System. FRANCHISOR may periodically establish policies with respect to the use of the Data and Information.

FRANCHISEE acknowledges that many communications from FRANCHISOR regarding marketing promotions, meetings, responses to advertising approvals, and other communications may be done via e-mail, and FRANCHISEE shall be required to maintain an internet e-mail account and to routinely check such e-mail account for messages from FRANCHISOR. All communications between FRANCHISOR and FRANCHISEE shall be conducted utilizing Microsoft Word, or such other program as FRANCHISOR may designate from time to time, in order to transmit documents in an efficient manner.

- s. **Point of Sale System.** FRANCHISEE will install and maintain a POS System for inventory control, product ordering, staffing, daily guest transactions, customer relations, scheduling, credit card processing, etc. Such POS System must be acquired from a FRANCHISOR approved supplier. FRANCHISOR and FSFC shall have the right to directly access and retrieve Data and Information maintained and stored by FRANCHISEE in its POS System. FRANCHISEE shall, at its expense, configure its computer and maintain the communications software necessary to permit FRANCHISOR and FSFC to remotely access the POS System via the internet/World Wide Web and to permit FRANCHISOR and FSFC to download Data and Information from FRANCHISEE's POS System. FRANCHISOR may require FRANCHISEE to obtain polling services required by FRANCHISOR and FSFC for purposes of FRANCHISOR and FSFC accessing and retrieving Data and Information.
- t. **Data Security Standards.** FRANCHISEE agrees to abide by: (a) the Payment Card Industry Data Security Standards ("PCIDSS") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act ("FACTA"); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("Electronic Payment Requirements"). If required by FRANCHISOR or by one of the credit card companies, FRANCHISEE shall provide FRANCHISOR with evidence of compliance with PCIDSS, FACTA, or applicable Electronic Payment Requirements and provide, or make available, to FRANCHISOR copies of an audit, scanning results or related documentation relating to such compliance. Any costs associated with an audit or to gain compliance with PCIDSS, FACTA or any Electronic Payment Requirements shall be borne by FRANCHISEE. If FRANCHISEE knows or suspects a data security breach, FRANCHISEE must immediately notify FRANCHISOR and follow FRANCHISOR'S instructions regarding curative actions. FRANCHISEE will promptly identify and remediate the source of any compromise or security breach. FRANCHISEE assumes all responsibility for providing all notice of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Salon. FRANCHISEE also agrees to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information. Without limiting the generality of the foregoing, FRANCHISEE agrees to comply with any requests to correct or delete consumer information, whether requested by FRANCHISOR or directly by the consumer, as required by applicable data-sharing and privacy laws.

6. COVENANTS TO PROMOTE AND ENSURE COMPLIANCE WITH FANTASTIC SAMS SYSTEM.

FRANCHISEE shall:

- a. Maintain and enhance the reputation and trade demand of the System;

- b. Preserve and increase the goodwill inherent in the Marks;
- c. Comply and conform fully with the business policies, practices and procedures set forth by FRANCHISOR from time to time so that there is created a uniformity in the quality of products, appearance, facilities, and service within the System; and
- d. Comply fully with each and every one of the covenants, terms and conditions of this Agreement and all mandatory standards, specifications, policies, procedures, and other obligations contained in the Manuals.

All direct and indirect shareholders, owners, Guarantor(s), principals, members, or partners of FRANCHISEE shall individually guarantee FRANCHISEE'S obligations under this Agreement and thereby be bound by the confidentiality and other restrictive covenants of this Agreement. FRANCHISOR shall, from time to time, advise FRANCHISEE of new developments and improvements in the System. FRANCHISOR shall loan to FRANCHISEE the Manuals and other materials in which the important features of the System are explained and detailed. The Manuals are confidential and may be revised and amended by FRANCHISOR from time to time to reflect changes in the System, specifications, standards, operating procedures, and/or methods prescribed by FSFC. However, while the Manuals are designed to protect FRANCHISOR's and the System's reputation and the goodwill of the Marks and System, the Manuals are not designed to control the day-to-day operations of the Salon. Upon termination (or expiration without renewal) of this Agreement for any reason, any physical copies of Manuals loaned to FRANCHISEE must be returned immediately to FRANCHISOR. FRANCHISEE is prohibited from duplicating any confidential materials or allowing duplication of any confidential materials. In the event of any dispute as to the contents of these confidential materials, the terms of the master copies of these confidential materials maintained by FRANCHISOR at its home office will be controlling.

FRANCHISOR has the right to operate, develop, and change the System in any manner that is not specifically prohibited by this Agreement. Whenever FRANCHISOR has reserved in this Agreement a right to take or to withhold an action, or the grant or decline to grant FRANCHISEE to take or omit an action, FRANCHISOR may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available to it and its judgment of what is in FRANCHISOR's or the System's best interests at the time the decision is made, without regard to either whether FRANCHISOR could have made other reasonable or even arguably preferable alternative decisions or whether FRANCHISOR's decision promotes its financial or other individual interest.

7. ADVERTISING.

- a. **Initial Advertising.** FRANCHISEE shall advertise and promote the opening of the Salon at its own expense. FRANCHISEE agrees to conduct a grand opening marketing plan and promotional program in conjunction with the Salon's initial grand opening, pursuant to a grand opening marketing plan that FRANCHISEE develops, and that FRANCHISOR approves in writing (the "**Grand Opening Marketing Plan**"). Additionally, FRANCHISEE agrees to spend an amount in the range of \$15,000 to \$18,000, as determined by FRANCHISOR (the "**Minimum Grand Opening Marketing Expenditure**") to conduct a portion of the Grand Opening Marketing Program. The Grand Opening Marketing Plan shall be executed and completed during the period 6 weeks prior to opening of the Salon and continuing for approximately 6 months after the Salon commences operation. Upon signing a lease for the Salon Location, FRANCHISEE must deposit the Minimum Grand Opening Marketing Expenditure with FRANCHISOR for FRANCHISOR to distribute as may be necessary in order to

conduct the Grand Opening Marketing Plan. The Grand Opening Marketing Plan shall include required marketing and redemption information that FRANCHISEE and FRANCHISEE'S employees must collect and report to FRANCHISOR. FRANCHISOR will also work with FRANCHISEE to develop marketing strategies for the utilization of the additional funds FRANCHISEE allocates toward the Grand Opening Marketing Plan.

- b. **Continual Advertising and Promotion.** The parties acknowledge that local advertising is absolutely necessary to the successful operation of the Salon. Therefore, FRANCHISOR recommends that FRANCHISEE expend, in addition to the Weekly Fees not less than 5% of FRANCHISEE's Gross Sales toward local advertising.
- c. **National Advertising.** FRANCHISOR shall deposit the Weekly National Advertising Fee payments made by FRANCHISEE into a National Advertising Fund (hereinafter "NAF") when paid by FRANCHISEE. This deposited amount is subject to the annual adjustment and the method of payment set forth in Section 3.e of this Agreement. Any earnings on the NAF shall inure to the benefit of the NAF.
- d. **NAF Board of Directors.** The NAF is managed by the board of directors for the NAF ("NAF Board of Directors"), which includes elected and appointed representatives from FSFC, regional owners and individual franchisees. The NAF Board of Directors may spend up to 15% of the Weekly National Advertising Fees collected on a disproportionate basis to engage in test marketing, to conduct surveys on advertising effectiveness, to produce new commercials, to produce print ads, to produce advertising campaigns and promotions, to develop public relations campaigns and promotions, and to pay administrative expenses of the NAF. FRANCHISOR shall not have any liability related to how the NAF is administered or the policies, procedures and practices established by the NAF Board of Directors for the expenditure of Weekly National Advertising Fee payments.
- e. **Administration of NAF.** The NAF Board of Directors and FRANCHISOR assume no direct or indirect liability or obligation to FRANCHISEE with respect to the maintenance, direction, or administration of the NAF. FRANCHISEE acknowledges and agrees that FRANCHISOR and NAF are not operating or acting as a trustee or fiduciary with respect to the Weekly National Advertising Fees. The NAF Board of Directors and FRANCHISOR are not obligated, in administering the NAF, to make expenditures for FRANCHISEE which are equivalent or proportionate to FRANCHISEE's Weekly National Advertising Fees, or to ensure that any particular System franchisee/licensee benefits directly or pro rata from expenditures by the NAF.
- f. **NAF Expenditures.** The NAF Board of Directors shall make available to FRANCHISEE, upon FRANCHISEE's request, an annual audited statement of NAF collections and expenses. Further, FRANCHISEE agrees that FRANCHISOR and the NAF Board of Directors may reimburse themselves from the NAF for reasonable accounting, bookkeeping, reporting, and legal expenses incurred in performing the functions of the NAF. Neither FRANCHISOR nor the NAF Board of Directors shall be liable for any act or failure to act in performing NAF duties, if such action or failure to act is taken in good faith and in accordance with this Agreement.

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

- h. Regional Advertising Fund.** FRANCHISOR has the right, upon 30 days written notice to FRANCHISEE, to establish a Regional Advertising Fund (the "RAF") for Fantastic Sams Salons operating in the geographic area in which the Salon is located (provided however, that this notice requirement will not apply if the RAF was established at the time FRANCHISEE opened the Salon). Contributions to the RAF will be in addition to NAF payments and will be drafted in the same manner as the Weekly Fees. The RAF shall be operated and governed in a manner like the NAF. FRANCHISOR and FRANCHISEE agree that this local advertising contribution is necessary to the successful operations of a Salon. If established, FRANCHISEE shall contribute to the RAF such amounts as may be determined by the RAF governing body. Once drafts to the RAF have been established, no participant will be allowed to discontinue their draft without approval by all RAF members and the FRANCHISOR. Each RAF is governed by the By Laws set by its members. Weekly RAF Fees and other amounts applied to the RAF will be spent, which may include, but is not limited to, brochures, media placement (including radio, television, print, social display and all forms of digital advertising), promotions, marketing, public relations, national, regional and local advertising, marketing and promotion, or other brand awareness activities which includes the recruitment of hairstylists, that RAF deems appropriate and in the best interests of Fantastic Sams Salons in the Regional Marketing Area. Although the RAF will endeavor to utilize the Weekly RAF Fees to develop advertising and marketing materials and plans, and place advertising that will benefit the System, neither FRANCHISOR nor the RAF is obligated to ensure that expenditures by the RAF in or affecting any geographic area are proportionate or equivalent to the contributions to the RAF by franchisees operating in that geographic area or that any Fantastic Sams FRANCHISEE will benefit directly or in proportion to its contributions to the RAF. FRANCHISOR further reserves the right, in its sole discretion, to: (i) suspend contributions to and operations of the RAF for 1 or more periods that it determines to be appropriate; and (ii) terminate the RAF upon 30 days' written notice to FRANCHISEE. On termination of the RAF, all monies in the terminated RAF shall be spent for advertising and/or promotional purposes as determined by FRANCHISOR. FRANCHISOR has the right to reinstate any terminated RAF upon the same terms and conditions set forth in this Agreement upon 30 days' prior written notice to FRANCHISEE

Electronic DMA

The Pittsburgh DMA is classified as an 'Electronic DMA'. Therefore, all FRANCHISEES with

salons geographically located within that DMA are required to use their NAF fees cooperatively. However, this is not considered to be a RAF.

8. MUTUAL COVENANTS REGARDING PRODUCTS AND SERVICES.

FRANCHISEE will dispense, sell, use, or offer to sell, only such articles or products as are approved by FRANCHISOR. FRANCHISEE may only sell and promote the approved menu of services. FRANCHISEE shall purchase all products, supplies and materials required for the operation of the Salon from suppliers designated as approved suppliers by FRANCHISOR. FRANCHISEE shall maintain, at all times, credit relationships with credit/debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic transfer/payment systems ("Payment Vendors") that FRANCHISOR may periodically designate as mandatory. Payment Vendors includes companies that provide services for electronic payment (such as near field communication vendors like Apple Pay and Google Wallet). FRANCHISEE must not use any Payment Vendor that FRANCHISOR has not approved or revoked earlier approval. FRANCHISOR may modify its requirements and designate additional approved or required methods of payment and vendors for processing payment, and revoke FRANCHISOR's approval of any service provider.

FRANCHISEE shall comply with all requirements set forth in the Manuals with respect to the stocking, display, and sale of the Fantastic Sams Branded retail products, including carrying recommended inventory levels of the full line of Fantastic Sams branded retail products.

FRANCHISEE shall not be obligated to sell any product at any retail price that may be suggested by FRANCHISOR. At all times, however, FRANCHISOR reserves the right to establish and enforce credit terms for sales of products and supplies by FRANCHISOR to FRANCHISEE. Absent any specific credit terms imposed on FRANCHISEE by FRANCHISOR, FRANCHISEE shall pay all invoices within 30 days of the date of the invoice.

Fantastic Sams Branded products may not be offered or sold at or from any location other than a Fantastic Sams Salon without the prior written consent of FRANCHISOR, which consent may be granted or withheld at FRANCHISOR's sole discretion. Fantastic Sams branded products may not be offered or sold at wholesale, via catalog or over the internet in any manner whatsoever by FRANCHISEE.

9. INDEPENDENT CONTRACTOR.

Neither this Agreement, nor the contacts or negotiations that result in this Agreement, create a fiduciary relationship or other special relationship between FRANCHISOR, FSFC, NAF or RAF and FRANCHISEE. FRANCHISEE agrees that it is an independent businessperson, and as such, is an independent contractor that is solely responsible for any and all obligations incurred by it or by the Salon. No agency, employment, or partnership is created or implied by the terms of this Agreement, and FRANCHISEE is not and shall not hold itself out as FRANCHISOR's (or FRANCHISOR's affiliates) or NAF's agent, legal representative, partner, subsidiary, joint venture, or employee. Further, the parties, their agents or employees have no right, power, or authority to bind or obligate the other. No act of assistance given to FRANCHISEE by FRANCHISOR, FSFC, NAF or the RAF shall be construed to have altered this relationship.

FRANCHISEE assumes full risk for the conduct of its business as an independent businessperson and shall hold FRANCHISOR, FSFC, the NAF and RAF free and harmless from any claim, demand, liability, action, suit, or proceeding, asserted, or claimed by any third party arising out of the malfeasance, nonfeasance or other act or omission to act concerning the operation of the Salon. Under no circumstances shall FRANCHISOR, FSFC, NAF or RAF be liable for any act, omission, negligence, debt, or any obligation of FRANCHISEE or one of its employees. FRANCHISEE is the only party that will have sole authority and control over the day-to-day operations of the Salon and its employees, even though FRANCHISOR will share the brand and Marks as specified in this Agreement and neither this Agreement nor FRANCHISOR's course of conduct is intended, nor may any of the systems, guidance, processes, or requirements under which FRANCHISEE operates (i) alter that basic fact or (ii) be construed to state or imply that FRANCHISOR is the employer of FRANCHISEE's employees and/or independent contractors, nor vice versa.

As an independent contractor, FRANCHISEE exercises full, complete, and unfettered control over, and has full responsibility for, any and all employee and labor-relations matters incident to the operation of the Salon, including the hiring, firing, disciplining, compensation, work schedules, and other terms and conditions of employment of FRANCHISEE's employees. FRANCHISOR shall not be liable, nor have any obligation to assist FRANCHISEE in any dispute related to employees of FRANCHISEE becoming employed by other similar businesses or other Fantastic Sams salons. The conduct of FRANCHISEE's business shall be determined by its own judgment and discretion, subject to the provisions of this Agreement and the provisions of the Manuals setting forth the System as it shall be adopted or revised from time to time. Finally, FRANCHISOR shall not regulate the prices of services and products to be sold by FRANCHISEE.

10. TRANSFER OF FRANCHISE AGREEMENT.

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

No transfer shall be permissible unless FRANCHISEE has opened and operated the Salon for at least 3 months. FRANCHISEE shall notify FRANCHISOR in writing of any proposed transfer at least 60 days before such transfer is proposed to take place so that FRANCHISOR can comply with Section 10.b. below and FRANCHISOR can consider approval of the transfer, prepare necessary documentation related to the transfer, and comply with applicable state and federal disclosure regulations for the proposed transaction. FRANCHISOR's prior written consent to a transfer shall not be unreasonably withheld, but will be conditioned upon the following:

1. Approval of any proposed transferee in accordance with FRANCHISOR's then-current standards for the approval of prospective franchisees;

2. Payment of all outstanding debts of FRANCHISEE payable to FSFC, FRANCHISOR and its affiliates, NAF, RAF, and approved suppliers of the System (including FRANCHISEE's landlord). FRANCHISEE acknowledges that FRANCHISOR may debit any outstanding debts from FRANCHISEE's account using the same bank draft, pre-authorized check, or other prepayment arrangement described in Section 3.f;
3. Payment of all sums, which become due upon transfer, including the transfer fee of 25% of the then-current initial license fee. FRANCHISEE acknowledges that FRANCHISOR may debit the transfer fee from FRANCHISEE's account using the same bank draft, pre-authorized check, or other prepayment arrangement described in Section 3.f;
4. Execution by FRANCHISEE of a general release in a form prescribed by FRANCHISOR of any and all claims against FRANCHISOR, FSFC, NAF and RAF and their affiliates, and their respective officers, directors, agents and employees;
5. Execution by the proposed transferee of the then-current form of franchise agreement which may have significantly different provisions than those contained in this Agreement, including, without limitation, higher Weekly Fee;
6. Attendance by the proposed transferee or Designated Salon Manager at the next available New Owner Training (including SFC Training) at the expense of the proposed transferee or FRANCHISEE;
7. Delivery of any documents to the proposed transferee in the manner and within the time frames required by state or federal law or regulation;
8. That FRANCHISEE and/or the proposed transferee update, remodel and modernize the Salon Location to reflect FRANCHISOR's then-current new Salon image of a Fantastic Sams Salon;
9. That FRANCHISEE (or if the transfer only involves an interest in FRANCHISEE then the individuals and entities involved) shall agree in writing to comply with the covenants set forth in Sections 12.d.9 through 12.d.11 below; and
10. That FRANCHISEE and its affiliates are not in default of any provision of this Agreement, or successor hereto, or any other agreement between FRANCHISEE and/or its affiliates and FRANCHISE CORP and/or its affiliates.

Should FRANCHISEE desire to make any transfer, it shall first give written notice to FRANCHISOR of such proposed transfer stating the name, address, and telephone number of the proposed transferee; provide a current financial statement of the proposed transferee; provide a copy of the proposed purchase/transfer of ownership document; and provide any other information requested by FRANCHISOR. Prior to final approval by FRANCHISOR, if granted, FRANCHISEE shall provide FRANCHISOR with a copy of the executed purchase/transfer of ownership document that sets forth the terms of the transfer. Consent to any transfer upon the specified terms and conditions of transfer purchase/transfer of ownership document shall not be deemed to be consent to a transfer to any other person, nor to any other or subsequent transfer.

- b. **First Option to Purchase.** If any party holding any direct or indirect interest in this Agreement, in FRANCHISEE, in the Salon or in all or substantially all of the assets of the Salon desires to accept any bona fide offer to purchase, gift, or otherwise convey such interest, FRANCHISEE must first make written offer to FRANCHISOR to purchase or obtain such interest upon the same terms and conditions as offered by the prospective purchaser. Additionally, FRANCHISEE shall furnish FRANCHISOR with the name and address of the prospective purchaser, a copy of the proposed purchase agreement setting forth the terms of the purchase, a suitable current financial statement regarding the prospective purchaser, and all other information requested by FRANCHISOR concerning the prospective purchaser.

Following receipt of all documents and information required by FRANCHISOR, FRANCHISOR shall have 30 days within which to accept the first offer to purchase. If FRANCHISOR has not accepted the first offer within 60 days of receipt of the written offer and the documents referred to above, the seller may proceed with the sale to the prospective purchaser provided (i) FRANCHISEE is not in default or breach of any payment or other terms or conditions of this Agreement, and (ii) FRANCHISEE the seller and the prospective purchaser meet the conditions set forth in Section 10.a.

- c. **Death or Disability.** Upon the death or incapacity of any person with an interest in this Agreement, in FRANCHISEE, in the Salon, or in all or substantially all of the assets of the Salon, the executor, administrator, or personal representative of such person shall make a transfer of such interest approved by FRANCHISOR within 6 months after such death or incapacity. Such transfers, including transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer except no transfer fee will be required. In the case of transfer by devise or inheritance if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 10, the executor, administrator, or personal representative of the decedent shall make a transfer of the decedent's interest to another party approved by FRANCHISOR within 6 months of FRANCHISOR providing notice to the executor, administrator, that the heirs or beneficiaries do not meet the conditions of Section 10, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within such 6-month period, such failure shall be a default under this Agreement.
- d. **Transfer to Corporation or Limited Liability Company.** Provided FRANCHISEE demonstrates to FRANCHISOR that it (i) is, and will remain, the legal and beneficial owner of a majority of the stock of a transferee corporation or membership interest in a transferee limited liability company and (ii) shall act as the principal officer of the corporation or manager of the limited liability company, FRANCHISOR shall allow FRANCHISEE to incorporate and transfer its rights to a corporation or limited liability company organized expressly for the purpose of operating this Salon without the payment of any transfer fee or outstanding promissory note. However, FRANCHISEE and all other shareholders and members must personally guaranty the performance of the duties and responsibilities of the transferee corporate or limited liability company FRANCHISEE, including the payment of any fees.
- e. **Transfer by FRANCHISOR.** The rights, duties and obligations under this Agreement may be transferred, divided, conveyed, pledged, encumbered, merged, or given away by FRANCHISOR and will inure to the benefit of FRANCHISOR's successors and assigns. FRANCHISOR will provide FRANCHISEE with written notice of any such transfer, division, conveyance, pledge, encumbrance, merger or grant and the transferee will be required to fully perform FRANCHISOR's obligations under this Agreement.

11. **COVENANTS OF FRANCHISEE DURING TERM.**

FRANCHISEE acknowledges that FRANCHISOR is engaged in franchising of the System and that FRANCHISOR's franchises are valuable because each FRANCHISEE obtains the right to use the Marks and the right to receive certain services of FRANCHISOR. FRANCHISEE further acknowledges that any appropriation or duplication of any part or all of the System for any use or purpose other than for the operation of a franchised Fantastic Sams Salon will impair the value of FRANCHISOR's and FSFC's businesses, the Marks, as well as the value of the franchises granted to other franchisees.

Accordingly, FRANCHISEE agrees that during the term of this Agreement and any renewal or extension, FRANCHISEE and its shareholders, members, partners, Guarantor(s) (defined below), officers and directors shall not, directly or indirectly, on their own account or as an employee, agent, consultant, partner, officer, director, member or shareholder of any other person, firm, entity, partnership or corporation, own, lease, operate, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in the Haircare Business; provided, however, that this restriction shall not apply to any Haircare Business operated or franchised by a company under common ownership with FRANCHISOR. Furthermore, FRANCHISEE acknowledges and agrees that FRANCHISEE shall be considered in default under this Agreement, and that this Agreement will be subject to termination, if that a person in the immediate family (including spouses, domestic partners, parents or children) of FRANCHISEE (or, if FRANCHISEE is an entity, its shareholders, members, partners and managers, as applicable, and their spouses, domestic partners, parents or children) engages in a Haircare Business that would violate this Section 11 if such person was subject to the covenants of this Section 11.

FRANCHISEE further agrees that, during the term of this Agreement, FRANCHISEE and its shareholders, members, partners, Guarantor(s), officers, and directors will not solicit, interfere, or attempt to interfere with FRANCHISOR or FRANCHISOR's affiliates' relationships with any customers, vendors, or consultants. FRANCHISEE acknowledges that breach by FRANCHISEE of one or more of its obligations under this Section 11 might cause FRANCHISOR to suffer irreparable harm, namely harm for which damages would be an inadequate remedy. FRANCHISEE further acknowledges that FRANCHISOR might suffer irreparable harm due to delay if, as a condition to obtaining an injunction, restraining order, or other equitable remedy with respect to such a breach FRANCHISOR was required to demonstrate that it would suffer irreparable harm. The parties therefore intend that if FRANCHISEE breaches one or more of its obligations under this Section 11, then for purposes of determining whether to grant an equitable remedy, any court will assume that that breach would cause FRANCHISOR irreparable harm.

FRANCHISEE further acknowledges that it has worked previously and has been gainfully employed in other fields in which it has sufficient skills and experience to be gainfully employed in a business other than in the hair care industry.

FRANCHISEE agrees not to (and to use its best efforts to cause its current and former shareholders, members, officers, directors, principals, agents, partners, employees, independent contractors, representatives, attorneys, spouses, affiliates, successors and assigns not to: (i) disparage or speak or write negatively, directly or indirectly, of FRANCHISOR, FSFC, their respective affiliates, and the owners, officers, directors, managers, members, employees or representatives of the FRANCHISOR or FSFC, the Fantastic Sams brand, any Salon, or any business using the Marks; or (ii) take any other action, which would, directly or indirectly, subject the Fantastic Sams brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of FRANCHISOR, FSFC, or the Fantastic Sams brand, or would constitute an act of moral turpitude.

12. TERMINATION.

- a. **Termination by FRANCHISEE.** FRANCHISEE has no right to unilaterally terminate this Agreement.
- b. **FRANCHISOR Termination with Notice of Termination.** At FRANCHISOR's option, FRANCHISOR shall have the immediate right to terminate this Agreement without affording FRANCHISEE any opportunity to cure the default:
 1. Should FRANCHISEE fail or refuse, within 30 days after FRANCHISOR provides FRANCHISEE with proper documentation to be completed, to return to FRANCHISOR all executed documents necessary for FRANCHISOR's bank or other financial institution to automatically draft FRANCHISEE's bank or other financial institution, for Weekly Fees;
 2. Should FRANCHISEE's bank or other financial institution for 2 consecutive weeks (i.e. the weeks need not be consecutive as long as the two authorized payments are consecutive) or any 4 weeks during any calendar year, fail or refuse to honor the authorized bank draft or other prepayment arrangement for any of the Weekly Fee for any reason other than the mistake, negligence or wrongful act of FRANCHISEE's bank, or other financial institution, or FRANCHISOR;
 3. Should FRANCHISEE's bank or other financial institution fail or refuse to honor a check or draft presented twice to FRANCHISEE's bank or other financial institution, such check or draft being drawn on FRANCHISEE's account for payment under any obligation incurred in performance of this Agreement, for any reason other than the mistake, negligence or wrongful act of FRANCHISEE's bank or other financial institution, or FRANCHISOR;
 4. Should FRANCHISEE abandon, or fail to actively operate the Salon or any Fantastic Sams Salon operated pursuant to an agreement with FRANCHISOR for more than two (2) consecutive business days or five (5) days during any 30-day period, or provide FRANCHISOR or any other party notice (written or oral) that FRANCHISEE intends to permanently close or otherwise abandon the operation of the Salon;
 5. Should FRANCHISEE remove the Fantastic Sams sign or signs while continuing to operate the Salon as a Haircare Business;
 6. Should FRANCHISEE be convicted of any criminal misconduct relevant to the operation of the franchised business;
 7. Should FRANCHISEE receive 3 notices of default, as provided below in Section 12.c, in any consecutive 12-month period, whether or not such defaults are cured;
 8. Should FRANCHISEE breach any of its obligations under this Agreement to maintain the confidentiality of information relating to the System;
 9. Upon the filing of any voluntary or involuntary petition of bankruptcy by FRANCHISEE or by any shareholder of a corporation, if the corporation is FRANCHISEE of this Agreement, subject to applicable law;

10. Breach by FRANCHISEE of any of its payment obligations to any third party in connection with the operation of the Salon;
11. Upon the making of any assignment for the benefit of creditors by FRANCHISEE (or any owner of FRANCHISEE); or
12. Upon FRANCHISEE making of any transfer of this Agreement or the Salon Assets except for a transfer made in compliance with this Agreement;

Any termination under this Section 12.b shall be effective on FRANCHISOR's delivery of notice of termination to FRANCHISEE.

c. **FRANCHISOR Termination with Notice of Default and Cure.** FRANCHISOR has the right to terminate this Agreement for any material default of this Agreement by FRANCHISEE or its owners. For the purposes of this Section 12.c, a material default of this Agreement includes, but is not limited to, one or more of the following, by FRANCHISEE or its owners:

1. Violation of any covenant of FRANCHISEE set forth in this Agreement;
2. Violation of any covenant of any other agreement FRANCHISEE or any affiliate(s), owner(s), or guarantor(s) of FRANCHISEE or any entities that are in common ownership or control of FRANCHISEE have entered into with FRANCHISOR;
3. Breach of any equipment lease with FRANCHISOR, its subsidiaries or affiliates, or with a third-party lessor to which FRANCHISOR has guaranteed the lease payments;
4. Non-payment of any invoice, tax, Weekly Fee, payroll, lease payment or any other obligation incurred in the course of FRANCHISEE's business to FRANCHISOR or its affiliates, or to any other business creditor;
5. FRANCHISEE'S bank or other financial institution for 2 consecutive weeks or any 4 weeks during a calendar year, fails or refused to honor the authorized bank draft or other prepayment arrangement for any Weekly Fees or other amounts owed for any reason other than the mistake, negligence or wrongful act of FRANCHISEE's bank or other financial institution.
6. Failure to perform any obligation created by a local, regional, or national council;
7. Use of the Marks or System by FRANCHISEE, its employees or agents in a manner contrary to the terms of this Agreement or the Manuals or for a purpose not first authorized in writing by FRANCHISOR and in any manner or for any purpose which materially impairs the exclusivity of the Marks or their attendant goodwill;
8. Commission of any act by FRANCHISEE or its agents that detracts from the favorable goodwill associated with Fantastic Sams or the successful operation of any Fantastic Sams Salon or the business operation of FRANCHISOR;
9. Violation of any of the business policies, practices, procedures or obligations prescribed or set forth in the Manuals, as they may be amended from time to time by FSFC;

10. Failure to pass a Salon inspection within 1 year of a previous inspection where FRANCHISEE received a notice of deficiency;
11. Failure to notify FRANCHISOR of the death or incapacity of FRANCHISEE or any of FRANCHISEE's principals within 30 days of such event; or
12. Failure to appoint and at all times maintain a Designated Salon Manager of the Salon operated pursuant to this Agreement and to require the Designated Salon Manager to attend New Owner Training in Louisville, Kentucky, prior to or contemporaneously with assuming the responsibility for the day-to-day operations of the Salon; or
13. Upon any other material default by FRANCHISEE not listed in Section 12.b.

Except for the termination at FRANCHISOR's option set forth in Section 12.b above, upon the occurrence of a material default of this Agreement, FRANCHISOR shall forward to FRANCHISEE written notice of default. For purposes of this section, the written notice of default if FRANCHISEE consists of one or more persons, corporations, partnerships, or other entities, notice of termination to one person, shareholder, partner or one member of an entity shall constitute notice to all.

For defaults under this Section 12.c, FRANCHISEE shall have 30 days from the mailing of such notice within which to cure the default of this Agreement. If the default is timely cured, this Agreement shall not be terminated. In states with required minimum notice periods greater than 30 days, the notice period shall be such required notice period.

Termination of this Agreement by FRANCHISOR shall not be an exclusive remedy and shall not in any way affect the right of FRANCHISOR to receive, collect and enforce Weekly Fees or other amounts payable by FRANCHISEE or to enforce, in any manner, the provisions of this Agreement against FRANCHISEE. FRANCHISEE agrees that upon FRANCHISEE's breach of any covenant contained in this Agreement, termination at FRANCHISOR's option, notice of termination, or termination, FRANCHISOR will be entitled to seek recovery from FRANCHISEE for all of the damages that FRANCHISOR has sustained or will sustain in the future as a result of FRANCHISEE's breach of this Agreement, taking into consideration the weekly fees that would have been paid by FRANCHISEE for the remaining portion of this Initial Term. The Weekly Fees are for the benefit of FRANCHISOR and its System and brand. Notwithstanding anything to the contrary in this Agreement, any Weekly Fees due under this Agreement for failure to operate the Salon for the entire Initial Term shall be reduced to net present value and the parties acknowledge that such amounts shall not be deemed a penalty but are actual damages given the size of the System.

d. Responsibility of FRANCHISEE upon Termination or Expiration. Upon termination, expiration, or transfer of this Agreement, in any manner, FRANCHISEE agrees:

1. To immediately cease using the Marks, trade dress, business format, signs, structures and forms of advertising indicative of the System and Fantastic Sams branded retail products;
2. Within 30 days after the expiration or termination of this Agreement, to make or cause to be made at FRANCHISEE's expense, such changes in signs, buildings and structures to distinguish the Salon premises from a Fantastic Sams Salon, including, but not limited to, redecorating of walls, removal of floor mats, and removal of any other property bearing the Marks, or any other mark owned by FSFC;

3. Within 30 days after the expiration or termination of this Agreement, to notify all telephone directory and listing companies of the termination of FRANCHISEE's right to use the Marks and authorize the transfer of telephone numbers and directory listings to FRANCHISOR or FRANCHISOR's designee; however, if the FRANCHISEE fails or refuses to effect such transfer, the FRANCHISOR has the right to notify the telephone directory and listing companies of the termination of this Agreement and the FRANCHISOR's right to the transfer of all such listings. This Agreement shall constitute the written authority from the FRANCHISEE for the transfer of all such listings, and the FRANCHISEE shall hold the telephone directory and listing companies harmless of and from any loss, damage, or liability, which may result from such transfer.
4. To execute any and all documents and take such action as FRANCHISOR or FSFC may deem reasonably necessary or desirable to evidence the fact that FRANCHISEE has ceased using the Marks and that FRANCHISEE has no further interest or right therein whatsoever;
5. Within 5 days after the expiration or termination of this Agreement, to promptly pay FRANCHISOR all sums then owing from FRANCHISEE to FRANCHISOR and its affiliates, FSFC, NAF or RAF, and to pay all Weekly Fees that would have been due throughout the Initial Term, or for so long as FRANCHISEE uses any part or all of the System or the Marks, whichever period is longer, whether such use is authorized or not;
6. To promptly pay FRANCHISOR all sums which become due and payable at the time of termination of this Agreement, including, but not limited to, full payment of any and all promissory notes between FRANCHISOR and FRANCHISEE;
7. To immediately return, at FRANCHISEE's expense, all Manuals and other books, forms, brochures and training, educational and marketing materials related to the System, to FRANCHISOR and to perform any unfulfilled obligation created under this Agreement for the benefit of FRANCHISOR;
8. To refrain, for a period of 2 years from the effective date of expiration or termination of this Agreement, from directly or indirectly participating as an owner, partner, director, officer, employee, consultant, lender or agent, or serve in any other capacity in any Haircare Business within a five 5- mile radius of the Salon (including, but not limited to the Salon Location);
9. To refrain from directly or indirectly participating as an owner, partner, director, officer, employee, consultant, lender or agent, or serve any other capacity in any Haircare Business, within a 2.5-mile radius of any Fantastic Sams Salon (provided, however, Sections 12.d.9 and 12.d.10 shall not apply to any Haircare Business currently operating under the System as a Fantastic Sams salon);
10. To not operate, advertise or do business under any name or in any manner that might tend to give the general public the impression that this Agreement is still in force or that FRANCHISEE is connected in any way with FRANCHISOR or FSFC, or has any right to use the System or the Marks;
11. To refrain from soliciting, interfering, or attempting to interfere with FRANCHISOR or FRANCHISOR's affiliates' relationships with any customers, vendors, or consultants;

12. To not make use or avail itself of any of the trade secrets of, trade dress or information imparted by FRANCHISOR or FSFC, or disclose or reveal any such information or any portion thereof to others;
13. To not construct, equip, help, aid or assist any person or persons in the construction or equipping of any premises with the trade dress, distinctive features, or equipment layout that FSFC has originated and developed, and which are characteristics of premises operated by franchisees;
14. If FRANCHISEE does not intend to renew this Agreement, FRANCHISEE and its owners must advise FRANCHISOR, within 45 days prior to the expiration of this Agreement, of what they intend to do with the Salon in order to comply with the provisions of Section 12.d.9;
15. In the event that non-proprietary assets used to operate the Salon are sold to a third party to operate a business at the Salon Location upon the expiration or termination of the Agreement, FRANCHISEE shall, at FRANCHISOR's request, provide FRANCHISOR with an asset purchase agreement and any other relevant documentation evidencing that FRANCHISEE retains no ownership interest in the Salon within 5 days of such request; and
16. To transfer ownership of all Social Media accounts related to the Salon to FRANCHISOR or its designee.

FRANCHISEE and FRANCHISOR acknowledge that the periods and geographical areas of restriction within which FRANCHISOR has reserved its rights regarding the continued operation by FRANCHISEE are essential to this Agreement, are fair and reasonable restrictions that afford a necessary protection to FRANCHISOR and do not unduly interfere with any public interest or impose an undue hardship upon FRANCHISEE. FRANCHISEE acknowledges that breach by FRANCHISEE of one or more of its obligations under this Section 12 might cause FRANCHISOR to suffer irreparable harm, namely harm for which damages would be an inadequate remedy. FRANCHISEE further acknowledges that FRANCHISOR might suffer irreparable harm due to delay if, as a condition to obtaining an injunction, restraining order, or other equitable remedy with respect to such a breach, FRANCHISOR was required demonstrate that it would suffer irreparable harm. The parties therefore intend that if FRANCHISEE breaches one or more of its obligations under this Section 12, then for purposes of determining whether to grant an equitable remedy, any court will assume that that breach would cause FRANCHISOR irreparable harm. Furthermore, FRANCHISEE acknowledges and agrees that FRANCHISEE (and, if FRANCHISEE is an entity, its shareholders, members, partners, and managers) may not avoid the provisions in Sections 12.d.9 and 12.d.10 through conduct by persons in the immediate family (including spouses, domestic partners, parents or children) of FRANCHISEE (or, if FRANCHISEE is an entity, its shareholders, members, partners and managers, as applicable, and their spouses, domestic partners, parents or children). FRANCHISEE and FRANCHISE CORP agree and acknowledge that if FRANCHISEE continues to operate the Salon after the expiration of the Initial Term, the terms applicable at expiration shall apply when FRANCHISEE ceases to operate the Salon under the System.

e. Suspension of Rights and Services. FRANCHISEE acknowledges that upon FRANCHISEE's failure to remedy any default specified in any written notice issued to FRANCHISEE under this Section 12, FRANCHISOR also has the right to (i) cease providing any operational support or services, until, FRANCHISEE complies to FRANCHISOR's satisfaction with the written

notice, (ii) suspend access and use of any websites or intranets for the System, (iii) cease providing products to FRANCHISEE, and (vi) cease having FRANCHISOR's affiliates and suppliers provide products and support to FRANCHISEE. If FRANCHISOR exercises FRANCHISOR's right to suspend FRANCHISEE's rights, FRANCHISOR will only do so after FRANCHISEE's cure period under the written notice of default has expired. FRANCHISEE agrees that FRANCHISOR's exercise of these rights will not constitute an actual or constructive termination of this Agreement nor will it constitute FRANCHISOR's sole and exclusive remedy. If FRANCHISOR exercises FRANCHISOR's right not to terminate this Agreement but to implement such suspension and/or removal, FRANCHISOR reserves the right at any time after the appropriate cure period under the written notice has lapsed, upon written notice to FRANCHISEE, terminate this Agreement without giving FRANCHISEE any additional corrective or cure period. During any period of suspension, all fees due under this Agreement shall continue to be payable by FRANCHISEE. Additionally, if FRANCHISEE is in default under this Agreement, FRANCHISOR has the right to withhold or condition FRANCHISOR's consent or approval if needed until FRANCHISEE cures all defaults. FRANCHISOR's election of the suspension rights as provided above shall not be a waiver by FRANCHISOR of any breach of this Agreement or any other term, covenant, or condition of this Agreement.

13. MEDIATION AND ARBITRATION.

Any controversy or claim arising out of or relating to this Agreement of with regard to its interpretation, formation or breach, or any other aspect of the relationship between FRANCHISEE and FRANCHISOR, including claims of fraud in the inducement (the "claims") may be brought in a court of law in Jefferson County, Kentucky, or may be settled by arbitration in accordance with the Commercial Mediation Rules of the American Arbitration Association.

FRANCHISOR and FRANCHISEE shall attempt in good faith to resolve all disputes between them prior to commencing any legal action. If a dispute has not been corrected or resolved within a reasonable time, not to exceed 30 days, then either party will have the right to request that the dispute be submitted to mediation in accordance with the Commercial Mediation Rules of the American Arbitration Association (the "AAA") or another provider of mediation services. If both FRANCHISOR and FRANCHISEE agree in writing to mediate the dispute, then mediation proceedings will be conducted in Jefferson County, Kentucky. If the parties agree to mediate a dispute, they will participate in the mediation proceeding through its conclusion, as evidenced by the settlement of the dispute or the mediator's declaration that the mediation is terminated and will continue to perform their respective obligations under this Agreement throughout the mediation process. All statements, promises, offers, views and opinions made or communicated by either party in the mediation proceeding will be secret and confidential in all respects, and will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding between the parties. However, evidence otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation proceeding.

Except as otherwise provided in this Agreement, any controversy or claim arising out of or relating to this Agreement (including any claim that the Agreement or any of its provisions are invalid, illegal, or otherwise voidable or void) or with regard to its interpretation, formation or breach or any other aspect of the relationship between FRANCHISEE and FRANCHISOR, including claims of fraud in the inducement, and claims related to the applicability or validity of this Section 13 ("claims"), which

is not settled through negotiation or mediation, must be submitted to binding arbitration with the AAA. The arbitration proceedings will be conducted by 1 arbitrator and, except as this Section otherwise provides, according to the AAA's then current Commercial Arbitration Rules (the "AAA Rules"). Unless required otherwise by state law or by mutual agreement, the parties agree to arbitrate in Jefferson County, Kentucky. The parties agree further that the Arbitrators may tender an interim ruling, including injunctive relief, and all claims of any type by either party, including defenses, are included in the jurisdiction of arbitration. The arbitration process shall not be required with respect to (i) any claim or dispute brought by FRANCHISOR for FRANCHISEE'S actual or threatened disclosure or misuse of confidential information in contravention of this Agreement, (ii) any claim by FRANCHISOR involving the ownership, validity, or use of the Marks, (iii) any claim by FRANCHISOR involving the insurance for FRANCHISEE or indemnification obligations of FRANCHISEE under this Agreement; or (iv) any action by either FRANCHISOR or FRANCHISEE to enforce the covenants of the other party set forth in Sections 11, 12.d.9., and 12.d.10., and 12.d.11. of this Agreement, as applicable.

Either party shall send written Demand for Arbitration to (1) the other party, and (2) the Regional Office of the American Arbitration Association invoking the binding arbitration provisions of this Section. Within 30 days of the mailing of the Demand for Arbitration ("Answer Due Date"), the responding party shall deliver to the claimant its answer and any counterclaim(s), setting out the nature of such counterclaims(s) and the relief requested. A counterclaim shall mean any claim(s) arising out of the transaction or occurrence that is the subject matter of the claimant's claim that, at the time of the Answer Due Date, the respondent has against the claimant. Any counterclaim(s) not included in the answer shall be considered waived. The parties' further consent to the jurisdiction of any appropriate court to enforce the provisions of this section and/or to confirm any award rendered by the arbitrators. Each party shall bear its share of costs and fees of the arbitration in accordance with the AAA Rules. Should a party fail to pay its portion of any arbitration fees in accordance with the AAA Rules, such failure to pay shall be grounds for dismissal of the non-paying party's claims.

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

Nothing herein contained shall bar the right of FRANCHISOR to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that will cause loss or damage, pending completion of the arbitration, or for enforcement of rights under any personal property lease or real estate lease between the parties. FRANCHISEE agrees that FRANCHISOR will not be required to and waives any requirement that FRANCHISOR must obtain or post a performance bond or other security in connection with seeking such injunctive relief, and FRANCHISEE also agrees not to claim otherwise in any filing with a court.

It is the intent of the parties that any dispute between FRANCHISOR and FRANCHISEE shall be of FRANCHISEE'S individual claim(s) and that the claim(s) shall not (i) be mediated/arbitrated/litigated on a class-wide basis or (ii) consolidated with any other proceeding between FRANCHISOR and any other person. FRANCHISOR and FRANCHISEE irrevocably waive trial by jury in any action or proceeding with respect to any claims claim or action (including any counterclaims or claims of fraud in the inducement) whether at law or in equity, brought by any party to this Agreement against another party to this Agreement, whether or not there are other parties in such action or proceeding.

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

The term "FRANCHISEE," for purposes of this arbitration clause, shall include the shareholders, owners, Guarantors, principals, members, or partners of FRANCHISEE, or any person or entity claiming by or through any of the foregoing.

FRANCHISEE specifically agrees and acknowledges that claims arising out of or relating to this Agreement in any way against or by any person or entity, whether a signatory to this Agreement or not, shall be resolved through arbitration.

14. TERM AND RENEWAL.

This initial term ("Initial Term") will commence on the Effective Date and will expire at midnight on the Expiration Date as indicated on the Summary Page, unless this Agreement is sooner transferred in accordance with Section 10 or terminated in accordance with Section 12. FRANCHISOR and FRANCHISEE may mutually agree in writing to amend the Initial Term of this Agreement to coincide with the initial term of the lease for the Salon Location. Once the Salon initially opens, the Salon must operate continuously throughout the Initial Term. The Initial Term shall not be reduced or otherwise diminished in length as a result of the term of FRANCHISEE's lease for the Salon expiring or being terminated prior to the end of the Initial Term. In the event FRANCHISEE's lease for the Salon Location shall, for any reason, be shorter in duration than the Initial Term, FRANCHISEE, at FRANCHISEE's sole expense, shall prior to expiration or termination of the lease (to prevent the Salons from being closed for any period), obtain a new Salon Location (subject to FRANCHISOR's acceptance of the new Salon Location) to which the Salon shall be relocated for the continued operation of the Salon for the balance of the Initial Term. Upon such relocation, FRANCHISOR and FRANCHISEE shall execute an amendment to this Agreement prepared by FRANCHISOR documenting the new Salon Location, a new Protected Area designated by FRANCHISOR and any extension of the Initial Term if the Salon was closed as a result of the relocation. For purposes of this Section, if the Initial Term of this Agreement is based on the opening date of the Salon, the opening date for the Salon in FRANCHISOR's records shall be used to determine the Initial Term of this Agreement. FRANCHISEE's failure to request renewal as specified in this Agreement shall be deemed a rejection of FRANCHISOR's offer of renewal.

At the end of the Initial Term, FRANCHISEE may request that FRANCHISOR renew for an additional period of 10 years, provided that FRANCHISEE is not in default of any of the terms and conditions of this Agreement; that FRANCHISEE is not in default of any agreement with any other person, company, partnership, or corporation in which FRANCHISOR is a party or guarantor; and that all accounts with FRANCHISOR are current. Such request to renew must be made in writing and received by FRANCHISOR at least 6 months prior to the end of the Initial Term.

If FRANCHISOR, in its sole discretion, agrees to renew, FRANCHISEE must:

1. Execute the FRANCHISOR's then-current form of the franchise agreement, which may have significantly different provisions including, without limitation, higher Weekly Fees than that contained in this Agreement;

2. Execute a general release, in a form prescribed by FRANCHISOR, of any and all claims, against FRANCHISOR, FSFC, NAF and RAF and their affiliates, and their respective officers, directors, agents and employees;
3. Pay to FRANCHISOR a non-refundable renewal fee equal to 25% of the then-current Initial Franchise Fee, without regard to any multiple-unit discount, in addition to paying any and all other fees so required by FRANCHISOR; and
4. Make such capital expenditures that reasonably may be required by FRANCHISOR to remodel, paint, update, purchase equipment and modernize the Salon premises, signs, or equipment to conform to the then-current image of the System at the time of the execution of the renewal of this Agreement, as defined in the Manuals or otherwise.

Should FRANCHISOR refuse to renew this Agreement, any promissory note executed by FRANCHISEE in favor of FRANCHISOR immediately becomes due and payable in full and FRANCHISEE shall abide by the responsibilities of FRANCHISEE as set forth in Section 12.d.

15. FRANCHISEE'S RESPONSIBILITY TO SUCCEED.

FRANCHISEE acknowledges that all shareholders, owners, Guarantor(s), principals, members and/or partners of FRANCHISEE have read this Agreement and the franchise disclosure document and that they understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain FRANCHISOR's and FSFC's high standards of quality and service and the uniformity of those standards at all Fantastic Sams Salons and thereby to protect and preserve the goodwill of the System and the Marks. FRANCHISEE acknowledges that all principals of FRANCHISEE have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks, and that the success of the venture is largely dependent upon their business abilities. FRANCHISOR expressly disclaims the making of, and FRANCHISEE acknowledges that all shareholders, owners, Guarantor(s), principals, members and/or partners of FRANCHISEE have not received or relied upon any guaranty, express or implied, as to the revenues, profits, or success of the business venture contemplated by this Agreement. FRANCHISEE acknowledges that all shareholders, owners, Guarantor(s), principals, members and/or partners of FRANCHISEE have not received or relied on any representations by FSFC, FRANCHISOR or its officers, directors, employees, or agents that are contrary to the statements made in the franchise disclosure document or to the terms herein. FRANCHISEE acknowledges that, in all dealings with FSFC, FRANCHISOR, and/or its officers, directors, employees or agents, FSFC's or FRANCHISOR's officers, directors, employees and agents acted only in a representative capacity and not in an individual capacity. FRANCHISEE acknowledges that this Agreement, and all business dealings between FRANCHISEE, any shareholders, owners, Guarantor(s), principals, members and/or partners of FRANCHISEE and such individuals as a result of this Agreement, is solely between FRANCHISEE and FRANCHISOR. FRANCHISEE further represents to FRANCHISOR, as an inducement to FRANCHISOR's entry into this Agreement, that all shareholders, owners, Guarantor(s), principals, members, and partners of FRANCHISEE made no misrepresentations in obtaining this franchise.

16. NAME.

FRANCHISEE shall operate under the trade name designated or approved by FRANCHISOR and shall use no other name in conducting its franchised business. The actual legal name of the proprietorship, partnership, corporation, or limited liability company constituting of FRANCHISEE, however, specifically shall not include, in any fashion, any of the Marks, including, without

limitation, the name “Fantastic Sams,” “Fantastic,” “Sams,” “Sam’s,” or “FS.” In addition, FRANCHISEE shall not include any of the Marks in email addresses, websites, or Social Media account names.

In all public records, in relationships with other persons, and on all printed material used, authorized, or distributed by FRANCHISEE or on FRANCHISEE’s behalf, (including, without limitation, all stationery, business cards, checks, receipt forms, advertising and other printed materials), FRANCHISEE shall indicate the Salon is independently owned and operated by FRANCHISEE and FRANCHISEE is a FRANCHISE of FRANCHISOR. FRANCHISEE further shall display notices to this effect in the Salon Location and at its entrances, in the form and manner directed by FRANCHISOR. FRANCHISEE shall not make any reference to FRANCHISOR and/or the Marks on FRANCHISEE’s employment and H.R. documents, including but not limited to applications, pay stubs, payment notices, employment agreements, correspondence with FRANCHISEE’s employees, etc.

FRANCHISEE shall erect or install such signs as may be recommended by FRANCHISOR. All signs used by FRANCHISEE, however, in conducting its franchised business shall conform to the specifications of FRANCHISOR as to artwork, lettering, colors, size, construction and overall appearance and shall be approved in advance by FRANCHISOR.

17. **MISCELLANEOUS.**

- a. **Severability.** If any article, section, part, term, sentence, or provision of this Agreement (including, without limitation, each of the separate parts of Section 12.d) is determined to be invalid for whatever reason, all of the remaining articles, sections, parts, terms, sentences, and provisions of this Agreement will remain in full force and effect as if the invalid item were deemed not to be a part of this Agreement.
- b. **Conflicting Law.** Should any provision of this Agreement be in conflict with local, state, or federal law or regulation, the local, state, or federal law or regulation shall control and take precedence over any provisions of this Agreement. However, notwithstanding any state law to the contrary, the parties agree to arbitrate any controversy or claim regarding this Agreement as set forth in Section 13.
- c. **Venue and Jurisdiction.** All mediation and/or arbitration hearings, litigation, lawsuits, proceedings, and other actions initiated by either party against the other party will be conducted exclusively in Jefferson County, Kentucky. The FRANCHISEE acknowledges that the FRANCHISEE and its officers, directors and employees have had substantial business and personal contacts with FRANCHISOR in Louisville, Kentucky. Consequently, FRANCHISEE, and each of its officers, directors and shareholders, and the personal Guarantor(s): (i) submit to personal jurisdiction in the Commonwealth of Kentucky for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement or the Protected Area; (ii) stipulate that any such mediation and/or arbitration hearings, litigation, suits, proceedings, hearings or other actions will be exclusively venued and held in Kentucky; and (iii) waive any rights to contest venue and jurisdiction in Jefferson County, Kentucky, and any claims that such venue and jurisdiction is invalid.
- d. **Entire Agreement.** This Agreement and all exhibits to this agreement constitute the entire and complete agreement between the parties and supersedes any and all other prior negotiations or contemporaneous agreements, understandings, representations, and agreements. Nothing in this

or in any related agreement, however, is intended to disclaim the representations FRANCHISOR made in the Franchise Disclosure Document furnished to FRANCHISEE.

FRANCHISEE acknowledges that it is entering into this Agreement as a result of its own independent investigation of FRANCHISOR's licensed business and not as a result of any representation about FRANCHISOR by FRANCHISOR's shareholders, officers, directors, employees, agents, representatives, independent contractors or franchisees that are contrary to the terms set forth in this Agreement or in any disclosure document, prospectus or similar document required or permitted to be given to FRANCHISEE pursuant to applicable law.

- e. **Amendments.** This Agreement may be modified, changed, or amended only by written agreement signed by both parties. Notwithstanding this Section, FRANCHISOR may unilaterally modify, revise, and update the Manuals or other materials concerning the System, in any manner not inconsistent with this Agreement.
- f. **Cost of Enforcing.** In the event it becomes necessary for either party to institute any action or proceeding to secure or protect such party's rights under this Agreement, the successful party shall be entitled to recover in any judgment its attorneys' fees, together with court costs, and any and all filing fees and litigation expenses.

In any action or proceeding to restrain or enjoin others from infringing upon the rights of FRANCHISOR, it is agreed that FRANCHISOR may select a legal counsel to be retained and may have the right to control any action or proceeding. However, in any action or other proceeding brought by FRANCHISEE against a franchisee/licensee or former franchisee/licensee, FRANCHISEE shall have the right to control such litigation or proceeding and shall pay all legal fees and other expenses incident thereto.

- g. **Waivers.** Either party may waive any covenant or condition to be performed by the other party only by executing a written agreement to that effect. Further, any waiver by either party of any default or breach or series of defaults or breaches in performance of any of the terms, provisions, covenants, or conditions of this Agreement to be performed by the other party shall not constitute a waiver of any other breach, default of waiver of any terms, provisions, covenants, or conditions to be performed by the other party.
- h. **Approval or Consent of FRANCHISOR.** In any section of this Agreement in which approval or consent of FRANCHISOR is required; FRANCHISOR may withhold such at its sole discretion.
- i. **Successors and Assigns.** This Agreement shall inure to the benefit of any permitted successor or assign of either of the parties. Any assignee or successor in interest to the FRANCHISEE or FRANCHISOR shall assume all of the rights, duties, privileges and responsibilities of the FRANCHISEE or FRANCHISOR in this Agreement. FRANCHISEE further acknowledges and agrees that any restrictions and limitations on transfer will apply to members of FRANCHISEE's immediate family and to any stockholders, members, partners, officers, directors, agents, subsidiaries, and affiliates of FRANCHISEE, if a corporation, partnership, or limited liability company, as to their respective interests in FRANCHISES.
- j. **Notice.** Any and all notices required or permitted under this agreement shall be in writing and forwarded to FRANCHISOR at its principal place of business at 1804 Cargo Ct, Louisville, Kentucky 40299, or to such other address as FRANCHISOR may advise FRANCHISEE in writing, and to the FRANCHISEE at the Salon or the Address for Franchisee on the first page of

this Agreement. Notices shall be deemed to have been received as follows: by personal delivery or telecopier -- at the time of delivery; by overnight delivery service -- on the next business day following the date on which the Notice was given to the overnight delivery service; and certified mail -- 3 days after the date of mailing, and all notices required by this Agreement, including those related to requests, acts or omissions of the Guarantor(s), will be effective when delivered to FRANCHISEE. In the event that FRANCHISEE is an LLC, FRANCHISEE acknowledges and agrees that notice to any one member of the LLC, as designated in Section 19.c. of this Agreement or by other means deemed sufficient by FRANCHISOR, shall be considered sufficient notice to FRANCHISEE under this Agreement. FRANCHISEE alone is liable for forwarding any notices to its officers, directors, employees, shareholders, owners, Guarantor(s), principals, members and/or partners.

- k. Governing Law.** ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE COMMONWEALTH OF KENTUCKY, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES; PROVIDED, HOWEVER, (1) ANY KENTUCKY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR/FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION AND (2) THE LAWS OF THE STATE IN WHICH THE SALON IS LOCATED SHALL APPLY TO THE CONSTRUCTION AND ENFORCEMENT OF THE OBLIGATIONS SET FORTH IN SECTIONS 11, 12.d.9 AND 12.d.10 HEREOF, WITHOUT REGARD TO ITS CONFLICTS OF LAWS.
- l. Waiver of Punitive and Exemplary Damages and Jury Trial.** EXCEPT FOR FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR AND FSFC FOR THIRD PARTY CLAIMS UNDER SECTION 5.q., AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.
- m. Reservation of Rights.** Unless specified otherwise in Section 1 of this Agreement, FRANCHISEE does not have any protected or exclusive rights under this Agreement. FRANCHISOR reserves all rights that it does not expressly grant to FRANCHISEE in this Agreement.
- n. General Release.** In consideration of FRANCHISOR's agreement to enter into this Agreement, FRANCHISEE, for itself (and if FRANCHISEE is an entity, FRANCHISEE's directors, officers, owners, shareholders, partners, members, representatives, employees, agents and attorneys) and for each of its affiliates, and such affiliates' directors, officers, owners, shareholder, partners, members, representatives, employees, agents and attorneys, together with the predecessors, successors, heirs and assigns of each of the forgoing

(individually, collectively, and in any combination, the “Releasing Parties”), release and forever discharge FRANCHISOR and its parents, subsidiaries, and affiliates and the respective directors, officers, owners, shareholders, partners, members, representatives, employees, agents, contractors, predecessors, successors, heirs and assigns of each of the foregoing (in their corporate and individual capacities) (collectively, the “Released Parties”) of and from all manner of actions, causes of action, suits, debts, dues, sums of money, accountings, reckonings, bonds, bills, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty, or equity, that the Releasing Parties ever had, now have, or that the Releasing Parties hereafter can or may have for, on or by reason of any matter, cause or thing whatsoever, arising prior to and including the Effective Date.

- o. Force Majeure.** Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: *(i)* acts of nature; *(ii)* acts of war, terrorism, or insurrection; *(iii)* strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or *(iv)* FRANCHISOR’S inability (and that of its affiliates and/or suppliers) to manufacture, purchase, and/or cause delivery of any products used in the operation of the Salon.

18. GUARANTY PROVISION.

As an inducement to FRANCHISOR to enter this Agreement between FRANCHISOR and FRANCHISEE, the undersigned guarantor(s) (“Guarantor(s)”), jointly and severally, hereby unconditionally guaranty to FRANCHISOR and its successors and assigns that all of FRANCHISEE’s obligations under this Agreement, any amendments to this Agreement, and any renewal of the rights under this Agreement, will be punctually paid and performed. Upon demand by FRANCHISOR, Guarantor(s) will immediately make each contribution or payment required of FRANCHISEE under this Agreement. Guarantor(s) waives any right to require FRANCHISOR to: (a) proceed against FRANCHISEE for any contribution or payment required under this Agreement; (b) proceed against or exhaust any security from FRANCHISEE; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against FRANCHISEE. Without affecting the obligations of Guarantor(s) under this guaranty provision, FRANCHISOR may, without notice to Guarantor(s), extend, modify, or release any indebtedness or obligation of FRANCHISEE, or settle, adjust, or compromise any claims against FRANCHISEE. Guarantor(s) waives notice of amendment of this Agreement and notice of demand for contribution or payment by FRANCHISEE and agrees to be bound by any and all such amendments and changes to this Agreement.

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

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

19. ADDITIONAL REPRESENTATIONS OF FRANCHISEE.

- a. FRANCHISEE is a _____
(sole proprietor/general partnership/corporation/LLC/LLP).
- b. If a corporation, LLC or LLP, FRANCHISEE is organized under the laws of the State of _____.
- c. If FRANCHISEE is a corporation, LLC or LLP, the following is a list of the names and addresses of each shareholder, officer, partner, or member who is involved in the franchised business with their percentage of ownership and position held in the business entity:

Name	Address	Percent Ownership
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Any change in the above structure shall be deemed a transfer subject to Section 10.

- d. FRANCHISEE HEREBY CERTIFIES THAT THE FOLLOWING INFORMATION AND DATES ARE TRUE AND CORRECT, AND THE UNDERSIGNED UNDERSTANDS THAT FRANCHISOR IS RELYING ON THESE STATEMENTS IN CONSIDERATION OF ENTERING INTO THIS AGREEMENT.

_____	The date on which FRANCHISEE received a Franchise Disclosure Document ("Disclosure Document") with all exhibits.
_____	The date FRANCHISEE received a completed copy (except signatures) of this Agreement that was later signed.
_____	The date on which FRANCHISEE signed this Agreement.
_____	The date on which FRANCHISEE delivered any deposit, down payment, purchase price, etc., in the form of cash, check, or other consideration to a representative of FRANCHISOR.

- e. FRANCHISEE HEREBY ACKNOWLEDGES HAVING RECEIVED A DISCLOSURE DOCUMENT TOGETHER WITH FINANCIAL STATEMENTS AND CONTRACTS AT LEAST 14 CALENDAR DAYS PRIOR TO SIGNING THIS AGREEMENT AND/OR DELIVERY OF ANY DEPOSIT, DOWN PAYMENT, PURCHASE PRICE, ETC., IN THE FORM OF CASH, CHECK, OR OTHER CONSIDERATION TO THE REPRESENTATIVE OF FRANCHISOR.

- f. FRANCHISEE HEREBY CERTIFIES THAT IT HAS READ THIS AGREEMENT AND DISCLOSURE DOCUMENT AND UNDERSTANDS THE TERMS AND PROVISIONS THEREOF. FRANCHISEE CERTIFIES THAT THIS AGREEMENT IS ENTERED INTO FREE OF FRAUD, DURESS, OVERREACHING OR UNDUE INFLUENCE.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT (I) FRANCHISEE IS THE ONLY PARTY THAT EMPLOYS FRANCHISEE'S EMPLOYEES AND THAT FRANCHISOR NEITHER DICTATES NOR CONTROLS LABOR OR EMPLOYMENT MATTERS FOR FRANCHISEE AND ITS EMPLOYEES (EVEN THOUGH FRANCHISOR MAY PROVIDE FRANCHISEE WITH ADVICE, GUIDANCE, AND TRAINING FOR FRANCHISEE'S OPTIONAL USE, AND WHICH FRANCHISEE ALONE SHALL DETERMINE TO WHAT EXTENT, IF ANY, ANY SUCH ADVICE, GUIDANCE, AND TRAINING MIGHT APPLY TO ITS SALON OPERATIONS); (II) FRANCHISOR IS NOT THE EMPLOYER OF ANY OF FRANCHISEE'S EMPLOYEES, AND FRANCHISOR WILL NOT PLAY ANY ROLE IN DECISIONS REGARDING THEIR EMPLOYMENT (INCLUDING BUT NOT LIMITED TO MATTERS SUCH AS RECRUITMENT, HIRING, COMPENSATION, SCHEDULING, EMPLOYEE RELATIONS, LABOR MATTERS, REVIEW, DISCIPLINE, AND/OR DISMISSAL); (III) THE GUIDANCE THAT FRANCHISOR PROVIDES AND REQUIREMENTS UNDER WHICH FRANCHISEE WILL OPERATE ARE INTENDED TO PROMOTE AND PROTECT THE VALUE OF THE BRAND AND THE MARKS; (IV) WHEN FORMING AND IN OPERATING THE SALON, FRANCHISEE HAD TO ADOPT STANDARDS TO OPERATE THE SALON, AND THAT INSTEAD OF DEVELOPING AND IMPLEMENTING FRANCHISEE'S OWN STANDARDS (OR THOSE OF ANOTHER PARTY), FRANCHISEE CHOSE TO ADOPT AND IMPLEMENT FRANCHISOR'S STANDARDS FOR THE SALON (INCLUDING BUT NOT LIMITED TO OUR SYSTEM AND THE REQUIREMENTS UNDER THIS AGREEMENT); AND (V) FRANCHISEE HAS MADE (AND WILL REMAIN RESPONSIBLE AT ALL TIMES FOR) ALL OF THE ORGANIZATIONAL AND BASIC DECISIONS ABOUT ESTABLISHING AND FORMING FRANCHISEE'S ENTITY, OPERATING THE SALONS, AND HIRING EMPLOYEES AND EMPLOYMENT MATTERS, ENGAGING PROFESSIONAL ADVISORS, AND ALL OTHER FACETS OF FRANCHISEE'S OPERATION.

(SIGNATURES ON FOLLOWING PAGE)

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

FRANCHISEE:

(Print FRANCHISEE's Complete Individual or Entity Name)

By: _____
Name: _____
Title: _____

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

X _____
_____, individually

X _____
_____, individually

FRANCHISOR:
YELLOWWOOD FRANCHISE SERVICES, INC.

ACCEPTED:
FANTASTIC SAMS FRANCHISE CORPORATION

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Exhibit B-2 to FDD

Indiana Addendum to Franchise Agreement

YELLOWWOOD FRANCHISE SERVICES, INC.

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

This Indiana Addendum to Franchise Agreement (the "Addendum") to that certain Franchise Agreement (the "Agreement") by and between Yellowwood Franchise Services, Inc. (the "FRANCHISOR"), and _____ (the "FRANCHISEE"), amends the Agreement as follows:

1. In the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall govern.
2. Notwithstanding the provisions of Section 10.a(4) of the Agreement, general releases are not enforceable in Indiana pursuant to Indiana Code 23-2-2.7-1(5).
3. Notwithstanding the provisions of Section 12.d(8&9) of the Agreement, Indiana Code Section 23-2-2.7-1(9) requires that post termination non-competition covenants be limited to within a reasonable distance, not to exceed the Exclusive Area, from your Salon Location.
4. Notwithstanding the provisions of Section 13, any controversy or claim arising out of or relating to the Agreement may be brought in Indiana.
5. Notwithstanding the provisions of Section 13, Indiana law may not permit the waiver of a right to a jury trial.
6. The arbitration provisions of Section 13 may not be enforceable under Indiana law.
7. Notwithstanding the provisions of Section 14 of the Agreement, general releases are not enforceable in Indiana pursuant to Indiana Code 23-2-2.7-1(5).
8. Notwithstanding the provisions of Section 17.c of the Agreement, venue for mediation, arbitration, litigation and other similar proceedings shall be proper only in Indiana.
9. Notwithstanding the provisions of the Agreement, FRANCHISEE will have up to two (2) years to bring an action against FRANCHISOR for a violation of the Indiana Deceptive Franchise Practices Act, and up to three (3) years for the date of discovery to bring an action against FRANCHISOR for a violation of the Indiana Franchise Disclosure Law.
10. Notwithstanding the provisions of the Agreement, any release executed by FRANCHISEE pursuant to Sections 10.a (4) and 14 will not relieve FRANCHISOR of any liability under the Indiana Franchise Act (IC 23-2-2.5) or the Indiana Deceptive Franchise Practices Act (IC 23-2-2.7).
11. Notwithstanding the provisions of the Agreement, the geographical limitation contained in Section 2.a will be limited to within the Exclusive Area.
12. Notwithstanding the provisions of the Agreement, Section 13 of the Agreement is hereby amended to provide that a court of competent jurisdiction will determine whether FRANCHISEE will be required to pay attorneys fees, costs, and expenses incurred by FRANCHISOR to enforce the terms, conditions, and provisions of the Agreement or to enjoin a violation of this Agreement by FRANCHISEE.
13. Notwithstanding the provisions of the Agreement, a court of competent jurisdiction will determine whether damages alone can adequately compensate FRANCHISOR if there is a violation of

Section 12.d(9) by FRANCHISEE, and whether FRANCHISOR will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceedings, commenced by FRANCHISOR against FRANCHISEE for a violation of Section 12.d(9).

14. The indemnification provisions contained in Sections 5.p and 9 of the Agreement may be unenforceable under Indiana Law.

15. The litigation expense recovery provision contained in Section 17.f of the Agreement may be unenforceable under Indiana Law.

16. FRANCHISEE does not, by signing the Agreement, waive its rights under Indiana Law with respect to any representation made by FRANCHISOR prior to the date of the Agreement.

17. An assessment of fees in excess of 5% of your gross revenues by a council of other FRANCHISEES pursuant to Section 5.i may not be enforceable under Indiana Law.

IN WITNESS WHEREOF, the parties have hereunto executed this Indiana Addendum to Salon Franchise Agreement the day and year first above written.

FRANCHISEE:

GUARANTOR(S):

(Complete Individual or Entity Name)

Print Name: _____

(Signature of Sole Proprietor or Entity Officer)

Print Name: _____

(Title)

Print Name: _____

FRANCHISOR:

YELLOWWOOD FRANCHISE SERVICES, INC.

By: _____

Title:

Accepted: FANTASTIC SAMS FRANCHISE CORPORATION

By: _____

Title: _____

Date: _____

YELLOWWOOD FRANCHISE SERVICES, INC.

EXPANDED RETAIL PROGRAM ADDENDUM

This Expanded Retail Program Addendum (the "Addendum") modifies and amends each Franchise Agreement identified in Section 14 below (each such Franchise Agreement being the "Agreement"), between Yellowwood Franchise Services, Inc., a Kentucky corporation, or its predecessor-in-interest (the "FRANCHISOR") and _____ (the "FRANCHISEE"), and modifies and amends any future Franchise Agreement between FRANCHISOR and FRANCHISEE. FRANCHISOR and FRANCHISEE mutually acknowledge and agree as follows:

1. Under the Agreement, FRANCHISEE is licensed to operate one or more "Fantastic Sams" hair care salons (the "Salon") pursuant to the "Fantastic Sams" system. FRANCHISEE is also authorized to sell at retail certain approved hair care, beauty, and sundry products at the Salon (the "Approved Product Lines"), a complete list of which is set forth in the "Fantastic Sams" operating manuals. The purpose of this Addendum is to formalize a program to implement services from FRANCHISOR to assist FRANCHISEE in offering a new and expanded array of hair care, beauty, and sundry products (the "Expanded Retail Program") for retail sale at the Salon. The Expanded Retail Program is offered to existing FRANCHISEES who are in good standing with the regional warehouse.

2. FRANCHISOR hereby grants to FRANCHISEE the right to participate in the Expanded Retail Program at the Salon in strict accordance with program policies, standards and procedures established by the FRANCHISOR. FRANCHISEE acknowledges that from time to time, FRANCHISOR will establish and approve such policies, standards and procedures as the Expanded Retail Program develops and will provide these to FRANCHISEE in the form of an Expanded Retail Program Manual (the "Manual"). FRANCHISEE agrees to comply with the product lists, display standards, collateral materials descriptions, sources of supply and service standards as they may exist from time to time, as set forth in the then-current form of the Manual.

3. FRANCHISEE also agrees (a) to offer, display, merchandise and sell from the Salons only those products that have been approved by FRANCHISOR to be part of the Expanded Retail Program, (b) to maintain a minimum of Four Thousand and No/100 Dollars (\$4,000.00) in retail inventory per Salon, (c) to hire or designate an employee as a "Salon Coordinator" as set forth in the Manual, and (d) to use those collateral materials and merchandising displays as have been approved by FRANCHISOR in accordance with the standards set forth in the Manual.

4. The Expanded Retail Program, including the Approved Product List, shall be subject to revision from time to time by FRANCHISOR in its reasonable discretion to address changing market conditions, competitive challenges, and consumer trends; provided, however that no product shall be deleted from the Expanded Retail Program unless FRANCHISEE is first given not less than ninety (90) days' written notice and thereafter given reasonable time in which to liquidate existing stocks of discontinued items. FRANCHISEE acknowledges and agrees that "Fantastic Sams" branded products will be positioned as described in the Manual.

5. FRANCHISEE acknowledges and agrees that the success of the Expanded Retail Program requires FRANCHISEE's strict adherence to the anti-diversion requirements of the Expanded

Retail Program, and that the diversion of any product obtained through the Expanded Retail Program causes serious and irreparable damage to the business relations and reputation of the manufacturer of such diverted product. FRANCHISEE agrees that all products on the Approved Product List that are purchased by FRANCHISEE shall only be sold to FRANCHISEE's retail customers, shall not be sold in bulk, and shall not be sold to any diverter, middle-man, distributor, or reseller. Failure of FRANCHISEE to comply with this Section 5 shall be a material breach of this Addendum and shall entitle FRANCHISOR to terminate this Addendum immediately. FRANCHISEE further agrees that the following provisions shall survive the termination of this Addendum: (a) if FRANCHISEE violates any of the foregoing provisions of this Section 5, the manufacturer of any product diverted by FRANCHISEE shall be entitled to seek and obtain an injunction in any court of competent jurisdiction against FRANCHISEE prohibiting such diversion, and FRANCHISEE shall pay to such manufacturer in damages a sum equal to the full retail price normally charged by FRANCHISEE for any products sold in violation of this Section 5; and (b) FRANCHISEE shall pay as damages whatever costs are incurred by such manufacturer in recovering any such diverted product. For these limited purposes, the manufacturers of products sold to FRANCHISEE under the Expanded Retail Program shall be considered third-party beneficiaries of this Addendum.

6. FRANCHISEE acknowledges and agrees that the right to participate in the Expanded Retail Program relates to retail sales only and does not apply to products used or dispensed in connection with hair care services provided at the Salon. As required by the Agreement, for "back bar" purposes and for dispensing at styling stations in the Salon, FRANCHISEE shall use only "Fantastic Sams" branded products (or other approved products when there is nothing reasonably comparable in the "Fantastic Sams" line of branded products and when such additional products are necessary for the service being performed).

7. Provided that FRANCHISEE is in full compliance with all of the terms, covenants and conditions of this Addendum and that FRANCHISEE is in good standing under the Agreement, FRANCHISOR agrees to provide certain services to FRANCHISEE as set forth in the Manual and to offer and sell to FRANCHISEE the products listed on the Approved Product List. If FRANCHISEE is not in compliance with this Addendum or has ceased to be in good standing under the Agreement, FRANCHISOR may require FRANCHISEE to cure any such breach prior to providing such services and prior to the offer or sale to FRANCHISEE of any products listed on the Approved Product List. In order to receive the services provided by FRANCHISOR under the Expanded Retail Program, FRANCHISEE agrees to purchase the products listed on the Approved Product List solely from the FRANCHISOR's regional warehouse; provided, however, that if FRANCHISOR's regional warehouse is not able to supply such product on a timely basis (no more than seven (7) days after FRANCHISEE's request to FRANCHISOR), then FRANCHISEE shall be permitted to purchase such product from FRANCHISEE's alternate vendor until such time as FRANCHISOR's regional warehouse offers such product to participants of the Expanded Retail Program.

8. FRANCHISEE acknowledges the importance of accurate product sales information for the development of the Expanded Retail Program. FRANCHISEE agrees to submit to FRANCHISOR the weekly product sales of the Salon on a monthly basis and any other information related to retail product sales, as reasonably requested by FRANCHISOR. In the event that FRANCHISEE fails to provide FRANCHISOR with any such monthly report of weekly product sales, FRANCHISEE shall not be entitled to product discounts and services until all past due reports have been submitted to FRANCHISOR.

9. As part of the Expanded Retail Program, FRANCHISOR will be providing certain

merchandising, education, and inventory control services to FRANCHISEE. FRANCHISEE agrees that FRANCHISOR's employee or representative shall have the right to enter each Salon every four to six weeks, to review inventory levels and merchandising and sales procedures and materials, and to provide at reasonable times FRANCHISOR's recommendations and training to FRANCHISEE's managers and staff members at the Salon.

10. FRANCHISEE, in its sole discretion, shall establish the prices for hair care services provided and hair care products sold at the Salon.

11. FRANCHISEE agrees to release FRANCHISOR, and their respective directors, officers, employees, and agents from any and all claims that FRANCHISEE has or may have with respect to FRANCHISEE's relationship with FRANCHISOR from the beginning of the world to the date of this Addendum, including, without limitation, any and all claims related to FRANCHISEE's purchase and acquisition of the "Fantastic Sams" license, and the performance of FRANCHISOR under the Agreement.

12. This Addendum shall continue throughout the term of the Agreement, provided, however, that either party shall have the right to cancel this Addendum at any time and to terminate FRANCHISEE's participation in the Expanded Retail Program by giving the other party ninety (90) days written notice of its intent to cancel this Addendum. Upon the cancellation of this Addendum, FRANCHISEE shall no longer be entitled to the services and benefits of the Expanded Retail Program.

13. All defined terms in the Agreement shall have the same meaning and effect in this Addendum, except as specifically provided otherwise herein. Breach of this Addendum shall not constitute a breach of the Agreement. Except to the extent modified, amended or superseded by this Addendum, all of the terms of the Agreement shall remain in full force and effect. If there shall be any conflict between this Addendum and the Agreement, this Addendum shall control.

14. This Addendum applies to all of FRANCHISEE's Salons and Agreements, which are identified below, and to all future Salons and Agreements between FRANCHISEE and FRANCHISOR, if any:

Agreement No.	Salon Location

IN WITNESS WHEREOF, the parties have hereunto executed this Expanded Retail Program Addendum to Franchise Agreement as of _____, _____.

FRANCHISOR:

YELLOWWOOD FRANCHISE SERVICES, INC.

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

EXHIBIT B-4

LOCATION ADDENDUM

**LOCATION ADDENDUM TO
FANTASTIC SAMS FRANCHISE AGREEMENT**

This **LOCATION ADDENDUM TO FANTASTIC SAMS LICENSE/FRANCHISE AGREEMENT** (the "Addendum") is entered into this _____ day of _____, 20____ (the "Effective Date") by and between _____, a _____ corporation/limited liability company, and _____, and _____ as individual guarantor(s) (jointly and severally, the "FRANCHISEE") and YELLOWWOOD FRANCHISE SERVICES, INC., a Kentucky corporation with its place of business at 1804 Cargo Ct, Louisville, KY 40299 (the "FRANCHISOR," together with "FRANCHISEE", the "Parties").

WITNESSETH:

WHEREAS, FRANCHISEE and FRANCHISOR (as successor-in-interest to _____) are parties to a salon franchise agreement, as amended, dated _____ (the "Franchise Agreement"), under which FRANCHISEE was granted a non-exclusive license to open and operate the Salon; and

WHEREAS, the Parties desire to document in this Addendum certain information related to the Salon.

NOW, THEREFORE, in consideration of the recitals and mutual covenants set forth herein, and in consideration of the approval by FRANCHISOR of this Addendum and the transactions anticipated hereunder, the Parties agree as follows:

1. **Definitions.** Capitalized terms used but not otherwise defined in this Addendum shall have the same meanings as set forth in the Franchise Agreement.

2. **Amendment(s) to Franchise Agreement.**

- a. **Salon Location.** FRANCHISOR is accepting _____ the Salon Location and all references in the Franchise Agreement to the Salon Location shall be to such address.

[USE ONE OF THE BELOW IF THE LOCATION CHANGE IS THE RESULT OF A RELOCATION OR CHANGE FROM TBD TO A LOCATION. IF THE SITUATION IS A MOVE OR THE TERM IS OTHERWISE NOT AFFECTED – DELETE.]

- b. **Term.** The first sentence of Section 14 of the Franchise Agreement shall be deleted in its entirety and replaced with the following:

"This Agreement, unless terminated for any reason, shall continue in full force and effect until _____ (the "Initial Term")."

OR

Term. The following shall be inserted at the end of Section 14 of the Franchise Agreement:

"For purposes of this Section 14, the opening date of the Salon is _____."

3. **Effect of Addendum.** This Addendum is entered into as a result of FRANCHISEE's voluntary participation and shall be attached to, incorporated in, and become a part of the Franchise Agreement. The terms and conditions stated in this Addendum, to the extent they are inconsistent with the terms and conditions stated in the Franchise Agreement, shall prevail over the terms of the Franchise Agreement. In all other respects, the terms of the Franchise Agreement are ratified and confirmed.

4. **Counterparts.** This Addendum may be executed in one or more counterparts, each of which will be deemed original, but all of which taken together shall constitute one and same instrument. Signatures transmitted via fax or scanned and e-mailed shall be given the same force and effect as originals.

IN WITNESS WHEREOF, the Parties have hereunto executed this Addendum as of the Effective Date.

FRANCHISEE:

(Print FRANCHISEE'S Complete Individual or Entity Name)

By:_____

Name:_____

Title:_____

GUARANTOR(S):

_____, individually

_____, individually

_____, individually

_____, individually

FRANCHISOR:

Yellowwood Franchise Services, Inc.

By:_____

Name:_____

Title: _____

FRANCHISE CORP:

Fantastic Sams Franchise Corporation

By:_____

Name:_____

Title: _____

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

FANTASTIC SAM'S
CUT & COLOR

**YELLOWWOOD FRANCHISE SERVICES, INC.
MULTI-UNIT DEVELOPMENT AGREEMENT**

INDEX

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
1.	GRANT OF DEVELOPMENT RIGHTS.....	2
2.	RIGHTS IN DEVELOPMENT AREA.	2
3.	FEES.	3
4.	DEVELOPMENT SCHEDULE.	4
5.	DEVELOPER'S OTHER OBLIGATIONS.	6
6.	INDEPENDENT CONTRACTORS.	7
7.	ASSIGNMENT OF AGREEMENT.	8
8.	COVENANTS OF DEVELOPER DURING TERM.	9
9.	TERMINATION.....	10
10.	MEDIATION AND ARBITRATION.....	13
11.	TERM.....	15

12.	DEVELOPER'S RESPONSIBILITY TO SUCCEED.....	15
13.	MISCELLANEOUS.....	15
14.	GUARANTY.....	18
15.	ADDITIONAL REPRESENTATIONS OF DEVELOPER.....	19

YELLOWWOOD FRANCHISE SERVICES, INC.
MULTI-UNIT DEVELOPMENT AGREEMENT

Name of Developer: _____

Developer's Residence or Principal Place of Business:

_____ (“Address for Developer”)

Development Fee: \$ _____

Number of Salons to be developed: _____

This Multi-Unit Development Agreement (this “Agreement”) is made and entered into this ____ day of _____, 20__ (the “Effective Date”), by and between Yellowwood Franchise Services, Inc, a Kentucky corporation (“FRANCHISOR”) and _____ (“Developer”).

RECITALS

WHEREAS, Fantastic Sams Franchise Corporation ("FSFC"), has developed a family haircare system (“System”) for family haircare salons (“Fantastic Sams Salons”) that currently includes, but is not limited to: (i) common use and promotion of the name “Fantastic Sams” and other tradenames, trademarks, service marks, logos, slogans, trade dress, and domain names that FSFC may periodically develop and designate for use within the System (the “Marks”), (ii) educational and training programs, (iii) advertising and marketing plans, (iv) standard policies, procedures, and techniques for operating a Fantastic Sams Salon, (v) architectural drawings, plans, designs and layouts; and (vi) Confidential Information (defined in Section 5.n. below);

WHEREAS, FSFC has granted FRANCHISOR the right to grant others the right to own and operate Fantastic Sams Salons in Indiana, Kentucky, Montana, Ohio, Pennsylvania, West Virginia, and Wyoming.

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

WHEREAS, Developer is desirous of obtaining the non-exclusive right to utilize and benefit from the use of the System and the Marks in the Development Area;

WHEREAS, Developer desires to develop, own and operate Fantastic Sams Salons in the Development Area (“Salons”) at specific locations to be agreed to by FRANCHISOR and Developer, and in conformity with the System and FRANCHISOR's uniform requirements and quality standards as established and promulgated from time to time by FRANCHISOR;

WHEREAS, Developer represents that it is not obtaining this Agreement or any franchise for a speculative or investment purpose and has no present intention to sell or transfer this Agreement or any franchise or licensed business in whole or in part;

WHEREAS, Developer understands and acknowledges the importance of the high and uniform standards of quality, cleanliness, convenience, service and value imposed by FRANCHISOR, in order to maintain the value of the Marks, and the necessity of operating the business of Developer in compliance with the standards of FRANCHISOR; and

WHEREAS, Developer has had a full and adequate opportunity to read and review this Agreement and to be thoroughly advised of the terms and conditions of this Agreement by an attorney or other personal representative and has had sufficient time to evaluate and investigate the System, the financial requirements and the risks associated with the System and Developer's financial and development obligations under this Agreement.

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

1. GRANT OF DEVELOPMENT RIGHTS.

- a. Non-Exclusive Development. Subject to the provisions and conditions of this Agreement, FRANCHISOR grants to Developer, for the term of this Agreement, the non-exclusive right to enter into Franchise Agreements with FRANCHISOR ("Franchise Agreements") for the development and operation of Salons at locations within the Development Area which FRANCHISOR, in its sole discretion may, accept in writing.
- b. Limitation on Rights. The rights and privileges granted to Developer in this Agreement are expressly subject to the terms and conditions of this Agreement. Developer must own all ownership interests in all Salons developed pursuant to this Agreement and does not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement. Developer will not have the right to pledge, assign or transfer this Agreement or its rights under this Agreement, except as specifically provided for in this Agreement.

2. RIGHTS IN DEVELOPMENT AREA.

- a. Limited Rights. This Agreement does not grant any rights to Developer with respect to any existing Fantastic Sams Salons and does not grant Developer any exclusive rights to any territory or development area except as may be set forth, in writing, in the individual Franchise Agreements entered into by Developer and FRANCHISOR for Salons which may be developed by Developer hereunder.
- b. Non-Exclusive. Notwithstanding any other provision in this Agreement or in any Franchise Agreement, Developer acknowledges that all development rights shall be perpetually non-exclusive to Developer.
- c. Location of Salons. By granting Developer rights to develop certain Salons, FRANCHISOR is not promising that other Fantastic Sams Salons (including salons owned and/or operated by FRANCHISOR and its affiliates) will not be developed within the Development Area and/or draw customers or advertise for customers in the Development Area or the same trade area in

which Developer operates Salons.

- d. Reservation of Rights. FRANCHISOR reserves the absolute and unconditional right to grant franchises for, and to operate, Fantastic Sams Salons, and to otherwise use the System at sites in the Development Area and/or within the same trade area in which Developer operates Salons, even if such sites compete for customers of Developer.

3. FEES.

- a. Development Fee. In consideration for the development rights granted to Developer, Developer will, on the date this Agreement is executed by Developer, pay FRANCHISOR a nonrefundable “development fee” of \$_____ (“Development Fee”). Under all circumstances the Development Fee shall be deemed fully earned and nonrefundable in consideration of the administrative and other expenses incurred by FRANCHISOR in granting this Agreement and the Franchise Agreements contemplated hereunder, and for FRANCHISOR’s lost or deferred opportunities. The Development Fee shall be in lieu of the Initial Franchise Fee otherwise due under the Franchise Agreements for the Salons to be opened pursuant to the development schedule set forth in Section 4.a. Developer acknowledges that FRANCHISOR may debit the Development Fee from any account of Developer or its affiliates to which FRANCHISOR has access.
- b. Other Fees. During the term of each Franchise Agreement executed by the parties pursuant to this Agreement, the franchisee must pay all fees as required by the terms of such Franchise Agreement.

4.DEVELOPMENT SCHEDULE.

- a. Development Schedule. Developer acknowledges and agrees that a material provision of this Agreement is that the following number of Salons must be opened and continuously operated by Developer during the term of this Agreement in accordance with the following development schedule:

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

- b. Reasonableness of Development Schedule. Developer represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Salons, approves of the foregoing development schedule as being reasonable and viable, and recognizes that failure

to achieve the results described in the development schedule shall constitute a material breach of this Agreement on the basis of which FRANCHISOR will have the right to terminate this Agreement as provided herein.

- c. Closing of Salon Location; Termination of Franchise Agreement. If Developer closes any of its Salons and fails within 30 days to re-open at the same or a new location approved by FRANCHISOR in writing, or if any Franchise Agreement between Developer and FRANCHISOR terminates or expires for any reason, then the affected Salon will not count as an operational Salon for purposes of complying with the development schedule or provisions of this Agreement.
- d. Failure to Comply with Development Schedule. If Developer fails to comply with the development schedule, FRANCHISOR may give Developer notice of breach of this Agreement for failure to open and/or continuously operate the number of Salons required by the development schedule, and any such notice shall place Developer in default. Thereafter, Developer shall have 30 days in which to submit to FRANCHISOR, in writing, any materials, information, documents or other data Developer believes should be considered by FRANCHISOR in determining whether to terminate this Agreement for failure to comply with the development schedule. FRANCHISOR will review the submissions from Developer and consider any other information or data FRANCHISOR considers relevant or advisable. Within 30 days of receipt of the written submissions from Developer, FRANCHISOR will issue its decision whether to terminate this Agreement for failure to comply with the development schedule or to maintain this Agreement in a long-term probationary status for up to one year (the "Probationary Period"), during which time Developer may cure the default(s). In the event FRANCHISOR decides to terminate this Agreement, as opposed to granting a Probationary Period, it shall do so pursuant to Sections 9.c and 9.d herein. If, after any Probationary Period, Developer has failed to cure the default, FRANCHISOR may immediately terminate this Agreement.
- e. Effect on Individual Franchise Agreement. Termination of this Agreement as a result of Developer's failure to comply with the development schedule set forth above will not affect the individual Franchise Agreements executed by the parties for the Salons pursuant to this Agreement; however, upon termination of this Agreement, all rights to develop additional Salons and all other rights granted to Developer under this Agreement will immediately revert to FRANCHISOR, without affecting those obligations of Developer that continue beyond the termination of this Agreement.
- f. Termination for Failure to Comply with Development Schedule. If this Agreement is terminated by FRANCHISOR because of Developer's failure to comply with the development schedule set forth above: (1) Developer will have no further right to open or develop Salons; and (2) Developer will continue to pay the Weekly Fees and to operate the Salons pursuant to the terms of each Franchise Agreement signed by Developer prior to the date of the termination of this Agreement.
- g. Effect of Probationary Status. FRANCHISOR's decision to maintain this Agreement in Probationary Status will be provided to Developer in writing, setting forth the default(s) to be cured and the time period(s) set by FRANCHISOR in which such default(s) shall be cured, but in no event shall any time period be more than one year. Probationary Status will not affect the individual Franchise Agreements executed by the parties for the Salons pursuant to this Agreement. If

Developer fails to cure the default(s) required to be cured during the Probationary Status, then FRANCHISOR shall have the right to terminate this Agreement for failure to comply with the development schedule set forth above pursuant to Section 9.b herein.

5. DEVELOPER'S OTHER OBLIGATIONS.

- a. Execution of Franchise Agreements. For each Salon owned and developed by Developer under this Agreement, Developer (and, if applicable, Developer's shareholders, partners, members and/or Guarantor(s) (defined below)) must execute FRANCHISOR's then-current Franchise Agreement prior to opening the Salon for business. If Developer fails or refuses to execute a Franchise Agreement as required by the terms of this Agreement, it will be deemed a material breach of this Agreement, and FRANCHISOR will have the right to terminate this Agreement as provided herein.
- b. Compliance with Franchise Agreements. Developer will operate the Salons in strict compliance with all of the terms and conditions of the Franchise Agreements executed by Developer and FRANCHISOR.
- c. Modifications to Franchise Agreement. Developer acknowledges that FRANCHISOR's standard Franchise Agreement may be modified from time to time by FRANCHISOR and that any such modifications and amendments to the Franchise Agreement will not alter Developer's obligations under this Agreement.
- d. Non-Disclosure. Developer shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, knowledge, or know how concerning FRANCHISOR, the System and/or the marketing, management or operations of the Salon that may be communicated to Developer or of which Developer may be apprised by virtue of Developer's operation under the terms of this Agreement. Developer shall divulge such Confidential Information only to such of its employees, partners, officers, directors, or shareholders of Developer as must have access to it in order to operate the Salon and who have signed a confidentiality agreement. For purposes of this Agreement, "Confidential Information" means: (i) any and all information, knowledge, or know how relating to FRANCHISOR and/or the System which may be communicated to Developer, whether communicated in writing, orally, electronically, by inspection, or by sample, exhibit, training, demonstration or other means; and (ii) all Operations Manuals, (defined below), information and materials received by Developer from FRANCHISOR; provided, however, it shall not include information which Developer can demonstrate came to its attention prior to disclosure thereof by FRANCHISOR, or which, at or after the time of disclosure by FRANCHISOR to Developer, had become or later becomes part of the public domain through publication or communication by others. Confidential Information may include information relating to the development and operation of the System; proprietary information and trade secrets regarding the products and services sold under the System and providing services and products offer and sold under the System; advertising and marketing plans and materials for the System; information concerning the marketing, management and operation of Fantastic Sams Salons; information concerning FRANCHISOR; electronic communications posted on any intranet for the System; electronic mail distribution lists; and the Manuals. The foregoing list of Confidential Information is illustrative only and does not necessarily include all matters considered confidential by

FRANCHISOR. Developer hereby acknowledges that it has not developed or been engaged in any program or system similar to the System and that the System was unknown to Developer prior to the execution of Developer's first Franchise Agreement. FRANCHISOR shall have the right to obtain injunctive relief in the event of breach of this Section 5.f. by Developer, in addition to any and all other remedies and damages available to FRANCHISOR.

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

f. Protection of Marks. Developer shall insure that in any use whatsoever of the Marks, the Marks are identified on the document or in the material or program as being registered to or owned by FRANCHISOR or its affiliates. Developer acknowledges that FRANCHISOR or its affiliates is the exclusive owner of the Marks and all goodwill associated therewith, and any unauthorized use of the Marks is and shall be deemed an infringement of the rights of FRANCHISOR or its affiliates. Developer further agrees that it will not, during the term of this Agreement and after termination or expiration hereof for any reason whatsoever, dispute or contest, directly or indirectly, the validity, ownership, or enforceability of the Marks, nor directly or indirectly attempt to dilute the value of the goodwill attached to the Marks, nor counsel, procure or assist anyone else to do the same. Developer shall operate under the trade name designated or approved by FRANCHISOR and FSFC and shall use no other name in conducting its licensed business. The actual legal name of the proprietorship, partnership, corporation, or limited liability company constituting Developer, however, specifically shall not include, in any fashion, any of the Marks.

6. INDEPENDENT CONTRACTORS.

- a. Independence of Parties. Neither this Agreement, nor the contacts or negotiations that resulted in this Agreement, create a fiduciary relationship or other special relationship between FRANCHISOR and Developer. Developer agrees that it is an independent business person, and, as such, is an independent contractor throughout the term of this Agreement and is solely responsible for any and all obligations incurred by it. No agency, employment, or partnership is created or implied by the terms of this Agreement, and Developer is not and shall not hold itself out as FRANCHISOR (or FRANCHISOR's affiliates) agent, legal representative, partner, subsidiary, joint venture or employee. Further, the parties, their agents or employees have no right, power or

authority to bind or obligate the other. No act of assistance given by FRANCHISOR shall be construed to have altered this relationship. Developer is the only party that is in day-to-day control of the business of Developer, even though FRANCHISOR will share the brand and Marks as specified in this Agreement, and neither this Agreement nor any of the systems, guidance, processes, or requirements under which Developer operates alter that basic fact.

- b. Hold Harmless.** Developer assumes full risk for the conduct of its business as an independent businessperson and shall hold FRANCHISOR free and harmless from any claim, demand, liability, action, suit or proceeding asserted or claimed by any third party arising out of the malfeasance, nonfeasance or other act or omission to act concerning the operation of any of the Salons or Developer's development business. Under no circumstances shall FRANCHISOR be liable for any act, omission, negligence, debt, or any obligation of Developer.
- c. Control of Business.** As an independent contractor, Developer exercises full, complete and unfettered control over, and has full responsibility for, any and all employee and labor relations matters incident to the operation of Developer's development business and all of Developer's Salons, including the hiring, firing, training, disciplining, compensation, work schedules and other terms and conditions of employment of Developer's employees. The conduct of Developer's business shall be determined by its own judgment and discretion, subject to the provisions of this Agreement and the provisions of the Franchise Agreements, setting forth the System as it shall be adopted or revised from time to time. Finally, FRANCHISOR shall not regulate the prices of services and products to be sold by Developer.

7. ASSIGNMENT OF AGREEMENT.

- a. Assignment.** This Agreement is personal in nature and entered into in reliance upon and in consideration of the skill, qualifications, and representations of, and trust and confidence reposed in Developer and/or Developer's owners. Therefore, Developer may not sell, transfer, assign, divide, or otherwise dispose of this Agreement or any of its obligations, duties, rights, or privileges under this Agreement under any circumstances. None of Developer's owners as of the Effective Date may sell, transfer, assign, or otherwise dispose of their ownership interests in Developer under any circumstances as long as this Agreement is in effect. Any such transaction will be void and of no effect and will constitute a breach of this Agreement.
- b. Death or Disability.** Upon the death or incapacity of any person with an interest in This Agreement or in Developer, the executor, administrator, or personal representative of such person shall make an assignment of such interest approved by FRANCHISOR within 6 months after such death or incapacity. Such assignments, including assignments by devise or inheritance, shall be subject to the conditions set forth by FRANCHISOR similar to those required in connection with an assignment under FRANCHISOR's Franchise Agreement. In the case of assignment by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions allowed under this Section 7.b., the executor, administrator or personal representative of the decedent shall make an assignment of the decedent's interest to another party approved by FRANCHISOR within 6 months of FRANCHISOR providing notice to the executor, administrator or personal representative that the heirs or beneficiaries do not meet the conditions, which

disposition shall be subject to all the terms and conditions for assignments contained in FRANCHISOR's Franchise Agreement. If the interest is not disposed of within such 6-month period, FRANCHISOR may terminate this Agreement; such failure shall be a default under this Agreement.

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

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

8. COVENANTS OF DEVELOPER DURING TERM.

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

b. Non-Compete. Accordingly, Developer agrees that during the term of this Agreement, Developer and its shareholders, partners, members, Guarantor(s), officers and directors shall not, directly or indirectly, on their own account or as an employee, agent, consultant, partner, member, officer, director or shareholder of any other person, firm, entity, partnership, company or corporation, own, lease, operate, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in a business that offers hair cutting, hair coloring, and/or

hair care services and/or related products ("Haircare Business"); provided, however, that this restriction shall not apply to any Haircare Business operated or franchised by a company under common ownership with FRANCHISOR or to the leasing of space in any commercial shopping center in which Developer has an interest. Furthermore, Developer acknowledges and agrees that Developer shall be considered in default under this Agreement, and that this Agreement will be subject to termination, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Developer (or, if Developer is other than an individual, each person that is subject to these covenants) engages in a Haircare Business that would violate this Section 8 if such person was subject to the covenants of this Section 8.

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

9. TERMINATION.

a. Termination by Developer. Developer has no right to unilaterally terminate this Agreement.

b. Immediate Termination by FRANCHISOR. In the event that state law requires a minimum notice period, this Agreement shall terminate at the end of the minimum notice period if the default is not cured. Subject to the foregoing and at FRANCHISOR's option, FRANCHISOR shall have the immediate right to terminate this Agreement without affording Developer any opportunity to cure the default:

2. Should Developer fail or refuse, within 30 days after FRANCHISOR provides Developer with proper documentation to be completed, to return to FRANCHISOR all executed documents necessary for FRANCHISOR's bank or other financial institution to automatically draft Developer's bank or other financial institution for Weekly Fees;

3. Should Developer's bank or other financial institution for 2 consecutive weeks (i.e. the weeks need not be consecutive as long as the two authorized payments are consecutive) or any 4 weeks during any calendar year, fail or refuse to honor the authorized bank draft or other prepayment arrangement for any Weekly Fee during the term of this Agreement for any reason other than the mistake, negligence or wrongful act of Developer's bank or other financial institution or of FRANCHISOR;

4. Should Developer's bank or other financial institution fail or refuse to honor a check or draft presented twice to Developer's bank or other financial institution, such check or draft being drawn on Developer's account for payment of any obligation incurred in performance of this Agreement, for any reason other than the mistake, negligence or wrongful act of Developer's bank or other financial institution or of FRANCHISOR;

5. Should Developer abandon the franchise relationship for any of Developer's Salons operated pursuant to a Franchise Agreement with FRANCHISOR by ceasing to operate the Salon or by removing the Fantastic Sams sign or signs while continuing to operate as a haircare salon;

6. Should Developer be convicted of any criminal misconduct relevant to the operation of the franchised business;

7. Should Developer receive 3 notices of default, as provided below in Section 9.c, in any consecutive 12-month period, whether or not such defaults are cured;
8. Should Developer breach any of its obligations under this Agreement to maintain the confidentiality of information relating to the System;
9. Upon the filing of any voluntary or involuntary petition of bankruptcy by Developer or by any shareholder of an entity, if the entity is the Developer under this Agreement, subject to applicable law;
10. Upon the making of any assignment by Developer for the benefit of creditors; or
11. Should Developer fail to cure the default(s) required to be cured prior to the expiration of any Probationary Period pursuant to Section 4.g.
12. Should Developer fail to comply with all applicable laws, ordinances, regulations, and other requirements of any federal, state, county, municipal, or other government, including, but not limited to, all health, safety, cosmetology, environmental, discrimination, sexual harassment, or disability statutes, regulations, and laws and any laws relating to employees.

Any termination under this Section 9.b. shall be effective on FRANCHISOR's sending of notice of termination to Developer.

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

13. Violation of any covenant of Developer set forth in this Agreement;
14. Violation of any covenant in any Franchise Agreement or regional Franchise agreement between Developer (or its affiliates) and FRANCHISOR;
15. Use of any of the Marks or any other part of the System by Developer, its employees or agents in a manner contrary to the terms of this Agreement or any Franchise Agreement, or for a purpose not first authorized in writing by FRANCHISOR and in any manner or for any purpose which materially impairs the exclusivity of any of the Marks or its attendant goodwill;
16. Commission of any act by Developer, its employees or agents that detracts from the favorable goodwill associated with Fantastic Sams or the successful operation of any Fantastic Sams Salon or the business operation of FRANCHISOR; and
17. Violation of any of the business policies, practices, procedures, or obligations prescribed or set forth in FRANCHISOR's confidential standard Fantastic Sams operations, policy, and procedure manuals (the "Operations Manuals") which are part of the System, as they may be amended from time to time by FRANCHISOR or its affiliates.

- a. Notice. Except for the termination at FRANCHISOR's option set forth in Section 9.b above, upon the occurrence of a material breach of this Agreement, FRANCHISOR shall forward to Developer

written notice of default.

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

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

a. Enforcement. Termination of this Agreement by FRANCHISOR shall not be an exclusive remedy and shall not in any way affect the right of FRANCHISOR to receive, collect and enforce Weekly Fees or other amounts payable by Developer or to enforce, in any manner, the provisions of this Agreement against Developer.

b. Responsibilities of Developer upon Termination. Upon termination or expiration of this Agreement, in any manner, Developer shall:

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

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

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

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

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

a. Restrictions; Injunction. Developer and FRANCHISOR acknowledge that the periods and geographical areas of restriction within which FRANCHISOR has reserved its rights regarding the continued operation by Developer are essential to this Agreement, are fair and reasonable restrictions that afford necessary protection to FRANCHISOR and do not unduly interfere with any public interest or impose an undue hardship upon Developer. Developer further agrees that any violation by Developer of a provision of Section 9.f is likely to cause damage to FRANCHISOR which may not be adequately compensated by money damages and, therefore, agrees that injunctive relief is appropriate, in addition to any other remedy provided for in this Agreement or by law, without waiving FRANCHISOR's rights to submit any claim or controversy arising out of this

Agreement to arbitration in accordance with this Agreement. Developer agrees that FRANCHISOR will not be required to obtain or post a performance bond or other security in connection with seeking such injunctive relief, and Developer also agrees not to claim otherwise in any filing with a court.

- b. Reversion of Rights. Upon expiration or termination of this Agreement for any reason, all rights to develop additional Salons in the Development Area and all other rights granted to Developer pursuant to this Agreement will automatically revert to FRANCHISOR, and FRANCHISOR will have the right to develop the Development Area or to contract with others for the development of the Development Area.
- c. Franchise Agreements Not Affected. Developer will continue to operate the Salons owned and operated by Developer in the Development Area pursuant to the terms of each Franchise Agreement signed by Developer and FRANCHISOR prior to the termination or expiration of this Agreement, and the rights and obligations of Developer and FRANCHISOR with respect to the Salons in the Development Area will be governed by the terms of each Franchise Agreement.

10. MEDIATION AND ARBITRATION.

To the extent that the arbitration provisions of the Franchise Agreements entered into between Developer and FRANCHISOR are deemed to be in conflict with this Section 10, then the arbitration provisions of the Franchise Agreements shall control.

FRANCHISOR and DEVELOPER shall attempt in good faith to resolve all disputes between them prior to commencing any legal action. If a dispute has not been corrected or resolved within a reasonable time, not to exceed 30 days, then either party will have the right to request that the dispute be submitted to mediation in accordance with the Commercial Mediation Rules of the American Arbitration Association (the "AAA") or another provider of mediation services. If both FRANCHISOR and DEVELOPER agree in writing to mediate the dispute, then mediation proceedings will be conducted either by phone, or in Louisville, Kentucky, at FRANCHISOR's option. If the parties agree to mediate a dispute, they will participate in the mediation proceeding through its conclusion, as evidenced by the settlement of the dispute or the mediator's declaration that the mediation is terminated, and will continue to perform their respective obligations under this Agreement throughout the mediation process. All statements, promises, offers, views and opinions made or communicated by either party in the mediation proceeding will be secret and confidential in all respects, and will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding between the parties. However, evidence otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation proceeding.

Except as otherwise provided in this Agreement, any controversy or claim arising out of or relating to this Agreement (including any claim that the Agreement or any of its provisions are invalid, illegal, or otherwise voidable or void) or with regard to its interpretation, formation or breach or any other aspect of the relationship between Developer and FRANCHISOR, including claims related to fraud in the inducement, and claims related to the applicability or validity of this Section

10 (the "Claims") which is not settled through negotiation or mediation, must be submitted to binding arbitration before the AAA. The arbitration proceedings will be conducted by 1 arbitrator, and, except as this Section otherwise provides, according to AAA's then current Commercial Arbitration Rules (the "AAA Rules") Unless required otherwise by state law or by mutual agreement, the parties agree to arbitrate in Jefferson County, Kentucky. The parties agree further that the arbitrators may tender an interim ruling, including injunctive relief, and all claims of any type by either party, including counterclaims and defenses, are included in the jurisdiction of arbitration. The arbitration process shall not be required with respect to (i) any claim or dispute brought by FRANCHISOR for Developer's actual or threatened disclosure or misuse of Confidential Information in contravention of this Agreement, (ii) any claim by FRANCHISOR involving the ownership, validity, or use of the Marks, (iii) any claim by FRANCHISOR involving the insurance for Developer or indemnification obligations of Developer under this Agreement; or (iv) any action by either FRANCHISOR or Developer to enforce the covenants of the other party set forth in Sections 1.a., 8 and 9.f.2 of this Agreement, as applicable.

Either party shall send a written demand for arbitration to the other party and to the regional office of the American Arbitration Association invoking the binding arbitration provisions of this Section 10. Within 30 days of the mailing of the demand for arbitration ("Answer Due Date"), the responding party shall deliver to the claimant its answer and any counterclaim(s), setting out the nature of such counterclaims(s) and the relief requested. A counterclaim shall mean any claim(s) arising out of the transaction or occurrence that is the subject matter of the claimant's claim that, at the time of Answer Due Date, the respondent has against the claimant. Any counterclaim(s) not included in the answer shall be considered waived.

Any costs or other expenses, including attorneys' fees, arbitrators' fees and costs, incurred by the successful party arising out of or occurring because of the arbitration proceedings or any action to confirm and enforce an arbitration award shall be assessed by the arbitrators or the court against the unsuccessful party. For purposes of this Section 10, a party will be considered unsuccessful if it withdraws its demand for arbitration prior to a decision by the arbitrators. Developer specifically agrees that this agreement to arbitrate is entered into without any fraud, duress, or undue influence on the part of FRANCHISOR or any agent, broker, or employee thereof. Nothing herein contained shall bar the right of FRANCHISOR to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that will cause loss or damage, pending completion of the arbitration.

It is the intent of the parties that any dispute between FRANCHISOR and Developer shall be of Developer's individual claim(s) and that the claim(s) shall not (i) be mediated/arbitrated/litigated on a class-wide basis or (ii) consolidated with any other proceeding between FRANCHISOR and any other person. FRANCHISOR and Developer irrevocably waive trial by jury in any action or proceeding with respect to any claim or action (including any counterclaims or claims of fraud in the inducement) whether at law or in equity, brought by any party to this Agreement against another party to this Agreement, whether or not there are other parties in such action or proceeding.

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

The term “Developer,” for purposes of this Section 10, shall include the shareholders, owners, Guarantor(s), principals, members, partners or any person or entity claiming by or through any of the foregoing, regardless of whether they are signatories to this Agreement.

Developer specifically agrees and acknowledges that Claims arising out of or relating to this Agreement in any way against or by any person or entity, whether a signatory to this Agreement or not, shall be resolved through arbitration.

11. TERM.

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

12. DEVELOPER'S RESPONSIBILITY TO SUCCEED.

- a. Responsibility.** Developer acknowledges that all shareholders, owners, partners, members, principals and Guarantor(s) of Developer (“Principals”) have read this Agreement and the Franchise Disclosure Document and that they understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain FRANCHISOR's high standards of quality and service and the uniformity of those standards at all the Salons and thereby to protect and preserve the goodwill of the System and the Marks. Developer acknowledges that all Principals have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that the success of the venture is largely dependent upon their business abilities. FRANCHISOR expressly disclaims the making of, and Developer acknowledges that no Principal has received or relied upon any guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Developer acknowledges that no Principal has received or relied upon any representations by FRANCHISOR or by any of FRANCHISOR's owners, principals, guarantors, officers, directors, or employees (“FRANCHISOR's Personnel”) that are contrary to the statements made in the Franchise Disclosure Document or to the terms herein. Developer acknowledges that, in all of their dealings with FRANCHISOR and all of FRANCHISOR's Personnel, FRANCHISOR's Personnel acted only in a representative capacity and not in an individual capacity. Developer acknowledges that this Agreement, and all business dealings between Developer, any Principal and FRANCHISOR's Personnel as a result of this Agreement, are solely between Developer and FRANCHISOR. Developer further represents to FRANCHISOR, as an inducement to entry into this Agreement, that no Principal made any misrepresentation to FRANCHISOR in order to obtain this Agreement.
- b. Future Changes.** Developer recognizes and acknowledges that this Agreement requires it to open the Salons in the future pursuant to the development schedule. Developer further acknowledges that the estimated expenses and investment requirements set forth in the FRANCHISOR Franchise Disclosure Document are subject to increase over time, and that future Salons developed by Developer may involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to Developer prior to the execution of this Agreement.

13. MISCELLANEOUS.

- a. Severability. If any section, subsection, paragraph, term, sentence, or provision of this Agreement is determined to be invalid for whatever reason, all of the remaining sections, subsections, paragraphs, terms, sentences, and provisions of this Agreement shall remain in full force and effect as if the invalid part of this Agreement were deemed not to be a part of this Agreement.
- b. Conflicting Law. Should any provision of this Agreement be in conflict with local, state, or federal law or regulation, the local, state, or federal law or regulation shall control and take precedence over any such provision of this Agreement.
- c. Venue and Jurisdiction. All mediation and/or arbitration hearings, litigation, lawsuits, proceedings, and other actions initiated by either party against the other party will be venued exclusively in Jefferson County, Kentucky. The mediator/arbitrator shall have no authority to select a different hearing locale. The LICENSEE acknowledges that the LICENSEE and its officers, directors and employees have had substantial business and personal contacts with FRANCHISOR in Kentucky. Consequently, LICENSEE, and each of its officers, directors and shareholders, and the personal Guarantor(s): (i) submit to personal jurisdiction in Kentucky for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement or the Protected Area; (ii) stipulate that any such mediation and/or arbitration hearings, litigation, suits, proceedings, hearings or other actions will be exclusively venued and held in Kentucky; and (iii) waive any rights to contest venue and jurisdiction in Jefferson County, Kentucky, and any claims that such venue and jurisdiction is invalid.
- d. Entire Agreement. This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations FRANCHISOR made in the franchise disclosure document that FRANCHISOR furnished to Developer. Developer acknowledges that it is entering into this Agreement as a result of its own independent investigation of FRANCHISOR's franchised business and not as a result of any representations about FRANCHISOR made by its shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to Developer pursuant to applicable law. The Effective Date shall be as shown in the text of this Agreement regardless of the date on the cover page of this Agreement.
- e. Amendments. This Agreement may be modified, changed or amended only by written agreement signed by both parties. Notwithstanding this Section 13.e, FRANCHISOR may unilaterally modify, revise and update the Operations Manuals and other materials which are part of the System.

- f. Cost of Enforcing. In the event it becomes necessary for either party to institute any action or proceeding to secure or protect such party's rights under this Agreement, the successful party shall be entitled to recover in any judgment its attorneys' fees, together with court costs, and any and all filing fees and litigation expenses.
- g. Successors and Assigns. This Agreement shall inure to the benefit of any permitted successor or assign of either of the parties. Any assignee or successor in interest to Developer or FRANCHISOR shall assume all of the rights, duties, privileges and responsibilities of Developer or FRANCHISOR in this Agreement.
- h. Waivers. Either party may waive any covenant or condition to be performed by the other party only by executing an express written statement to that effect. Further, any written waiver by either party of any default or breach, or series of defaults or breaches, in performance of any of the terms, provisions, covenants or conditions of this Agreement to be performed by the other party shall not constitute a waiver of any other breach, default or waiver of any terms, provisions, covenants or conditions to be performed by the other party.
- i. Approval or Consent of FRANCHISOR. In any section of this Agreement in which approval or consent of FRANCHISOR is required, unless stated otherwise, FRANCHISOR may withhold such approval or consent in its reasonable discretion.
- j. Notice. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by facsimile, mailed by certified mail, return receipt requested, or dispatched by overnight delivery envelope, to FRANCHISOR at its principal place of business, Attn: Glen Adams, 1804 Cargo Ct, Louisville, KY 40299 or to such other address that FRANCHISOR may prescribe from time to time, and to Developer at the Address for Developer on the first page of this Agreement. Notices shall be deemed to have been received as follows: by personal delivery or facsimile -- at the time of delivery; by overnight delivery service -- on the next business day following the date on which the Notice was given to the overnight delivery service; and certified mail -- three days after the date of mailing and all notices required by this Agreement, including those related to requests, acts or omissions of the Guarantor(s), will be effective when delivered to Developer. Developer alone is liable for forwarding any notices to its officers, directors, employees, shareholders, owners, Guarantor(s), principals, members and/or partners. In the event that Developer is a limited liability company (LLC), Developer acknowledges and agrees that notice to any one member of the LLC, as designated in Section 15.c of this Agreement or by other means deemed sufficient by FRANCHISOR, shall be considered sufficient notice to Developer under this Agreement. FRANCHISOR's address and the Address for Developer may be changed at any time by either party by written notice given to the other party as provided in this Section.
- k. Governing Law. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE RIGHTS UNDER THIS AGREEMENT,

AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN FRANCHISOR AND DEVELOPER WILL BE GOVERNED BY THE LAWS OF THE COMMONWEALTH OF KENTUCKY, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES; PROVIDED, HOWEVER, (1) ANY KENTUCKY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR/FRANCHISOR AND ITS DEVELOPER WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION AND (2) THE LAWS OF THE STATE IN WHICH THE DEVELOPMENT AREA IS LOCATED SHALL APPLY TO THE CONSTRUCTION AND ENFORCEMENT OF THE OBLIGATIONS SET FORTH IN SECTION 8.b. and SECTION 9.f.2 HEREOF, WITHOUT REGARD TO ITS CONFLICTS OF LAWS.

- l. WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES.** EXCEPT FOR DEVELOPER'S OBLIGATION TO INDEMNIFY FRANCHISOR AND FSFC FOR THIRD PARTY CLAIMS UNDER SECTION 5.g., AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, FRANCHISOR AND DEVELOPER (AND DEVELOPER'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND DEVELOPER, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.
- m. Reservation of Rights.** Unless specified otherwise in Section 1 of this Agreement, Developer does not have any protected or exclusive rights under this Agreement. FRANCHISOR reserves all rights that it does not expressly grant to Developer in this Agreement.
- n. General Release.** In consideration of FRANCHISOR's agreement to enter into this Agreement, Developer, for itself (and if Developer is an entity, Developer's directors, officers, owners, shareholders, partners, members, representatives, employees, agents and attorneys) and for each of its affiliates, and such affiliates' directors, officers, owners, shareholder, partners, members, representatives, employees, agents and attorneys, together with the predecessors, successors, heirs and assigns of each of the foregoing (individually, collectively, and in any combination, the "Releasing Parties"), release and forever discharge FRANCHISOR and its parents, subsidiaries, and affiliates and the respective directors, officers, owners, shareholders, partners, members, representatives, employees, agents, contractors, predecessors, successors, heirs and assigns of each of the foregoing (in their corporate and individual capacities) (collectively, the "Released Parties") of and from all manner of actions, causes of action, suits, debts, dues, sums of money, accountings, reckonings, bonds, bills, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty, or equity, that the Releasing Parties ever had, now have, or that the Releasing Parties hereafter can or may have for, on or by reason of any matter, cause or thing whatsoever, arising prior to and including the Effective Date.
- o. Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic signatures shall have the same effect and

validity and may be relied upon in the same manner, as original signatures.

14. GUARANTY PROVISION.

As an inducement to FRANCHISOR to enter this Agreement between FRANCHISOR and Developer, the undersigned guarantor(s) ("Guarantor(s)"), jointly and severally, hereby unconditionally guaranty to FRANCHISOR and its successors and assigns that all of Developer's obligations under this Agreement, any amendments to this Agreement, and any renewal of the rights under this Agreement, will be punctually paid and performed. Upon demand by FRANCHISOR, Guarantor(s) will immediately make each contribution or payment required of Developer under this Agreement. Guarantor(s) waives any right to require FRANCHISOR to: (a) proceed against Developer for any contribution or payment required under this Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of Guarantor(s) under this guaranty provision, FRANCHISOR may, without notice to Guarantor(s), extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. Guarantor(s) waives notice of amendment of this Agreement and notice of demand for contribution or payment by Developer and agrees to be bound by any and all such amendments and changes to this Agreement. Guarantor(s) agrees to defend, indemnify, and hold FRANCHISOR harmless against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) ("Claims") resulting from, consisting of, or arising out of or in connection with any failure by Developer, its officers, directors, agents, or employees to perform any obligation under this Agreement, any amendment thereto, or any other agreement executed by Developer referred to therein. This guaranty provision shall terminate upon the expiration or termination of this Agreement, except that all obligations and liabilities of Guarantor(s) which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by Guarantor(s), and all covenants which by their terms continue in force after the expiration or termination of this Agreement shall remain in force according to their terms. Upon the death of any Guarantor(s), the estate of such individual shall be bound by this guaranty provision, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other Guarantor(s) will continue in full force and effect.

15. ADDITIONAL REPRESENTATIONS OF DEVELOPER.

a. Developer is a _____

(sole proprietor/ general partnership/corporation/LLC/LLP).

b. If Developer is an entity, Developer is organized under the laws of the State of the State of _____.

c. If Developer is an entity, the following is a list of the names and addresses of each shareholder, officer, partner, or member who is involved in Developer's business:

NAME	COMPLETE ADDRESS	PERCENT OWNERSHIP	OFFICE

Any change in the above structure shall be deemed an assignment subject to Section 7.

d. DEVELOPER HEREBY ACKNOWLEDGES HAVING RECEIVED A DISCLOSURE DOCUMENT TOGETHER WITH FINANCIAL STATEMENTS AND CONTRACTS AT LEAST 14 CALENDAR DAYS PRIOR TO SIGNING THIS AGREEMENT AND/OR DELIVERY OF ANY DEPOSIT, DOWN PAYMENT, PURCHASE PRICE, ETC., IN THE FORM OF CASH, CHECK, OR OTHER CONSIDERATION TO THE REPRESENTATIVE OF FRANCHISOR.

e. DEVELOPER HEREBY CERTIFIES THAT IT HAS READ THE FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT AND DISCLOSURE DOCUMENT AND UNDERSTANDS THE TERMS AND PROVISIONS THEREOF. DEVELOPER CERTIFIES THAT THIS AGREEMENT IS ENTERED INTO FREE OF FRAUD, DURESS, OVERREACHING OR UNDUE INFLUENCE.

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

DEVELOPER:

(Print Developer's Individual or Entity Name)

By:_____

Name:_____

Title:_____

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

(Signature)

(Print name)

, individually

(Signature)

(Print name)

, individually

YELLOWWOOD FRANCHISE SERVICES, INC: FSFC:

Accepted: FANTASTIC SAMS FRANCHISE

CORPORATION

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT A

**DESCRIPTION OF DEVELOPMENT AREA
(Counties)**

TO BE INITIALED BY BOTH PARTIES

DEVELOPER: _____

YELLOWWOOD FRANCHISE SERVICES, INC: _____

EXHIBIT D

PROMISSORY NOTE AND SECURITY AGREEMENT

PROMISSORY NOTE

\$ _____

Louisville, Kentucky

_____, _____

_____ months after date, "FRANCHISEE", a _____, its successors and assigns ("Maker"), hereby promises to pay to the order of Yellowwood, Inc., its successors and assigns ("Lender"), the principal sum of \$ _____ together with interest from _____, _____. The lending rate will be a fixed rate of (_____%) per annum, which is based on the current Prime Rate listed in the Wall Street Journal. Payments of principal and interest are to be made in monthly installments of \$ _____ each commencing _____, _____ by bank draft and continuing thereafter on the first Monday of each and every month until paid in full. Monthly installments are to be applied first to the payment of interest and the balance to the principal, negotiable and payable at Lender's principal place of business.

In the event (a) Maker fails to make any payment when due or defaults in any other performance under this Note; (b) Maker defaults under the terms of any instrument evidencing or securing any debt of Maker and such default shall cause or permit the acceleration of the maturity of such debt or the foreclosure on the security given therefore, or any action shall be taken to accelerate the maturity of such debt, to effect the collection thereof, or to enforce the security therefore and such action or proceeding shall not be terminated, satisfied or stayed within 30 days; (c) any person or entity commences foreclosure proceedings with respect to any property owned by Maker and such action or proceeding shall not be terminated, satisfied or stayed within 30 days; (d) a receiver is appointed for any property owned by Maker; (e) of the insolvency, dissolution, assignment for the benefit of creditors of, or the commencement of any proceeding under any bankruptcy or insolvency law by Maker or the filing of any petition against Maker seeking relief under any bankruptcy or insolvency law, which petition is not dismissed within 30 days after filing or the relief sought is granted; (f) any judgment is entered against Maker and the same is not satisfied or stayed within 30 days after its entry; then in any one or more of the foregoing events ("Events of Default"), Lender may elect to accelerate this note and declare the unpaid principal balance and accrued judgment obtained by Lender and unpaid interest under this Note to be immediately due and payable. If this Note is not paid in full when due or accelerated, Lender may recover all costs in enforcing this Note, including without limitation, all costs of suit and other expenses and all reasonable attorney's fees together with interest on any judgment obtained by Lender.

Maker hereby waives presentment, demand, protest or other notice of any kind. Lender shall not be deemed by any act or omission or commission to have waived any of its rights or remedies hereunder unless such waiver is in writing and expressly stated as such and signed by Lender and then only to the extent specifically set forth in the writing. A waiver of one event shall not be construed as continuing or a bar to or waiver of any right or remedy to a subsequent event.

Collateral: This note is secured by an Agreement between Maker and Lender which is attached here as if fully copied herein by reference.

This note may be prepaid without penalty.

Any notice that one party desires to give to the other related to this Note shall be in writing and shall be deemed delivered when personally delivered by any courier service that obtains a receipt upon delivery to an officer, or registered agent of the respective corporation, or upon deposit in the United States mail, certified mail, return receipt requested, postage prepaid, addressed to the party being notified at its respective address specified below.

Maker's Address: "FRANCHISEE"

Lender's Address: Yellowwood, Inc.
1804 Cargo Court
Louisville, KY 40299

This Note shall be construed in accordance with the laws of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, Maker has executed this instrument on the date first above written.

MAKER:

By: _____
Title:

LENDER: Yellowwood, Inc.

By: _____
CFO

GUARANTY

In consideration of the execution of the within promissory note and on the faith of this Guaranty, the undersigned, _____, does hereby personally guarantee (i) the payment by, "FRANCHISEE", of the sums due under the terms of said note, promptly and when same are due and payable, and (ii) the performance of said "FRANCHISEE", of all the covenants and agreements contained in said note to be kept and performed by "FRANCHISEE", and further agrees to pay any and all expenses, including reasonable attorney's fees, incurred by Yellowwood, Inc., in enforcing the performance of the obligations of "FRANCHISEE", under the Promissory Note or in enforcing this Guaranty. Notice of default or demand is hereby waived.

Notice of acceptance of this Guaranty by Yellowwood, Inc., is hereby waived. Any extension of time for payments due or any renewals granted by Yellowwood, Inc., or any extensions of time for the performance of any agreements or any other indulgence which may be granted by Yellowwood, Inc., its successors and assigns, shall not release Guarantor from its liability hereunder, and all settlements, compromises, compositions, and agreed balances made in good faith between "FRANCHISEE", and Yellowwood, Inc., shall be binding on the Guarantors. Dated this ____ day of _____, _____.

GUARANTOR:

X _____
Print Name _____

SECURITY AGREEMENT

This Security Agreement made and entered into at Louisville, Kentucky, this ____ day of _____, _____, between "FRANCHISEE", having its principal place of business located at _____ hereinafter called the Debtor, and Yellowwood, Inc., 1804 Cargo Court, Louisville, Kentucky 40299 hereinafter called the Secured Party.

Debtor hereby grants to the Secured Party a security interest in the following described property and any and all additions and accessions thereto, hereinafter called the Collateral.

DESCRIPTION OF COLLATERAL	MAKE	SERIAL NO.
See Exhibit ____ attached		

To secure payment of indebtedness of \$ _____ as provided in the note of even date herewith and also any and all liabilities now existing or hereafter arising of Debtor to Secured Party including all costs and expenses incurred in the collection of the indebtedness and all future advances made by the Secured Party for taxes levied, insurance and repairs to or maintenance of said collateral.

Debtor warrants and agrees that:

1. The collateral is or is to be used by Debtor primarily
 - (a) ____ Personal, family or household purposes
 - (b) ____ In farming operations
 - (c) X Business use
2. If collateral is to be attached to real estate a description of the real estate is as follows and the name of the record owner is N/A.
3. The collateral will be kept at Fantastic Sams, _____ which is the debtor's place of business. Debtor will promptly notify Secured Party of any change in the location of the collateral, and Debtor will not remove the collateral from the above address without the written consent of the Secured Party.
4. Debtor will not sell, exchange, lease or otherwise dispose of any interest in the collateral without the written consent of Secured Party and will not permit any lien or security interest to attach to the collateral.
5. Debtor will maintain the collateral in good condition and repair; maintain insurance on the collateral against fire, theft and such other hazards in form and amount as Secured Party may require and for the benefit of Debtor and Secured Party as their interest shall appear, and pay and discharge all taxes imposed on the collateral. Debtor assigns to Secured Party all right to receive proceeds of insurance not exceeding the unpaid balance hereunder, and directs any insurer to pay all proceeds directly to Secured Party and authorizes Secured Party to endorse any draft for the proceeds.

6. At its option, Secured Party may discharge taxes, liens or other encumbrances at any time levied or placed on the collateral, pay for insurance on the collateral and pay for the maintenance and preservation of the collateral should Debtor fail to do so. Debtor agrees to reimburse Secured Party on demand for any payment so made and until such reimbursement the amount so paid by Secured Party shall be added to the principal amount of the indebtedness.

7. Upon default by Debtor in complying with any of the terms hereof or upon the institution of any state or federal insolvency proceedings against Debtor, Secured Party may, at its election, declare the entire then outstanding indebtedness due and payable at once and Secured Party shall have the remedies of a Secured Party under the Uniform Commercial Code, including the right to enter any premises of the Debtor, without legal process and take possession of the collateral. Debtor agrees, upon request of Second Party, to assemble the collateral and make it available at a place designated by Secured Party. Any requirement of reasonable notice of sale shall be met if such notice is mailed to the address of Debtor shown on this instrument at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall be added to the total debt balance.

8. If Debtor is more than one the liability hereunder is joint and several.

(Complete Individual or Entity Name)

By: _____

Title: _____

Yellowwood, Inc.

By: _____
CFO, Secured Party

Draft Authorization

I authorize Yellowwood, Inc. to initiate ACH debit transactions to my checking account for payment of the monthly installments as stated in the Promissory Note dated _____, _____. Drafts will be initiated according to the payment schedule provided in the Promissory Note dated _____, _____.

This Authority Name: _____
(Please print)

Bank Name _____

Bank Routing Number _____

Bank Account Number _____

Signature: _____ Date: _____

This authority is to remain in full force and effect through _____, _____ or until Yellowwood, Inc. has received the full principal amount of \$ _____.

EXHIBIT E

LIST OF SYSTEM-WIDE FRANCHISEES

In some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experience with Fantastic Sams. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

SYSTEMWIDE
SALON OWNERS AS OF DECEMBER 31, 2025

Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Patrick & Marcie	O'Neill	MPM Styles LLC	2030 E Tyson Trail Suite #3	Wasilla	AK	99654	(907) 357-4247
Brenda	McCloud	McCloud Inv. Corp.	9103 Highway 71 South	Fort Smith	AR	72908	(479) 434-5183
Brenda	McCloud	McCloud Investment Corp.	933 W Center St Ste A	Greenwood	AR	72936	(479) 252-6602
Keli and Matthew	Atwell	Best Atwell Investment LLC	2131 Fayetteville Rd Suite 2	Van Buren	AR	72956	(479) 471-9274
Larra Porfirio	Robles, Jr.		860 S. Watson Rd., Ste 103	Buckeye	AZ	85326	(623) 327-3463
Mohammad/David	Khan/Fields	AFS Growth, LLC	4040 S. Arizona Avenue Ste 19	Chandler	AZ	85248	(480) 883-2283
Rakesh & Roshni	Parikh	R&R Salons LLC	2880 E. Germann Rd. Suite 10	Chandler	AZ	85286	(480) 726-2624
Kevin	Behunin	Desert Pines Capital, LLC	1233 South Plaza Way	Flagstaff	AZ	86001	(928) 226-7279
Mohammad/David	Khan/Fields	AFS Growth, LLC	3310 South Higley Rd Ste. C-102	Gilbert	AZ	85297	(480) 275-4000
Cynthia/Robert/April	EscobedoEscobedo Sr./Perez	Precision Color & Cuts LLC	5707 W Northern Avenue 101	Glendale	AZ	85301	(623) 847-3855
Jason & Lisa	Hayman	JLB Hayman, LLC	560 N Estrella Parkway Suite 11	Goodyear	AZ	85338	(623) 932-9949
Mohammad/David	Khan/Fields	AFS Growth, LLC	12958 W Indian School	Litchfield Park	AZ	85340	(623) 535-3989
Carlos & Jennifer	Ojeda	Ojeda Hair Group LLC	2235 S. Power Road Suite 119	Mesa	AZ	85209	(480) 218-0188
Santhoshi/Krishna	SingireddyKadali	SRI SAN KRISH LLC	1240 E. Baseline Road Suite 103	Mesa	AZ	85204	(480) 539-0466
Veronica/Anna Isabel	Martinez/Scriven	A & V SALON LLC	21391 N. Lake Pleasant Parkway Suite 1830	Peoria	AZ	85382	(623) 376-6114
Lina	Valdez	LMV Enterprises, LLC	3120 W. Carefree Highway Ste. 11	Phoenix	AZ	85086	(623) 587-0329
Michael & Tracy	Marrs	Scimarr Inc	3141 E. Indian School Rd. Ste 109	Phoenix	AZ	85016	(602) 955-0365
Rakesh & Roshni	Parikh	R&R Salons LLC	1260 Gail Gardner Way Ste 127	Prescott	AZ	86305	(928) 541-0090
Kelly & Jeremy	Benjamin	SSCK, LLC	7025 E Florentine Rd Ste 101	Prescott Valley	AZ	86314	(928) 759-3550
Rakesh & Roshni	Parikh	R&R Salons LLC	11219 E Via Linda D2	Scottsdale	AZ	85259	(480) 314-0362
Michael & Tracy	Marrs	Tray Tray Cuts, Inc.	15231 N 87th St Suite 105	Scottsdale	AZ	85260	(480) 443-0228
Colleen & Rob	Morones	Salon Investments, LLC	4461 S White Mountain Rd Suite D-3	Show Low	AZ	85901	(928) 532-1275
Mohammad/David	Khan/Fields	AFS Growth, LLC	17031 W. Bell Rd. Suite 109	Surprise	AZ	85374	(623) 544-5266

Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Monica	Vacatello	Monica B. Vacatello, LLC	13980 W. Bell Rd Ste 15	Surprise	AZ	85374	(623) 544-5290
Rakesh & Roshni	Parikh	R&R Salons LLC	6340 S Rural Rd. 101	Tempe	AZ	85283	(480) 820-0865
Rajsinh	Thakur	SVR Capital LLC	14880 Dale Evans Parkway Suite 910	Apple Valley	CA	92307	(760) 991-3036
David & Rachel	Fields	Deerfields Enterprises, Inc.	8140 El Camino Real	Atascadero	CA	93422	(805) 462-2092
Karina	Villegas	Choco Donuts Corporation	1484 E. 2nd Street Suite C	Beaumont	CA	92223	(951) 845-3111
Kevin Mahesh/Geeta	Talwar/Arora	SERENITY NOW STYLES LLC	2500 E Imperial Hwy 162	Brea	CA	92821	(714) 257-9603
David & Rachel	Fields	Deerfields Enterprises, Inc.	214 East Highway 246	Buellton	CA	93427	(805) 693-1918
Wagih	Awad	MRTW Corp	343 North Pass Avenue	Burbank	CA	91505	(818) 840-9291
Bill	Machi	Vytal Corp.	321 East Alameda Ave.	Burbank	CA	91502	(818) 955-8446
Nona/Josh	Aganisyan/Lindsay	The JLINZ Group Inc.	26500 Agoura Rd Ste 100	Calabasas	CA	91302	(818) 880-9300
David & Rachel	Fields	Deerfields Enterprises, Inc.	1084 Casitas Pass Rd	Carpinteria	CA	93013	(805) 684-7052
Mansour/Ladan	Ghassemzadeh/Jahanvash	Lasour Beauty Corporation	6939 Schaefer Ave G	Chino	CA	91710	(909) 591-8700
Fui Lin (Patti)	Kew	The Kew Enterprise	12081 Central Avenue	Chino	CA	91710	(909) 628-0322
Karina	Villegas	Choco Donuts Corporation	3817 Grand Ave Ste C	Chino	CA	91710	(909) 364-9379
Marc/Doug	Karren/Shaddle	CTC Capital, LLC	730 Otay Lakes Rd.	Chula Vista	CA	91910	(619) 482-0121
Magda/Matthew	Nieblas/Brooks	M2M, Inc.	387 Magnolia Avenue 104	Corona	CA	92879	(951) 371-1905
Inderjeet & Manpreet	Harika	New Salon Corporation	11882 De Palma Rd 2-C	Corona	CA	92883	(951) 277-2002
Magda/Matthew	Nieblas/Brooks	M2M, Inc.	2621 Green River Rd	Corona	CA	92882	(951) 371-7045
Kristen/Trung	Au/Huynh	TACK INC.	6946 Katella	Cypress	CA	90630	(714) 891-3272
Bishan/Udeni Naresh	Seneviratne/Moonesinghe	Konde, Inc	310 E Grand Ave Ste 110	El Segundo	CA	90245	(310) 606-5646
Ting	Aguilar	Ting Aguilar	17037 Brookhurst St. Suite 2	Fountain Valley	CA	46094	(714) 962-6419
Robert S.	Mavaddat	Angeliki Corporation	127 W Route 66	Glendora	CA	91741	(626) 963-7524
Azniv	Galstian	LAHV Enterprises, Inc.	18129 Chatsworth St	Granada Hills	CA	91344	(818) 488-9365
Shawn & Raquel	Edwards	FS Irvine LLC	17655 E-Harvard Avenue	Irvine	CA	92614	(949) 756-8665
James & Lisa	Lang		5500 Grossmont Center Drive #217	La Mesa	CA	91942	(619) 668-1179
Rosie	Roknipour	Rosie R, Inc.	30886 S. Coast Hwy	Laguna Beach	CA	92677	(949) 499-8393
Phi/Jeanne	Tran/Ho		30035 Alicia Parkway	Laguna Niguel	CA	92677	(949) 495-7267
Inderjeet & Manpreet	Harika	New Salon Corporation	29991 Canyon Hills Road 1711	Lake Elsinore	CA	92532	(951) 244-7788
Shawn & Raquel	Edwards		20025 Lake Forest Drive Ste.106	Lake Forest	CA	92630	(949) 899-6767

Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Darlene	Cazimero	Nenaw, Corp.	9534 Winter Gardens Blvd. Suite E	Lakeside	CA	92040	(619) 561-9977
David & Rachel	Fields	Deerfields Enterprises, Inc.	705 North H St	Lompoc	CA	93436	(805) 735-7881
Faranak/Abbas	Eskandary/Javaheri		11658 San Vicente Blvd.	Los Angeles	CA	90049	(310) 820-8300
Jenik	Yakopian		347 N. Santa Cruz Ave.	Los Gatos	CA	95030	(408) 395-1147
Robert S.	Mavaddat	Robert S. Mavaddat	180 W Foothill Bvd D	Monrovia	CA	45411	(626) 359-2543
Mike/Sinai/Soheil	Lavi/Lahijani/Lahijani	Atlantic West One, Inc.	2222 South Atlantic Blvd.	Monterey Park	CA	91754	(323) 722-3379
Debra Roxanne/Greg S.	Terry/Terry II	Rekoj LLC	25970 Iris Avenue 5-B	Moreno Valley	CA	92551	(951) 485-8155
Abdur & Nasreen	Rauf	Maxcorp Styles, Inc.	14435 Moreno Beach Drive Ste 103	Moreno Valley	CA	92555	(951) 242-0100
Toni/Timothy	Naisbett/Dever	T & T Family Partners	39252 Winchester Rd. Ste. 101	Murrieta	CA	92563	(951) 677-0241
Christina	Ngo		2532 E. Chapman	Orange	CA	92869	(714) 538-1724
David & Rachel	Fields	Deerfields Enterprises, Inc.	1140 E Clark Ave	Orcutt	CA	93455	(805) 937-0856
Robert S.	Mavaddat	Angeliki Corp.	3645 East Foothill	Pasadena	CA	91107	(626) 351-4720
Harry & Azniv	Galstian	LAHV Enterprises, Inc.	502 South Lake Ave.	Pasadena	CA	91101	(626) 345-5145
Ashley	Christjohn	<u>Queen's Landing LLC</u>	149 Niblick Rd	Paso Robles	CA	49627	(715) 610-0487
Indelisa & Angel	Hernandez	Mah Hair Wonders LLC	7945 Haven Ave Ste 100	Rancho Cucamonga	CA	91730	(909) 476-7022
Martha	Barton	Fantastic Sams of Riverside, Inc.	3267 Arlington Ave	Riverside	CA	92506	(951) 684-2407
Richard/Evelyn	Hernandez/Torres	Fantastic Sam's RE, Inc.	2955 Van Buren Blvd Suite D-1	Riverside	CA	92503	(951) 354-2408
Martha	Barton	Fantastic Sams of Riverside, Inc.	321 East Alessandro 2-C	Riverside	CA	92508	(951) 780-0108
Martha	Barton	Fantastic Sams of Riverside, Inc.	3380 La Sierra Ave 101	Riverside	CA	92503	(951) 354-7244
Shahla	Vazin		411 Silver Spur	Rolling Hills Estates	CA	90274	(310) 544-4416
Dave	Nelson	Black Falcon Ventures LP	9460 Mira Mesa Blvd Suite G	San Diego	CA	92126	(858) 530-9005
Patrick & Nancy	Papin	HCT Sun, LLC	8870 Navajo Rd	San Diego	CA	92119	(619) 466-3090
Jeffrey & Brenda	Scruggs	J&B Salons, Inc.	12075 Carmel Mountain Rd Suite 212	San Diego	CA	92128	(858) 630-5235
Dave	Nelson	Black Falcon Ventures LP	4203 Genesee Ave Suite A 104	San Diego	CA	92117	(858) 268-1798
Leila	Alcala	L. ALCALA, LLC	464 N Lone Hill Ave	San Dimas	CA	91773	(909) 599-1182
David & Rachel	Fields	Deerfields Enterprises, Inc.	3910 Broad St Ste 1	San Luis Obispo	CA	93401	(805) 547-0440

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Azam (Amy) & Nader	Vazin	Nader & Azam Vazin, Inc.	2470 S. Western Ave. Suite B	San Pedro	CA	90732	(310) 521-5395
Azam (Amy)	Vazin	Nader & Azam Vazin, Inc.	980 N. Western Ave. Suite F	San Pedro	CA	90732	(310) 831-7500
Shujaul & Naveeda	Bari	B& R Salons, Inc.	11040 Bollinger Canyon Rd. Suite G	San Ramon	CA	94582	(925) 736-7864
David & Rachel	Fields	Deerfields Enterprises, Inc.	3303 State St Suite C	Santa Barbara	CA	93105	(805) 569-5551
David & Rachel	Fields	Deerfields Enterprises, Inc.	1950 Cliff Dr	Santa Barbara	CA	93109	(805) 966-3801
Ben/Maryam	Fathi/Noorbakhsh	BM Investment Group, Inc.	2461 Santa Monica Boulevard	Santa Monica	CA	90404	(310) 453-5103
Roshanak/Mike	Eskandary/Lavaf		2639 Lincoln Blvd	Santa Monica	CA	90405	(310) 399-1636
Jennifer/Lisa	Coniglio/Lang	Shear Studio, LLC	9723 Mission Gorge Rd.	Santee	CA	92071	(619) 448-8199
Ejmin	Avanesian	FSSO ENTERPRISES INC,	14527 Ventura Blvd.	Sherman Oaks	CA	91403	(818) 385-1914
Parisa	Dahesh		3998 Cochran St 2	Simi Valley	CA	93063	(805) 584-0665
Forough	Zamani		660 E. Los Angeles Avenue	Simi Valley	CA	93065	(805) 584-1495
Alis	Yousefi		12040 Ventura Blvd	Studio City	CA	91604	(818) 508-6071
Shahnaz	Vazin		4661 Torrance Blvd.	Torrance	CA	90503	(310) 370-9895
Tania Angelica	Rios	Veri Capi Enterprises Inc.	4952 W 190th St	Torrance	CA	90503	(310) 542-6700
Victoria H.	Hoang	Victoria H. Hoang	25365 Crenshaw Blvd Ste E	Torrance	CA	48681	(310) 539-2191
Saritha	Gopinadhan		25868 The Old Road	Valencia	CA	91381	(661) 200-3959
David & Rachel	Fields	Deerfields Enterprises, Inc.	5722 Telephone Rd Suite 18	Ventura	CA	93003	(805) 647-2885
Jeffrey & Brenda	Scruggs	J&B Salons, Inc.	1605 South Melrose Dr Suite E	Vista	CA	92081	(760) 598-7232
Guadalupe	Higuera	GM Salon Corp.	15030 E. Whittier Blvd.	Whittier	CA	90603	(562) 698-5983
Ghobrial & Amal	Youssef	Jacob And Jennifer, Inc.	13502 Whittier Boulevard Suite C	Whittier	CA	91764	(562) 696-6655
Roshanak/Marjaneh	Eskandary/Banaee		22808 Victory Blvd	Woodland Hills	CA	91367	(818) 888-9393
Pramila	Shrestha	Prami Essence Inc.	17484 E. Yorba Linda Blvd.	Yorba Linda	CA	92886	(714) 993-5512
Shawn & Raquel	Edwards	R&S Corporate Enterprises LLC	20625 Yorba Linda Boulevard Eastlake Village	Yorba Linda	CA	92886	(949) 340-7647
Karina	Villegas		33676 Yucaipa Blvd	Yucaipa	CA	92399	(909) 316-4177
Michael & Rebecca	Pavlich	The Path, Inc.	7735 Wadsworth Blvd. Suite B	Arvada	CO	80003	(303) 467-3900
Michael & Rebecca	Pavlich	The Path, Inc.	6488 Ward Rd	Arvada	CO	80004	(303) 422-4206
Brian	Sears	W & L Enterprises, LLC	6616 S. Parker Road Suite 104	Aurora	CO	47376	(720) 870-3904

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Raymond & Autumn	Ginnetti	FRS Group, Inc.	6883 Mesa Ridge Parkway	Fountain	CO	80817	(719) 390-0102
Lisa (Elizabeth)	Effler	Begg, Inc.	3810 W 10th St Ste A1	Greeley	CO	80634	(970) 351-8900
Brian	Sears	R & J Salon Systems LLC	9567 S. University Blvd Ste D3	Highlands Ranch	CO	47376	(303) 683-4086
Jerry and Mei Rong	Dinger and Zou-Dinger	J&J Investment Company, Inc.	11068 W. Jewell Ave. C-4	Lakewood	CO	80232	(303) 988-9692
Krystle & Daniel	Archuletta	Belmar Crossing Hair Salon Inc.	7111 W Alameda Ave Ste H	Lakewood	CO	80226	(303) 922-3714
Stephanie	Taylor	BMHE LLC	8500 W. Crestline Avenue Unit G3	Littleton	CO	80123	(303) 971-0696
Linda	Oppegaard		7939 S Broadway	Littleton	CO	80122	(720) 283-1667
Lisa (Elizabeth)	Effler	The Effler Corp.	262 E. 29th Street	Loveland	CO	80538	(970) 667-0023
Robyn/Yolanda	Sanchez/Valasquez	RYL Inc LLC	16526 Keystone Blvd. Unit D	Parker	CO	80134	(720) 536-5276
Michael & Rebecca	Pavlich	The Path, Inc.	9975 Wadsworth Pkwy Unit G	Westminster	CO	80021	(303) 940-0476
Jaclyn/Man Ming (Bruce)	Nguyen/Dang	T & P Hair Salon Inc.	3918 Wadsworth Boulevard 6	Wheat Ridge	CO	80033	(303) 421-3500
Jeffrey T./Bret S.	Morris/Felberg	Felmorr Holdings, LLC	378 Havendale Boulevard	Auburndale	FL	33823	(863) 967-7486
Lee and Michelle	Kline	KLM Hair Salon, LLC	5722 Cortez Rd West	Bradenton	FL	34210	(941) 795-6350
Jeffrey T./Bret S.	Morris/Felberg	Felmorr Holdings, LLC	11215 E State Road 70 Unit 103	Bradenton	FL	34202	(941) 739-0300
Lee and Michelle	Kline	KLM Hair Salon, LLC	6092 14th Street West	Bradenton	FL	34207	(941) 755-7565
Jeffrey T./Bret S.	Morris/Felberg	Felmorr Holdings, LLC	2480 W. Brandon Blvd.	Brandon	FL	33511	(813) 681-7267
Jon & Kimberly	Bennett	Alverben Enterprises, Inc.	13142 Cortez Blvd.	Brooksville	FL	34613	(352) 597-2686
Patrick	Esposito	Quantum Faith, Inc.	511 SW Pine Island Rd.	Cape Coral	FL	33993	(239) 458-7681
Scott	Brown	Southwest Florida Salons, LLC	2311 Santa Barbara Blvd.	Cape Coral	FL	33991	(239) 800-5207
Nicholas & Gullu	Lessen	Mavi Ev, LLC	2237 Gulf to Bay Blvd.	Clearwater	FL	33765	(727) 466-0400
Michael & Elena	Fealko	TSP Fealko, LLC	1310 N. Ferdon Blvd.	Crestview	FL	32536	(850) 682-0983
Christie	Hale	CK Cutters, Inc.	2134 Main Street	Dunedin	FL	34698	(727) 734-3008
Scott	Brown	Southwest Florida Salons, LLC	7101 Cypress Lakes Dr	Fort Myers	FL	33907	(239) 288-7410
Scott	Brown	Southwest Florida Salons, LLC	7950 Dani Dr Ste 305	Fort Myers	FL	33966	(239) 337-0009
Scott	Brown	Southwest Florida Salons, LLC	18990 S Tamiami Trail Ste 9	Fort Myers	FL	33908	(239) 766-4906
Jon	Bennett	Mia's Fantastic Sam's Personel, Inc.	99 N.E. Eglin Pkwy. Suite 22-C	Fort Walton Beach	FL	32548	(850) 664-7711
Mary M. & Joseph J.	Blanco	F & S Pensacola, Inc.	3755 Gulf Breeze Parkway	Gulf Breeze	FL	32561	(850) 934-9554
Jon	Bennett	Alverben Enterprises, Inc.	13820 Little Rd.	Hudson	FL	34667	(727) 869-9369

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Deanna	Watson	DT Watson LLC	2641 E. Gulf to Lake Hwy.	Inverness	FL	34453	(352) 637-7244
Jie	Zhao	Hope GP Inc.	4707 66th St. North	Kenneth City	FL	33709	(727) 545-5383
Jeffrey T./Bret S.	Morris/Felberg	Felmorr Holdings, LLC	4267 Us Highway 98 North	Lakeland	FL	33809	(863) 859-6362
Nicholas & Gullu	Lessen	Mavi Ev, LLC	10597 Ulmerton Rd.	Largo	FL	33771	(727) 585-5544
Jennifer & Jason	Boffey	Jenson Management LLC	182 W. State Route 434 Suite 1004	Longwood	FL	32750	(407) 260-1143
Janine & Perry	Del Vecchio	Naples Paradise Salons, LLC	5983 Pine Ridge Rd. Suite 108	Naples	FL	34119	(239) 653-9889
Michael & Elana	Fealko	TSP Fealko, LLC	8650 Navarre Parkway	Navarre	FL	32566	(850) 396-6987
Jon	Bennett	Alverben Enterprises, Inc.	5340 Little Rd 108	New Port Richey	FL	34655	(727) 376-8300
Jon	Bennett	Mia's Fantastic Sam's Personel, Inc.	1136 John Sims Parkway	Niceville	FL	32578	(850) 678-7711
Scott	Brown	Southwest Florida Salons, LLC	6694 Bayshore Road Suite C-8	North Fort Myers	FL	33917	(239) 579-7267
Jason/Tanner	Metnick/Rose	Longhorn Cuts, Inc.	14824 Tamiami Trail	North Port	FL	34287	(941) 426-8588
Debra/Nancy	Duda/Kepner	III Generations, LLC	5400 SW College Rd Suite 306	Ocala	FL	34474	(352) 237-5036
Rachel Regina	Cato	Captain Rachel Charters, LLC	3150 Tampa Road #6	Oldsmar	FL	34677	(727) 789-6063
Marc and Jean	Rossano	F.S.J.A.X. ENTERPRISE, INC.	950 Blanding Blvd 24	Orange Park	FL	32065	(904) 276-6606
Mary M. & Joseph J.	Blanco	F&S OF Pensacola	4918 Hwy 90	Pace	FL	32571	(850) 994-0247
Barbara & Kenneth	Harman	Harman & Harman, Inc.	36129 East Lake Road	Palm Harbor	FL	34685	(727) 787-6999
Jeffrey T./Bret S.	Morris/Felberg	Felmorr Holdings, LLC	11235 US 301 N 103	Parrish	FL	34219	(941) 776-8484
Mary M. & Joseph J.	Blanco	F & S OF Pensacola, Inc.	8950 Pensacola Blvd.	Pensacola	FL	32534	(850) 479-1459
Mary M. & Joseph J.	Blanco	F & S OF Pensacola, Inc.	4600 Mobile Highway Suite 103	Pensacola	FL	32506	(850) 457-0000
Jon	Bennett	Mia's Fantastic Sam's Personel, Inc.	13019 Sorrento Rd.	Pensacola	FL	32507	(850) 492-9858
Mary M. & Joseph J.	Blanco	F&S OF Pensacola, Inc.	36 South Blue Angel Parkway	Pensacola	FL	32506	(850) 453-5107
Jeffrey T./Bret S.	Morris/Felberg	Felmorr Holdings, LLC	115 W Alexander St	Plant City	FL	33566	(813) 754-7267
Scott	Brown	Southwest Florida Salons, LLC	3280 Tamiami Trail	Port Charlotte	FL	33952	(941) 627-1007
Jon	Bennett	Alverben Enterprises, Inc.	9664 US Highway 19	Port Richey	FL	34668	(727) 848-1127
Danielle Nicole	Grigsby	D.N.G. Enterprises, LLC	9838 U. S. 301 South	Riverview	FL	33578	(813) 671-7116
Ann M.	Chmil	Campione Enterprises, LLC	3663 Orlando Dr.	Sanford	FL	32773	(407) 323-9045
Tanner	Rose	Longhorn Cuts, Inc.	3640 Bee Ridge Rd.	Sarasota	FL	34233	(941) 922-8645

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Jeffrey T./Bret S.	Morris/Felberg	Felmorr Holdings, LLC	11736 E M.L.K. Jr Blvd FL 574	Seffner	FL	33584	(813) 654-2302
Jie	Zhao	Hope GP Inc.	6800 Gulfport Boulevard	South Pasadena	FL	33707	(727) 345-7769
Marc and Jean	Rossano	F.S.J.A.X. ENTERPRISE, INC.	228 State Route 312 Unit 18	St. Augustine	FL	32086	(904) 824-6595
Doris	Wethington		5002 34th Street South	St. Petersburg	FL	33711	(727) 866-0328
Edward/Jessica	Williams/Johnson	WILLIAMSAMC LLC	2290 4th Street North	St. Petersburg	FL	33704	(727) 823-6206
Jeffrey T./Bret S.	Morris/Felberg	Felmorr Holdings, LLC	3846 Sun City Blvd	Sun City Center	FL	33573	(813) 634-2850
Scott	La Pre	Lapco Enterprises, Llc	13250 N. Dale Mabry	Tampa	FL	33618	(813) 962-0222
Scott & Jennifer	Cook	Salon 1617, LLC	7334 W. Waters Ave.	Tampa	FL	33634	(813) 886-5555
Scott & Jennifer	Cook	Salon 1617, LLC	1163 S. Pinellas Ave.	Tarpon Springs	FL	34689	(727) 939-1701
Tara	Riley		721 Kristine Way	The Villages	FL	32163	(352) 750-1001
Jeffrey T./Bret S.	Morris/Felberg	Felmorr Holdings, LLC	307 Cypress Gardens Blvd.	Winter Haven	FL	33880	(863) 299-8411
Jon & Kimberly	Bennett	Alverben Enterprises, Inc.	5020 Mission Square Lane	Zephyrhills	FL	33542	(813) 788-5290
Sherry Ann	Britt	BL Beauty LLC.	4274 Washington Rd. Suite 7	Evans	GA	30809	(706) 426-8888
Khalilah	Jackson	KayLee's beauty and style LLC	1124 McDonough Place	McDonough	GA	30253	(770) 898-7903
Myles and Yonghui	Fujiwara	Y. Fujiwara Enterprises, Llc	98-1005 Moanalua Road Unit 854	Aiea	HI	96701	(808) 485-2299
Jung Ja	McDonald-Chock	United Hair, Inc.	91-919 Fort Weaver Rd.	Ewa Beach	HI	96706	(808) 689-7878
Joanne	Le	Uilani Investment, LLC	1620 School St.	Honolulu	HI	96817	(808) 841-4415
Thuy/Nha Hoang/ThuTrang	Liang/Nguyen/Dang	N & T, LLC	1235 Wilder Avenue	Honolulu	HI	96822	(808) 528-5559
Diana and Donald	Crockett	DDCC, LLC	95 Kipapa Drive Suite 221	Mililani	HI	96789	(808) 623-7733
Jung Ja	McDonald-Chock	United Hair, Inc.	94-050 Farrington Hwy Suite E3-2	Waipahu	HI	96797	(808) 676-3916
Frederic P./Belinda B.	Dalan	Dalan Hair Services, LLC	94-1221 Ka Uka Boulevard Suite B-106	Waipahu	HI	96797	(808) 671-8600
Noor Khaleel/Ibrahim	Anwer/Al Ghezi	THE STYLING SUITE INC.	269 North Weber Rd	Bolingbrook	IL	60490	(630) 759-7330
Kevin	McCrory	Kroiter Management, Inc.	7226 Madison St	Forest Park	IL	60130	(708) 771-4650
Noor Khaleel/Ibrahim	Anwer/Al Ghezi	THE STYLING SUITE INC.	19808 S. Harlem Avenue	Frankfort	IL	60423	(815) 469-0080
Mohammed Nadeem/Fatima	Khan/Tanveer	Turnkey Business, LLC	4711 N. Harlem Avenue	Harwood Heights	IL	60706	(708) 867-7900
Judith/Vanessa	Dye/Garcia	Utah Corp.	833 S Ridge Rd	Minooka	IL	60447	(815) 467-9130
Noor Khaleel/Ibrahim	Anwer/Al Ghezi	THE STYLING SUITE INC.	8 West Gartner Rd Suite 136	Naperville	IL	60540	(630) 355-2168

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Theresa	Erickson	FSNL Corp.	280 E Lincoln Hwy Unit A	New Lenox	IL	60451	(815) 462-1755
Noor Khaleel/Ibrahim	Anwer/Al Ghezi	THE STYLING SUITE INC.	6316 west 95th Street	Oak Lawn	IL	60453	(708) 598-7267
Patrick & Ashlee	Felling	Freher LLC	1828 Vaughn Rd.	Wood River	IL	62095	(618) 259-7267
Paul William	Rivard	Challenger Concepts, Inc.	3082 John Williams Boulevard	Bedford	IN	47421	(812) 278-7267
Wendy	Tumey	WDT Corporation	1835 N. Kinser Pike	Bloomington	IN	47404	(812) 330-0987
Paul William	Rivard	Challenger Concepts, Inc.	750 Eastern Blvd	Clarksville	IN	47129	(812) 288-8812
Glen	Adams	Teca, Inc.	2363 Hwy 135 NW Ste 108	Corydon	IN	47112	(812) 734-0918
Paul William	Rivard	Challenger Concepts, Inc.	3966 Newton St.	Jasper	IN	47546	(812) 634-1996
Paul William	Rivard	Challenger Concepts, Inc.	3150 English Station	Madison	IN	47250	(812) 273-7100
Paul William	Rivard		2212 State St	New Albany	IN	47150	(812) 948-8467
Paul William	Rivard	Challenger Concepts, Inc.	206 S 5th Avenue	Princeton	IN	47670	(812) 386-3333
Paul William	Rivard	Challenger Concepts, Inc.	1323 E. Hackberry St. Suite 102	Salem	IN	47167	(812) 896-0011
Paul William	Rivard	Challenger Concepts, Inc.	1607 W. McClain Avenue	Scottsburg	IN	47170	(812) 752-5655
Paul William	Rivard	Challenger, Inc.	621 Highway 66 East	Tell City	IN	47586	(812) 547-7550
Paul William	Rivard	Challenger Concepts, Inc.	646 Kimmell Rd.	Vincennes	IN	47591	(812) 291-1929
Paul William	Rivard	Challenger Concepts, Inc.	1717 South State Rd. 57 Suite C	Washington	IN	47501	(812) 254-2600
Tammy	Eickhoff	TJ Ventures, Inc.	8157 State Ave.	Kansas City	KS	66112	(913) 299-8820
Tammy	Eickhoff	TJ Ventures, Inc.	9633 West 87th Street	Overland Park	KS	66212	(913) 831-1007
Tammy	Eickhoff	TJ Ventures, Inc.	11212 W 75th St.	Shawnee	KS	66203	(913) 268-1032
Steven	Barrett	Littell Enterprises, Inc.	1204 South Rock Road	Wichita	KS	67207	(316) 686-7736
Steven	Barrett	Littell Enterprises, Inc.	2790 South Seneca	Wichita	KS	67217	(316) 265-9466
Dan	Brisker	Jade Business Concepts, Inc.	117 6th St.	Ashland	KY	41101	(606) 324-8080
Glen	Adams	Teca, Inc.	106 W. John Rowan Boulevard	Bardstown	KY	40004	(502) 348-9138
Glen	Adams	Teca, Inc.	125 Walmart Drive	Campbellsville	KY	42718	(270) 849-2160
Dan	Brisker	Jade Business Concepts, Inc.	493 N Carol Malone Blvd	Grayson	KY	41143	(606) 474-8886
Glen	Adams	Teca, Inc.	3932 Taylorsville Road	Louisville	KY	40220	(502) 458-2303
Glen	Adams	Teca, Inc.	5527 Newcut Road	Louisville	KY	40214	(502) 361-3675
Glen	Adams	Teca, Inc.	5016 Mud Lane Suite 103	Louisville	KY	40229	(502) 968-3112
Rosemary	Adams	Teca, Inc.	3628 S. Hurstborne Ln.	Louisville	KY	40299	(502) 671-0227
Glen	Adams	Teca, Inc.	10113 Dixie Highway	Louisville	KY	40272	(502) 448-1015

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Timothy & Kayla	Dumesnil	Ash Cut & Color LLC	109 Rue Centre Suite 4	Abbeville	LA	70510	(337) 422-6142
Jason & Curtis	Hicks		2951 East Texas Street Suite E	Bossier City	LA	71111	(318) 741-5571
Bianca	Hebert	Silk Strands, LLC	218 C St Nazaire	Broussard	LA	70518	(337) 330-2228
Austin & Rhonda	Poole	RAND Ventures, LLC	2354 S. Range Ave.	Denham Springs	LA	70726	(225) 664-2233
Stephanie	Michelli	SBPM LLC	1905 W. Thomas Street Suite E	Hammond	LA	70401	(985) 542-1222
Mikka & Randy	Romero	Salon Sesh LLC	3524 Kaliste Saloom Road Unit 301	Lafayette	LA	70508	(337) 981-1186
Mikka & Randy	Romero	Salon Sesh LLC	9403 Maurice Ave Suite 2	Maurice	LA	70555	(337) 400-9422
Tammy & Michael	Marshall		941 E. South Lewis 941-E	New Iberia	LA	70560	(337) 367-3517
Michel	Bourgeois	CMJ Salons, LLC	3121 Highway 28 E	Pineville	LA	71360	(318) 445-2957
Staci	Gatlin	WEGSR LLC	845 W. Pine St. Suite 2f	Ponchatoula	LA	70454	(985) 386-8222
Stephanie	Michelli	SBPM LLC	17100 Airline Highway Suite C	Prairieville	LA	70769	(225) 744-3700
Stephanie	Michelli	SBPM LLC	1597 Gause Blvd	Slidell	LA	70458	(985) 643-2383
Jessica	Williams	LMCJ LLC	28050 Walker S. Rd., Suite K	Walker	LA	70785	(225) 665-0056
Mikka & Randy	Romero	Salon Sesh Young, LLC	103 Centre Sarcelle Blvd Ste 505	Youngsville	LA	70592	(337) 451-6860
John/Michael	Kile/Wimmer	Second Shift Ventures Beverly, LLC	45 Enon Street	Beverly	MA	01915	(978) 921-1888
John/Michael	Kile/Wimmer	Second Shift Ventures Danvers, LLC	64 Maple Street	Danvers	MA	01923	(978) 774-3134
Jean	Bernard	SPRE Enterprises, Inc.	390 Rhode Island Avenue Unit 1	Fall River	MA	02721	(508) 678-2720
John/Michael	Kile/Wimmer	Second Shift Ventures Middleton, LLC	232 South Main Street Suite C	Middleton	MA	01949	(978) 750-6656
John/Michael	Kile/Wimmer	Second Shift Ventures Raynham LLC	325 New State Highway	Raynham	MA	02767	(508) 386-1666
John/Michael	Kile/Wimmer	Second Shift Ventures Stoughton LLC	417 Washington Street	Stoughton	MA	02072	(781) 344-4628
John/Michael	Kile/Wimmer	Second Shift Ventures Tewksbury, LLC	1900 Main Street	Tewksbury	MA	01876	(978) 851-9966
John/Michael	Kile/Wimmer	Second Shift Ventures Woburn, LLC	84 Washington St Suite B	Woburn	MA	01801	(781) 939-9959
John/Michael	Kile/Wimmer	Second Shift Ventures, LLC	352 Cambridge Road	Woburn	MA	01801	(781) 281-7473
Jarett & Leah	Reinmann	A2 1 FANSAMS LLC	3131 Oak Valley Drive	Ann Arbor	MI	48103	(734) 994-6425

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Anthony H.	Fry	Ypsilanti Hair Care, Inc.	6044 Rawsonville Road	Belleville	MI	48111	(734) 481-0300
Matthew and Corene	Moskowitz	MOSKOWITZ VENTURES, LLC	9864 E. Grand River Suite 220	Brighton	MI	48116	(810) 229-1900
Anthony H.	Fry	Canton Haircare, Inc.	44706 Ford Road	Canton	MI	48187	(734) 459-5528
Jerry & Clare	Cunningham	Cunningham Cuts, LLC	4089 Alpine Ave NW Suite C	Comstock Park	MI	49321	(616) 608-3128
Jerry	Cunningham	CC Cascade, LLC	2700 Kraft Ave SE Suite D	Grand Rapids	MI	49546	(616) 805-0353
Leah & Jarett	Reinmann	Hamburg Fantastic Sams LLC	9612 Chilson Commons Circle	Hamburg	MI	48169	(810) 231-6705
Jay & Karen Cummings	Cummings	Jay & Karen Cummings Company, LLC	10090 Highland Rd.	Hartland	MI	48353	(810) 632-4400
Michael	Bunney	MMM Enterprises, Inc.	33000 7 Mile Rd	Livonia	MI	48152	(248) 426-8588
Jamie & William	Gardella	GJB Investments, LLC	16733 Middlebelt Rd.	Livonia	MI	46573	(734) 525-8511
Kendra	Monday	Monday Hair LLC	1180 W Front St	Monroe	MI	48161	(734) 241-9320
Todd/Scott	Wells	The Wells Group, LLC	1456 S. Sheldon Rd.	Plymouth	MI	48170	(734) 414-9470
Kashmira	Kharas	KCY, Inc.	48893 Hayes Road	Shelby Township	MI	48315	(586) 532-1566
Jerry & Clare	Cunningham	Cunningham Cuts Sparta, LLC	545 S State	Sparta	MI	49345	(616) 887-2755
Sofia	Hermiz	SMS World, LLC	28632 Harper Avenue	St. Clair Shores	MI	48081	(586) 777-0610
Sofia	Hermiz	SMS World, LLC	23511 Nine Mack Dr.	St. Clair Shores	MI	48080	(586) 772-7267
Dijana & Dannky	Bogoevski	Trnina, Inc.	2253 18 Mile Road	Sterling Heights	MI	48314	(586) 726-1390
Mary (Gatton)/Dean	Olinger/Heideman	Olinger Enterprises, LLC	2352 Hendrickson Rd	Albert Lea	MN	56007	(507) 373-8888
Gerard	Gay	JG Hair Care, Llc	1804 Broadway St. So.	Alexandria	MN	56308	(320) 762-6521
John	Prichard	Kingdom Business, Inc.	1966 Bunker Lake Blvd.	Andover	MN	55304	(763) 754-4390
Angela Lynn/Dolly	Derby/Audette	Angel Doll Hair LLC	3841 St. Francis Blvd.	Anoka	MN	55303	(763) 427-9191
Scott/Cindy	Learned/Tomlinson	MACS Style LLC	3603 Round Lake Boulevard NW #103	Anoka	MN	55303	(763) 422-0520
John	Prichard	Kingdom Business, Inc.	15624 Pilot Knob Road Ste. 100-200	Apple Valley	MN	55124	(952) 423-5565
Christina & Michael	LaMere	Queen LaMere, LLC	3833 Lexington Avenue North Ste 107	Arden Hills	MN	55126	(651) 484-0511
David & Lyn	Schultz	CCT Enterprises, LLC	1906 8th St. NW Suite B	Austin	MN	55912	(507) 434-4635
John E.	Rauenhorst	Rauenhorst Enterprises, Inc.	14273 Bank Street	Becker	MN	55308	(763) 262-7726
John	Prichard	Kingdom Business, Inc.	10904 Baltimore St. NE	Blaine	MN	55449	(763) 786-1888

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John E.	Rauenhorst	Rauenhorst Enterprises, Inc.	3453 Lake Drive 145	Blaine	MN	55014	(763) 786-9180
Tae	Choi	E Lae, Inc.	5625 Xerxes Ave. No.	Brooklyn Center	MN	55430	(763) 560-8233
Mark	Shobe	River Road Management Inc.	610 Crossroads Campus Dr.	Buffalo	MN	55313	(763) 682-2770
Kinnari & Nikesh	Patel	AUM Enterprises LLC	201 Balsam St N Cambridge	Cambridge	MN	55008	(763) 691-1856
Mark	Shobe	River Road Management Inc.	810 Walnut St	Chaska	MN	55318	(952) 361-5426
Danielle/Jolene	Torres/Braun		12778 Riverdale Blvd Ste 102	Coon Rapids	MN	55448	(763) 862-7882
Kim	Senne	Kim's Style L.L.C.	455 99th Avenue NW	Coon Rapids	MN	55433	(763) 786-7267
Ross/Derek	Johnson/Joppp	JVJ Salons LLC	7145 E. Point Douglas Road S	Cottage Grove	MN	55016	(651) 478-1006
John	Prichard	Kingdom Business, Inc.	101 Willow Bend	Crystal	MN	55428	(763) 533-9979
Mark	Shobe	River Road Management Inc.	1005 Crossing Drive Suite 110	Delano	MN	55328	(763) 355-9566
Jean	Whitacre	Shear Creation, Inc.	5115 Burning Tree Rd. Suite 304	Duluth	MN	55811	(218) 723-4027
Jean	Whitacre		5115 Burning Tree Rd, Suite 304	Duluth	MN	47035	(218) 723-4027
Vijay/Sneha Reddy	Karnatak/Thudi	SV Enterprises LLC	3932 Cedar Grove Parkway	Eagan	MN	55122	(651) 478-1375
Dean/David	Ahuja/Zoz	A2Z Salons, LLC	10165 Hennepin Town Road Ste 107	Eden Prairie	MN	55347	(952) 746-0999
Linda J.	Mason	Tresses LLC	3329 Hazelton Rd	Edina	MN	55435	(952) 255-6786
John	Prichard	Kingdom Business, Inc.	18033 Zane Street NW Ste. B	Elk River	MN	55330	(763) 441-6878
Dean	Ahuja	Base12 LLC	300 Western Avenue Suite 105	Faribault	MN	55021	(507) 805-2528
John	Prichard	Kingdom Business, Inc.	18350 Pilot Knob Road	Farmington	MN	55024	(651) 460-7267
John	Prichard	Kingdom Business, Inc.	555 Broadway Ave Ste 4	Forest Lake	MN	55025	(651) 464-2288
Mark	Shobe	River Road Management Inc.	725 Baltimore Avenue SW	Hutchinson	MN	55350	(320) 455-9317
John	Prichard	Kingdom Business, Inc.	18445 Orchard Trail	Lakeville	MN	55044	(952) 898-7267
John E.	Rauenhorst	Rauenhorst Enterprises, Inc.	717 Apollo Drive Suite 130	Lino Lakes	MN	55014	(763) 784-8688
Todd & Marcie	Anderson	Creative Inspirations, LLC	507 Sibley Avenue North	Litchfield	MN	55355	(320) 693-2566
David & Lyn	Schultz	CCT Enterprises, LLC	201 Sioux Road Suite 101	Mankato	MN	56001	(507) 345-4007
David	Schultz	CCT Enterprises, LLC	1754 Commerce Dr Ste 102	Mankato	MN	56003	(507) 388-2112
Chris	Nagel	Grove Salons, Inc.	9859 Maple Grove Parkway N.	Maple Grove	MN	55369	(763) 391-6664
Michael	Goede		1275 County Rd. E	Maplewood	MN	55109	(651) 739-1109

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Dean/David	Ahuja/Zoz	A2Z Salons, LLC	720 Main St Ste 106	Mendota Heights	MN	55118	(651) 454-5900
Jim & Caryl	Nelson	Samtastic, LLC	5466 St. Croix Trail Unit B	North Branch	MN	55056	(651) 237-0399
Michael & Lisa	Goede	Terug Geven Inc.	1023 Helmo Ave	Oakdale	MN	55128	(651) 730-7267
David & Lyn	Schultz	CCT Enterprises, LLC	1015 West Frontage Road Ste 102	Owatonna	MN	55060	(507) 214-7267
Andrew	Ronningen	FS5, LLC	3505 Vicksburg Lane No Ste 600	Plymouth	MN	55447	(763) 551-0800
Kinnari & Nikesh	Patel	AUM Enterprises LLC	304 19th Avenue N. Ste B	Princeton	MN	55371	(763) 631-0466
John	Prichard	Kingdom Business, Inc.	16731 Highway 13 South Suite 108-1	Prior Lake	MN	55372	(952) 447-3500
John E.	Rauenhorst	Rauenhorst Enterprises, Inc.	13690 Rogers Drive Suite 120	Rogers	MN	55374	(763) 428-1183
John	Prichard	Kingdom Business, Inc.	1639A West County Road C	Roseville	MN	55113	(651) 415-2727
Douglas & Laura	Ringwelski	GFP Inc.	2922 Pentagon Dr. NE	St. Anthony	MN	55418	(612) 788-8700
John E.	Rauenhorst	Rauenhorst Enterprises, Inc.	4143 West Division St	St. Cloud	MN	56301	(320) 259-0066
Virginia	Rowland	Avante Hair 2, LLC	5005 Excelsior Blvd.	St. Louis Park	MN	55416	(952) 345-0003
David & Lyn	Schultz	CTM Enterprises, LLC	1226 Minnesota Ave. Suite 101	St. Peter	MN	56082	(507) 934-5957
Chelsea	Long	CCBLK, LLC	1754 Market Drive	Stillwater	MN	55082	(651) 439-0797
Mark	Shobe	River Road Management Inc.	720 Vista Blvd.	Waconia	MN	55387	(952) 442-9787
Gabe & Jessica	Koepp	Jopac, Inc.	975 Frontenac Drive	Winona	MN	55987	(507) 452-5333
Linda J.	Mason	Tresses LLC	10150 Hudson Road	Woodbury	MN	55129	(651) 738-9393
Linda J.	Mason	Tresses LLC	7455 Currell Blvd Ste 112	Woodbury	MN	55125	(651) 340-8475
Ken and Renee	Geile	Zipper Clippers, LLC	1945 Richardson Rd.	Arnold	MO	63010	(636) 464-5522
Cyndy	Copeland	C & W Enterprises, Ltd	3847 Mckelvey Road	Bridgeton	MO	63044	(314) 298-9919
Patrick & Ashlee	Felling	Freher LLC	249 E. 5th St.	Eureka	MO	63025	(636) 938-5780
Patrick & Ashlee	Felling	Freher LLC	8213 N. Lindbergh	Florissant	MO	63031	(314) 830-1848
Mercedes & Hunter	Meese	Meese Enterprises, LLC	17911 E. 24 Hwy	Independence	MO	64056	(816) 257-2522
Brianna	Maxwell	BRIMAX CUTS, LLC	5522 Northeast Antioch Rd.	Kansas City	MO	64119	(816) 455-5440
Cyndy	Copeland	C & W Operations, Ltd.	424 SW Ward	Lee's Summit	MO	64081	(816) 525-1144
Cyndy	Copeland	C & W Enterprises, Ltd	14511 Manchester Road	Manchester	MO	63011	(636) 391-1577
Patrick & Ashlee	Felling	Freher LLC	2979 A Highway K. Deer Creek Crossing Shopping Center	O'Fallon	MO	63366	(636) 272-4599
Patrick & Ashlee	Felling	Freher LLC	2305 Elm St.	St. Charles	MO	63301	(636) 940-5422

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Cyndy	Copeland	C & W Enterprises, Ltd	115 Concord Plaza Shopping Center	St. Louis	MO	63128	(314) 849-4450
Jeremy	Plymale	JP Salons, LLC	1808 Wentzville Pkwy	Wentzville	MO	63385	(636) 327-7010
Claire & Joshua/Lorrie	Agner/Downen	Goldie Locks, LLC	2346 Mcingvale Rd.	Hernando	MS	38632	(662) 298-3079
Claire	Agner	Goldie Locks, LLC	5940 Goodman Rd. Suite B	Olive Branch	MS	38654	(662) 895-4247
Stephanie	Michelli	SBPM LLC	229 Frontage Road Suite A	Picayune	MS	39466	(601) 799-3886
Claire & Joshua	Agner	Goldie Locks, LLC	775 Goodman Rd. 775-31	Southaven	MS	38671	(662) 349-3082
Sylvia	Palmer	Sybil Ventures, Inc.	9869 Ocean Highway West Unit 3-09	Calabash	NC	28467	(910) 575-3966
Heather & Andrew	Wheeler	Wheeltastic Enterprises, LLC	2660 NC 24-87	Cameron	NC	28326	(910) 436-2944
Dick	Kauffman	Paradix Development Corp.	1971 High House Rd	Cary	NC	27513	(919) 462-0220
Dick	Kauffman	Paradix Development Corp.	3460 Ten Ten Road	Cary	NC	27518	(919) 362-9044
Parish Henry	Moffitt		10018 Benfield Rd, Ste 206,	Charlotte	NC	28269	(704) 727-5919
Teresa & Raymond	Wilson	Kingdom Business Partners, LLC	Flowers Crossroads 14 Flowers Crossroads way	Clayton	NC	27527	(919) 359-8663
Alvin & Toni	Mathis	M2M, Inc.	1351 Sunset Ave G	Clinton	NC	28328	(910) 592-7267
Parish Henry & Sarah Arleane	Moffitt	Templeton Salons, Inc.	523 Brentwood Rd 3	Denver	NC	28037	(704) 966-4227
Alvin & Toni	Mathis	M2M, Inc.	556 E Jackson Blvd 11	Erwin	NC	28339	(910) 892-7267
Dick	Kauffman	Paradix Development Corp.	7968 Raeford Rd	Fayetteville	NC	28304	(910) 223-9770
Heather & Andrew	Wheeler	Wheeltastic Enterprises, LLC	1800 Skibo Road	Fayetteville	NC	28303	(910) 487-1110
Dick	Kauffman	Paradix Development Corp.	5555 Waldos Beach Rd	Fayetteville	NC	28306	(910) 424-7267
Jason & Sara	Chess	Chess, LLC	4749 Ramsey St	Fayetteville	NC	28311	(910) 630-6030
Heather & Andrew	Wheeler	Wheeltastic Enterprises, LLC	5131 NC Hwy 42 West	Garner	NC	27529	(919) 773-0888
Sylvia	Palmer	Sybil Ventures, Inc.	307 North Berkeley Blvd	Goldsboro	NC	27534	(919) 778-2900
Dana/Robert/William	Palmer	Sybil Ventures, Inc.	2120 East Firetower Road Ste. 113	Greenville	NC	27858	(252) 329-7267
Dick	Kauffman	Paradix Development Corp.	2660 Hwy 210 E Suite 104	Hampstead	NC	28443	(910) 667-2298
Evan	Felder	Felder Companies LLC	1995 Startown Road Suite 207	Hickory	NC	28602	(828) 323-8255
Dick	Kauffman	Paradix Development Corp.	7268 GB Alford Hwy	Holly Springs	NC	27540	(919) 557-9333
Dick	Kauffman	Paradix Development Corp.	3503 North Main Street	Hope Mills	NC	28348	(910) 424-4641
Ronda & Richard	Taylor	Jacksonville FS, Inc.	835 Piney Green Rd	Jacksonville	NC	28546	(910) 219-1077
Ronda & Richard	Taylor	Jacksonville FS, Inc.	521 Yopp Rd Ste 204	Jacksonville	NC	28546	(910) 577-7274

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Sylvia	Palmer	Sybil Ventures, Inc.	4130 W. Vernon Ave. Unit B-2	Kinston	NC	28504	(252) 527-1338
Heather & Andrew	Wheeler	Wheeltastic Enterprises, LLC	5041 Fayetteville Rd	Lumberton	NC	28358	(910) 735-0344
Fenil & Sangita	Patel	Fen & San, Inc.	3057 Market Center Dr	Morrisville	NC	27560	(919) 388-0410
Sylvia & William	Palmer	Sybil Ventures, Inc.	1505 S. Glenburnie Rd. Ste. 14	New Bern	NC	28562	(252) 636-1144
Heather & Andrew	Wheeler	Wheeltastic Enterprises, LLC	275 Ivey Lane	Pinehurst	NC	28374	(910) 420-1686
Robert & Rebecca	Dunmire	BOBECA, LLC	13600 Falls of Neuse Rd Suite 104	Raleigh	NC	27614	(919) 901-9108
Heather & Andrew	Wheeler	Wheeltastic Enterprises, LLC	1663 Buffalo Lake Rd	Sanford	NC	27332	(919) 499-5327
Amy	Artis	Precise Hair Skin Body Corporation	1255 N. Brightleaf Blvd.	Smithfield	NC	27577	(984) 201-3356
Matthew	Leaser	TJ Blades Inc.	93 Weaver Blvd	Weaverville	NC	28787	(828) 645-7731
Dick	Kauffman	Paradix Development Corp.	140 Hays Lane	Wilmington	NC	28411	(910) 681-1183
John/Michael	Kile/Wimmer	Second Shift Ventures Hudson, LLC	212 Lowell Rd	Hudson	NH	03051	(603) 943-5568
John/Michael	Kile/Wimmer	Second Shift Ventures Manchester, LLC	North Side Plaza 63 Hamel Dr	Manchester	NH	03104	(603) 222-2268
John/Michael	Kile/Wimmer	Second Shift Ventures Nashua LLC	2 Cellu Drive	Nashua	NH	03063	(603) 809-4458
John/Michael	Kile/Wimmer	Second Shift Ventures Tyngsboro, LLC	8 Spit Brook Road	Nashua	NH	03060	(978) 649-7717
John/Michael	Kile/Wimmer	Second Shift Ventures Salem, LLC	291 S. Broadway	Salem	NH	03079	(603) 912-4991
John/Michael	Kile/Wimmer	Second Shift Ventures Hillsborough LLC	450 Amwell Road Ste. 11	Hillsborough	NJ	08844	(908) 281-0148
Marianne/James	Romola/Freda	Gavin Freda Associates, LLC	1161 Route 23 South	Kinnelon	NJ	07405	(973) 838-6002
Kyle & Elaine	Kenny	CURRENT VENTURE LLC	9101 W. Sahara Ave Suite 102	Las Vegas	NV	89117	(702) 243-0849
Praveen	Nath	PPPN FS LV	1916 Village Center Circle	Las Vegas	NV	89134	(702) 233-6984
Robert/Patraick	Cornell/Agresta	Mohawk Franchising, Inc.	Rt. 30 North	Amsterdam	NY	12010	(518) 843-5863
John/Christina	Murphy/Badia	Salon Cristina LLC	15 Trieble Ave	Ballston Spa	NY	12020	(518) 363-0102
Tracy	Capparra	Travin of W.N.Y., Inc.	3812 South Park Ave.	Blasdell	NY	14219	(716) 825-8155
Joel	Pierce	2007 AAG Buffalo, Inc.	2563 Union Rd Suite 300	Cheektowaga	NY	14227	(716) 668-2618
Joel	Pierce	JRP VENTURES, LLC	1274 French Road	Cheektowaga	NY	14227	(716) 668-9433
Nathan & Ly	Kirby		1683 Route 9	Clifton Park	NY	12065	(518) 371-9322
John/Michael	Kile/Wimmer	Second Shift Ventures New York, LLC	98 Wolf Road	Colonie	NY	12205	(518) 459-4955

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Debra & Joseph	Penesso	Penesso, Inc.	596 Columbia Turnpike	East Greenbush	NY	12061	(518) 479-4504
Angela	Nelson	JAGG, Inc.	175 Broad Street	Glens Falls	NY	12801	(518) 761-2087
Susan & Jeffrey	McNamara	ASHAWN, LLC	234 N. Comrie Avenue	Johnstown	NY	12095	(518) 736-2066
John/Christina	Murphy/Badia	Salon Cristina LLC	579 Troy Schenectady Rd 229	Latham	NY	12110	(518) 782-7676
John/Christina	Murphy/Badia	Salon Cristina LLC	1400 Altamont Ave.	Schenectady	NY	12303	(518) 356-9128
John/Michael	Kile/Wimmer	Second Shift Ventures New York, LLC	270 Saratoga Road	Scotia	NY	12302	(518) 399-1341
Bonnie Lynn & Michael Allen	Lovejoy	Lovejoy Elyria Corp	819 Chestnut Commons Dr.	Elyria	OH	44035	(440) 366-1115
Dan	Brisker	Jade Business Concepts, Inc.	2145 Eastern Avenue	Gallipolis	OH	45631	(740) 446-7267
Dan	Brisker	Jade Business Concepts, Inc.	609 E. Main St.	Jackson	OH	45640	(740) 286-7267
Bonnie Lynn	Lovejoy	MBCM Lovejoy, LLC	746 E Aurora Rd Suite 3	Macedonia	OH	44056	(330) 468-3586
Dan	Brisker	Jade Business Concepts, Inc.	4631 Gallia St.	New Boston	OH	45662	(740) 456-4296
Joel	Pierce		15124 Lleytons Court Ste 109	Edmond	OK	73013	(405) 341-4433
John/Michael	Kile/Wimmer	Second Shift Ventures Allentown LLC	289 Cetronia Road	Allentown	PA	18104	(610) 351-8181
David & Judy	Ruggeri	SYBRNIC, Inc. (A Subsidiary OF Jaco, Inc.)	206 Resort Plaza	Blairsville	PA	15717	(724) 459-5610
John/Michael	Kile/Wimmer	Second Shift Ventures Hatfield LLC	1456 Ferry Road Unit 102	Doylestown	PA	18901	(215) 345-0717
Debra/Judy	Penrod (Ruggeri)/Ruggeri	Jaco, Inc.	660 E. Pittsburgh St	Greensburg	PA	15601	(724) 832-1785
Debra/Judy	Penrod (Ruggeri)/Ruggeri	Jaco, Inc.	1400 Greengate Centre Circle	Greensburg	PA	15601	(724) 837-9177
John/Michael	Kile/Wimmer	Second Shift Ventures Hatfield LLC	1571 Bethlehem Pike	Hatfield	PA	19440	(267) 477-1596
David & Judy	Ruggeri	SYBRNIC, Inc. (A Subsidiary OF Jaco, Inc.)	7 Hill Top Plaza	Kittanning	PA	16201	(724) 543-2601
David & Judy	Ruggeri	SYBRNIC, Inc. (A Subsidiary OF Jaco, Inc.)	800 Summit Ridge Plaza	Mount Pleasant	PA	15666	(724) 547-4111
Sarah/William/Penney	Boley/Tonet/Tonet	Tonet-One, LLC	270 Tarentum Bridge Road	New Kensington	PA	15068	(724) 339-0580
Rachel & Kevin	Vlosich	RKVlo, INC.	2061 A Golden Mile Highway	Plum	PA	15239	(724) 733-3020
John/Michael	Kile/Wimmer	Second Shift Ventures Quakertown LLC	215 N. West End Boulevard	Quakertown	PA	18951	(215) 538-2530

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Sarah/William/Penney	Boley/Tonet/Tonet	Tonet-One, LLC	220 Buffalo Plaza Route 356	Sarver	PA	16055	(724) 295-0101
Joe and Bobbi	Citro	Citro Mutual Funding Inc	605 Pittsburgh Rd. Ste 50	Uniontown	PA	15401	(724) 437-4247
Joe and Michele	D'Ambrosio		1819 Lincoln Way	White Oak	PA	15131	(412) 672-6811
John/Michael	Kile/Wimmer	Second Shift Ventures, LLC	1015 Tiogue Avenue	Coventry	RI	02816	(401) 823-8770
Teresa	Curran	Curran & Co., Inc.	557 Killingly Street	Johnston	RI	02919	(401) 351-8918
John	Kile	Second Shift Ventures North Kingstown, LLC	6174 Post Road	North Kingstown	RI	02852	(401) 885-6797
John	Kile	Second Shift Ventures Wakefield, LLC	55 Old Tower Hill Road	Wakefield	RI	02879	(401) 789-2210
Jean	Bernard	SPRE Enterprises, Inc.	601 Metacom Avenue	Warren	RI	02885	(401) 245-1065
John/Michael	Kile/Wimmer	Second Shift Ventrures Warwick, LLC	2404 Warwick Avenue	Warwick	RI	02889	(401) 738-5979
John	Kile	Second Shift Ventures Westerly, LLC	100 Franklin Street	Westerly	RI	02891	(401) 596-1900
Jim	Harlow	Bluff City Style IV, LLC	6490 Memphis Arlington Rd.	Bartlett	TN	38135	(901) 266-4001
Kiran & Ravi	Aradhyula	AKIRA Team LLC	330 Franklin Rd Suite 124A	Brentwood	TN	37027	(615) 377-2950
Sherry & David	Jurek	Shave, LLC	1960-D Madison Street	Clarksville	TN	37043	(931) 647-4625
Balasundaram & Vidhiya Priya	Srinivasan	Smuka, LLC	1940 Shady Brook St. Suite A	Columbia	TN	38401	(931) 381-6062
Sherry & David	Jurek	Shave, LLC	445 Hwy 46 South	Dickson	TN	37055	(615) 441-3080
Balasundaram & Vidhiya Priya	Srinivasan	Smuka, LLC	4001 Hughes Crossing	Franklin	TN	37064	(615) 794-6463
Sean	West	St. Dolphin Companies, LLC	7820 Poplar Ave 10	Germantown	TN	46151	(901) 757-5262
Sherry & David	Jurek	Shave, LLC	4410-B Lebanon Pike	Hermitage	TN	37076	(615) 885-2750
Sherry L. & David J.	Jurek	Shave, LLC	105-F Stonebrook Place	Jackson	TN	38305	(731) 664-7376
Cam	Cao	Cam Cao	9160 Highway 64 Suite 16	Lakeland	TN	46081	(901) 383-1500
Sherry & David	Jurek	Shave, LLC	617-B South Cumberland	Lebanon	TN	37087	(615) 443-7096
Jim	Harlow	Bluff City Style I, LLC	8 N. McLean Blvd.	Memphis	TN	38104	(901) 276-1405
Balasundaram & Vidhiya Priya	Srinivasan	Smuka, LLC	401 S. Mt. Juliet Rd.	Mt. Juliet	TN	37122	(615) 758-2935
Sherry L. & David J.	Jurek	Shave, LLC	3284 Franklin Rd. Ste. E	Murfreesboro	TN	37128	(615) 624-7758
Sherry L. & David J.	Jurek	Shave, LLC	1715 South Rutherford Boulevard Suite M	Murfreesboro	TN	37130	(615) 396-8996
Richard/James	Race/Keller	R & J Salon Systems LLC	1735 North Main Street Ste B	Shelbyville	TN	49345	(931) 492-4999
Manish	Ahluwalia	AHLUWALIA'S SALON INC	1259 Alma Drive Suite 103	Allen	TX	75013	(214) 785-7179

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Duc Tien	Tran	CF Cosmetics	4001 West Green Oaks Boulevard Ste 117	Arlington	TX	76016	(817) 299-8514
Hong	Dang		2447 South Day	Brenham	TX	77833	(979) 251-7104
Stephanie	Michelli	SBPM LLC	12770 South Freeway #164	Burleson	TX	76028	(682) 224-0709
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	703 US Highway 90 East	Castroville	TX	78009	(830) 538-3233
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	923 10th Street	Floresville	TX	78114	(830) 393-2233
Rebecca & Benjamin	Sill	gwhizfixer, LLC	6203 Central City Blvd.	Galveston	TX	77551	(409) 740-3722
Dennis & Laura	Armstrong		4750 Gattis School Rd	Hutto	TX	78634	(512) 467-4005
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	14414 US Hwy 87 W Suite B	La Vernia	TX	78121	(830) 779-7267
Rebecca & Benjamin	Sill	Finger Curls, LLC	3729 E League City Pkwy Suite 140	League City	TX	77573	(281) 957-9167
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	19337 McDonald Street	Lytle	TX	78052	(830) 772-3800
Sathyan	Sreedharan	Westwood Salon and Spa, Inc.	9201 FM 1488 RD Suite 220	Magnolia	TX	77354	(346) 703-0071
Mirza-Sofian A./Hetvi Jayesh	Baig/Patel	CZARHIAN LLC	665 S. Walnut Ave., Suite 108	New Braunfels	TX	78130	(830) 625-2535
Negasi & Soliana	Tesfay		7000 Independence Pkwy Ste 152	Plano	TX	75025	(972) 491-0614
Ermis & Yanira	Orellana	FS Orellana Company, Inc.	5614 W. Grand Pkwy South Ste 105	Richmond	TX	77406	(832) 595-8009
LaRonda	Hunter	MLH Salons, Inc.	1453 North Saginaw Boulevard Suite 145	Saginaw	TX	76179	(817) 847-4247
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	1901 Nacogdoches Rd. Suite 102	San Antonio	TX	78209	(210) 930-2933
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	10730 Potranco Rd Ste 121	San Antonio	TX	78251	(210) 521-0806
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	9110 North Loop 1604 W Ste 111	San Antonio	TX	78249	(210) 521-7772
Mirza-Sofian A./Hetvi Jayesh	Baig/Patel	CZARHIAN LLC	5230 De Zavala Road Ste 220	San Antonio	TX	78249	(210) 699-9377
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	10650 Culebra Rd Ste 112	San Antonio	TX	78251	(210) 684-4331
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	3910 McCullough Ave. Ste. 104	San Antonio	TX	78212	(210) 826-1299
Stacy & James M. (Matt)	Thibodeaux		17700 San Pedro Ave R120	San Antonio	TX	78232	(210) 375-6199

Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Jaine	Yolidma Cantu	Texas Hairstyles-San Antonio, LLC	26108 Overlook Parkway Suite 1105	San Antonio	TX	78260	(210) 757-3505
Jane/Anthony	Willyerd/Anderson	Zelos, Inc.	17460 North Interstate 35 Frontage Rd 416	Schertz	TX	78154	(210) 590-2007
Jaine	Yolidma Cantu	StylistX, LLC	1507 E. Court	Seguin	TX	78155	(830) 433-4541
LaRonda	Hunter	MLH Salons, Inc.	417 E Hwy 199 Suite 1	Springtown	TX	76082	(817) 523-7300
Jana L. & Kyle	Miller	KJL Enterprises, Inc.	1540 North Highway 77 Suite 2	Waxahachie	TX	75165	(972) 923-3231
Mirna	Rodriguez	Mirna Rodriguez, LLC	185 E 30 N	American Fork	UT	84003	(801) 763-9994
Monica Ivania	Iriarte Medina	MI&CA Enterprises, LLC	684 East 11400 South Suite A	Draper	UT	84020	(801) 523-2292
Aubrie-Rose	Litster	Beautyology, LLC	275 West 200 North Suite 5	Kaysville	UT	84037	(801) 719-6588
Eugene T./Sydnee	Medley/McMillan	S & T Salons, LLC	1032 E. Fort Union Blvd	Midvale	UT	84047	(801) 255-1112
Aaron & Julie	Spencer	8 Point Circle, LLC	1374 N Redwood Rd 2	Saratoga Springs	UT	84043	(801) 766-6722
Amanda & Seth	Cruz	CRUZCO LLC	546 S 1750 W	Springville	UT	84663	(801) 489-5958
Richard/Holly	Winget/Worthington	RHW Legacy LLC	2628 S Pioneer Rd Unit C	St. George	UT	84790	(435) 656-1016
Amanda & Seth	Cruz	CRUZCO LLC	1767 W 4700 S	Taylorsville	UT	84118	(801) 966-2600
Richard/Holly	Winget/Worthington	RHW Legacy LLC	875 W Red Cliffs Dr 8	Washington	UT	84780	(435) 688-8455
Amanda & Seth	Cruz	CRUZCO LLC	7759 South 4800 West Unit D	West Jordan	UT	84084	(801) 255-1330
Monica Ivania	Iriarte Medina	MI&CA Enterprises, LLC	2993 S 5600 W	West Valley City	UT	84120	(801) 966-0182
Alvin & Megan	Hammonds, Jr.	A. Hammonds, LLC	11404 Belvedere Vista Ln	North Chesterfield	VA	23235	(804) 303-8695
Ashley	Christjohn	Queen's Landing LLC	207 Highway 64	Antigo	WI	54409	(715) 627-1100
Will & Gigi	Rauckman	Paroc, Inc.	321 E. Prairie View Rd.	Chippewa Falls	WI	54729	(715) 723-5747
Will & Gigi	Rauckman	Paroc, Inc.	2839 Mall Dr Suite 2	Eau Claire	WI	54701	(715) 835-2774
John & Patti	Prichard	Kingdom Business, Inc.	2127 Coulee Rd.	Hudson	WI	54016	(715) 377-9600
Richelle	Brunn	Couleur BLOC LLC	2412 State Rd	La Crosse	WI	54601	(608) 788-2266
Don & Marylou	Richter	DMC Enterprises, LLC	3511 Murray Street Suite 1	Marinette	WI	54143	(715) 732-4711
John & Patti	Prichard	Kingdom Business, Inc.	228 Paperjack Dr.	New Richmond	WI	54017	(715) 246-9080
Kasandra	Enkro	KE CUTS, Inc.	1820 Plover Rd Suite B	Plover	WI	54467	(715) 344-0351
Holly Marie	Dellger	HSC Rootz and Tangles LLC	2619 Eastern Ave	Plymouth	WI	53073	(920) 892-4500

SYSTEMWIDE SALON OWNERS AS OF DECEMBER 31, 2025

Owner First Name	Owner Last Name	Owner Entity	Salon Address	City	State	Zip code	Salon Phone
Tamara	Kellerman	KB Cuts, LLC	2936 New Pinery Road	Portage	WI	53901	(608) 745-1212
Cory & Jennifer	Mikkelson	CJMIKK LLC	2181 E Lincoln	Rhinelanders	WI	54501	(715) 362-7722
Drew	Hansen	Alden Corporation	2304 S Main Street Suite 6	Rice Lake	WI	54868	(715) 234-1885
Dayin Luzon/Edward G.	Rodriguez/Kraimer Jr.	Dayin LLC	225734 Rib Mountain Drive	Wausau	WI	54401	(715) 359-2724
Kasandra	Enkro	KE CUTS, Inc.	4551 8th St. South Ste. 104	Wisconsin Rapids	WI	54494	(715) 423-2277
Dan	Brisker	Jade Business Concepts, Inc.	101 7th Avenue	Huntington	WV	25701	(304) 529-7267
Dan	Brisker	Jade Business Concepts, Inc.	3 Hospitality Dr	Ripley	WV	25271	(304) 372-7790

SYSTEMWIDE AGREEMENT SIGNED BUT OUTLET NOT OPENED
SALON OWNERS AS OF DECEMBER 31, 2025

Owner First Name	Owner Last Name	Salon Address	State	Salon Phone
Raquel & Shawn	Edwards	To be determined	CA	TBD
Stephanie	Michelli	To be determined	LA	TBD
Ganesh	Vedhapudi	To be determined	MI	TBD
Joel	Pierce	To be determined	OK	TBD
Sherry L. & David J.	Jurek	To be determined	TN	TBD
Sherry L. & David J.	Jurek	To be determined	TN	TBD
Solina	Seak	To be determined	TX	TBD
Iryna	Zuieva	To be determined	TX	TBD
Timothy	Dumesnil	To be determined	TX	TBD
Krishna	Yalamanchili	To be determined	TX	TBD
Stephanie	Michelli	To be determined	TX	TBD
Perry	Thompson	To be determined	VA	TBD
Anand	Radhakrishnan	To be determined	WA	TBD

Exhibit F to FDD

List of Yellowwood Franchise Services Franchisees

(as of December 31, 2025)

YELLOWWOOD REGION SALON OWNERS

NAME	ADDRESS	PHONE
Glen Adams TECA Inc.	1804 Cargo Court Louisville, KY 40299	Office: (502) 493-8322 Fax: (502) 493-9272 Email: gadams@tecainc.com
Joe & Bobbi Citro Citro Mutual Funding, Inc.	921 Dinner Bell-Ohiopyle Rd. Ohiopyle, PA15470	Email: joecitro@yahoo.com
Joseph & Michele D'Ambrosio Do Not Use Home Address!	Home: 4002 Bloombury Court Export, PA 15632 All mail to: Carol Dawkins, 605 Bellwood Ave., Monroeville, PA 15146	Home: (412) 824-0937 Office: (412) 323-0737 Email: joe@lmdconsultants.com Carol's Phone: (724) 519-89755 (ok messages) Cell: (412) 736-1885 (no messages) Email: raptorcld@comcast.net
Debi Penrod JACO, Inc.	8320 Delaware Avenue Irwin, PA 15642	Home: (724) 861-5598 Cell: (724) 331-5547 Email: rosko5@comcast.net
Paul Rivard (Kelly) Challenger Conce pts, Inc <u>Evan Rivard</u> (copy to him when sending info to Paul or Kelly	Challenger Concepts, Inc. 6215 Heritage Court, N.E. Georgetown, IN 47122	Home: (812) 366-4116 Office: (812) 366-3001 Office Fax: (812) 366-3155 Home Fax: Same as Office Email: pkrivard@twc.com Email: evanrivardchallenger@gmail.com
Dave & Flo Ruggeri SYBRNIC, Inc.	365 Harbour View Dr. Myrtle Beach, SC 29579	Cell: (724) 454-2355 druggeri@verizon.net Flo fruggeri19@gmail.com
Sarah Boley Semi-Retired: William(Rick) & Penny Tonet Tonet-One	225 Stoney Rd. Natrona Heights, PA 15065 (Sarah Boley 601 Burtner Rd. Natrona Heights, PA 15065)	Sarah Work: (724) 295-0101 Sarah Cell: (724) 882-0344 Sarah Email: sarahfsrose@yahoo.com Rick Email: wrtonet@gmail.com Cell: (412)720-2149 Penny Email: pftonet@gmail.com
Wendy Tumey WDT Corporation	13220 Corbet Circle, Apt. 1014 Ft. Myers, FL 33907	Cell: (270) 869-4527 Salon Fax: (270)869-1777 Home: Fax 270)826-8672 email: wendy.tumey@gmail.com
Rachel & Kevin Vlosich RKVlo, Inc.	3159 Wilson Rd. Export, PA 15632	Rachel Email: rachelfs@yahoo.com Home: 412-320-9140 (prefer email or text)

EXHIBIT G
FORMER FRANCHISEES
FSFC
(AS OF 12-31-25)

SYSTEMWIDE FRANCHISEE EXIT LIST

JANUARY 1, 2025 TO DECEMBER 31, 2025

Owner Last Name	City	State	Zip code	Phone
Dixon	Mesa	AZ	85204	(480) 889-5613
Harika	Norco	CA	92860	(951) 808-0223
Nelson	El Cajon	CA	92019	(619) 670-8810
Guetierrez	San Diego	CA	92104	(619) 283-3300
Lagos	Chula Vista	CA	91911	(619) 691-1981
Tran	Aurora	CO	80013	(720) 870-1229
Dule	Palm Harbor	FL	34684	(727) 785-5430
Morris/Felberg	Temple Terrace	FL	33617	(407) 489-4615
Hoang	Pinellas Park	FL	33781	(727) 541-7404
Wong	Honolulu	HI	96816	(808) 732-6200
Bailey	Honolulu	HI	96826	(808) 955-8422
Franklin	Edwardsville	IL	62025	(314) 835-9926
Weber	Mettairie	LA	70005	(504) 835-9279
Fry	Ypsilanti	MI	48197	(734) 483-8126
Sarazine	Cottage Grove	MN	55016	(651) 458-5990
Zoz/Ahuja	Bloomington	MN	55420	(952) 944-2900
Rowland	St. Louis Park	MN	55416	(952) 933-0082
Gay	Bemidji	MN	56601	(320) 766-0919
Prichard	Fridley	MN	55432	(763) 572-0228
Yang	Wilmington	NC	28412	(910) 769-1657
Kauffman	Caryy	NC	27519	(984) 465-0009
Gandhi	Williamsville	NY	14221	(716) 688-1861
Tyler	Ladson	SC	29456	(843) 471-2122
Khan	San Antonio	TX	78240	(210) 509-1450
Coronado	San Antonio	TX	78259	(210) 402-5440
Jamieson	Spokane	WA	99219	(509) 924-4978
Holloway	Spokane	WA	99218	(509) 467-3158

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

Owner Last Name	City	State	Zip code	Phone
Prichard	River Falls	WI	54022	(715) 426-7808
Dixon	Mesa	AZ	85204	(480) 889-5613
Harika	Norco	CA	92860	(951) 808-0223
Nelson	El Cajon	CA	92019	(619) 670-8810
Guetierrez	San Diego	CA	92104	(619) 283-3300
Lagos	Chula Vista	CA	91911	(619) 691-1981
Tran	Aurora	CO	80013	(720) 870-1229
Dule	Palm Harbor	FL	34684	(727) 785-5430
Morris/Felberg	Temple Terrace	FL	33617	(407) 489-4615
Hoang	Pinellas Park	FL	33781	(727) 541-7404
Wong	Honolulu	HI	96816	(808) 732-6200
Bailey	Honolulu	HI	96826	(808) 955-8422
Franklin	Edwardsville	IL	62025	(314) 835-9926
Weber	Mettairie	LA	70005	(504) 835-9279
Fry	Ypsilanti	MI	48197	(734) 483-8126
Sarazine	Cottage Grove	MN	55016	(651) 458-5990
Zoz/Ahuja	Bloomington	MN	55420	(952) 944-2900
Rowland	St. Louis Park	MN	55416	(952) 933-0082
Gay	Bemidji	MN	56601	(320) 766-0919
Prichard	Fridley	MN	55432	(763) 572-0228
Yang	Wilmington	NC	28412	(910) 769-1657
Kauffman	Caryy	NC	27519	(984) 465-0009
Gandhi	Williamsville	NY	14221	(716) 688-1861
Tyler	Ladson	SC	29456	(843) 471-2122
Khan	San Antonio	TX	78240	(210) 509-1450
Coronado	San Antonio	TX	78259	(210) 402-5440
Jamieson	Spokane	WA	99219	(509) 924-4978
Holloway	Spokane	WA	99218	(509) 467-3158
Prichard	River Falls	WI	54022	(715) 426-7808

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

EXHIBIT H

YELLOWWOOD FRANCHISE SERVICES, INC. EXIT LIST

This exhibit contains a list of the names, last known address and telephone number of every franchisee under a Yellowwood Franchise Services Franchise Agreement whose Franchise Agreement has, during the period from January 1, 2025, to December 31, 2025, been terminated, canceled, or not renewed, or who has otherwise voluntarily or involuntarily ceased to do business pursuant to the Franchise Agreement, or who has not communicated with Yellowwood Franchise Services, Inc. within ten weeks of the date of this franchise disclosure document.

NONE.

Exhibit I to FDD

List of TECA salons

(as of December 31. 2025)

TECA Company Salons 2025

- | | |
|--|--|
| (1) KLONDIKE – E (0525)
3932 TAYLORSVILLE RD.
LOUISVILLE, KY 40220
(502) 458-2303
BRITTNY DOLD | (18) HILLVIEW – S (6388)
5016 MUD LANE, STE 103
LOUISVILLE, KY 40229
968-3112
ROBIN TRIPLETT |
| (3) DIXIE VALLEY – S (1866) 40140
10113 DIXIE HIGHWAY
LOUISVILLE, KY 40272
(502) 448-1015
LISA JO HASSLER | (21) CORYDON – E (6867)
2363 HWY 135 N.W., STE 108
CORYDON, IN 47112
(812) 734-0918
DESTINY SIZEMORE |
| (5) AUBURNDALE – S (2874)
5527 NEWCUT RD.
LOUISVILLE, KY 40214
(502) 361-3675
LISA McLOUGHLIN | (23) CAMPBELLSVILLE- E (4100)
125 WALMART DR.
CAMPBELLSVILLE, KY 42718
(270) 849-2160
TINA KERNS |
| (15) BARDSTOWN – S (6125)
106 W. JOHN ROWAN BLVD.
BARDSTOWN, KY 40004
(502) 348-9138 (also FAX #)
TIFFANY BOONE | (24) STONYBROOK-SO – E (7260)
3628 SO. HURSTBOURNE LN
LOUISVILLE, KY 40299
(502) 671-0227
CORINNE RAY |

EXHIBIT J

YELLOWWOOD FRANCHISE SERVICES, INC.'S

FINANCIAL STATEMENTS

YELLOWWOOD FRANCHISE SERVICES, INC.

Financial Report

December 31, 2025 and 2024

CONTENTS

Independent Auditor's Report	Page 2
------------------------------	--------

Financial Statements:

Balance Sheets	4
Statements of Income and Retained Deficit	5
Statements of Cash Flows	6
Notes to Financial Statements	7



**HARDING, SHYMANSKI
& COMPANY, P.S.C.**

Certified Public Accountants
and Consultants

21 S.E. Third Street, Suite 500
P.O. Box 3677
Evansville, IN 47735-3677

Phone (812) 464-9161
Fax (812) 491-1429

101 S. 5th Street, Suite 1700
Louisville, KY 40202

Phone (502) 584-4142
Fax (502) 581-1653

www.hsc CPA.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Yellowwood Franchise Services, Inc.

Opinion

We have audited the accompanying financial statements of Yellowwood Franchise Services, Inc. (Company), which comprise the balance sheets as of December 31, 2025 and 2024, the related statements of income and retained deficit and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, 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 (U.S. GAAP).

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and; therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 the Company'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 the Company'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.

Harding, Allynanski & Company, P.C.

Louisville, Kentucky
March 4, 2026

YELLOWWOOD FRANCHISE SERVICES, INC.

BALANCE SHEETS

December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash	\$ 25,009	\$ 74,575
Other receivable	0	25,000
Prepaid expenses	0	278
Total current assets	25,009	99,853
Noncurrent Assets		
Operating lease right-of-use asset, net	22,716	44,573
Regional license agreements, net	30,367	50,997
Property and equipment, net	5,624	6,075
Total noncurrent assets	58,707	101,645
Total assets	\$ 83,716	\$ 201,498
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 843	\$ 1,826
Due to parent company	31,770	50,797
Current maturities of operating lease liability	22,106	21,247
Deferred revenue - current	14,432	12,535
Total current liabilities	69,151	86,405
Noncurrent Liabilities		
Long-term operating lease liability	1,882	23,988
Deferred revenue	9,726	11,046
Total noncurrent liabilities	11,608	35,034
Total liabilities	80,759	121,439
Shareholder's Equity		
Common stock, no par value; authorized 1,000 shares; issued and outstanding 157.03 shares	515,804	515,804
Retained deficit	(512,847)	(435,745)
Total shareholder's equity	2,957	80,059
Total liabilities and shareholder's equity	\$ 83,716	\$ 201,498

See notes to the financial statements.

YELLOWWOOD FRANCHISE SERVICES, INC.

STATEMENTS OF INCOME AND RETAINED DEFICIT

Years Ended December 31, 2025 and 2024

	2025		2024	
Revenues	\$ 500,797	100.0 %	\$ 484,404	100.0 %
Operating Expenses	<u>388,899</u>	<u>77.7</u>	<u>442,882</u>	<u>91.4</u>
Net income	\$ 111,898	<u>22.3 %</u>	\$ 41,522	<u>8.6 %</u>
Retained deficit at beginning of year	(435,745)		(367,267)	
Less distributions to parent company	<u>189,000</u>		<u>110,000</u>	
Retained deficit at end of year	<u>\$ (512,847)</u>		<u>\$ (435,745)</u>	

See notes to the financial statements.

YELLOWWOOD FRANCHISE SERVICES, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Net income	\$ 111,898	\$ 41,522
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	451	4,372
Amortization	20,630	66,445
Amortization of right-of-use asset - operating lease	21,857	21,032
Changes in assets and liabilities:		
Decrease (increase)		
Other receivable	25,000	0
Prepaid expenses	278	(278)
Increase (decrease)		
Accounts payable	(983)	1,606
Operating lease liability	(21,247)	(20,420)
Due to parent company	(19,027)	(3,297)
Deferred revenue	577	4,072
Net cash provided by operating activities	139,434	115,054
Cash Flows from Financing Activities		
Distributions to parent company	(189,000)	(110,000)
Net increase (decrease) in cash	(49,566)	5,054
Cash at beginning of year	74,575	69,521
Cash at end of year	\$ 25,009	\$ 74,575
Supplemental Schedule of Noncash Investing and Financing Activities		
Receivable for reimbursement of regional license agreement	\$ 0	\$ 25,000

See notes to the financial statements.

YELLOWWOOD FRANCHISE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business

Yellowwood Franchise Services, Inc. (Company) is a regional franchise licensee of the Fantastic Sams Franchise Corporation (FSFC) franchise system of family hair care salons for the Louisville, Northern Kentucky, Indiana, Montana, Western Pennsylvania, Northern West Virginia, and Eastern Ohio regions. The Company licenses the use of registered trademarks and the Fantastic Sams System to qualified Fantastic Sams licensees, subject to the final approval of FSFC. The Company provides training, promotion, and advertising for the benefit of the licensees within their regions.

As of December 31, 2025, nine franchise license owners operate 30 active salons. In addition, the Company is a wholly-owned subsidiary of TECA, Inc. (an S corporation) which operates eight of the active salons.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and other receivable. At times, such cash in banks may be in excess of the Federal Deposit Insurance Corporation insurance limit.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. The Company's revenue is solely derived from weekly license fees, initial license fees, renewal license fees, subsequent license fees, and assignment license fees collected from the Company's franchisees. Revenue from initial license fees consists of one-time up-front non-refundable payments in accordance with the applicable franchise license agreement. The Company's services are marketed primarily to end-user commercial franchisees in the United States. Sales of Fantastic Sams franchises are subject to economic conditions and may fluctuate based on changes in the industry and financial markets.

The FSFC established a national advertising fund to collect weekly advertising fees. Franchise license owners established a regional advertising fund to collect weekly advertising fees for additional advertising provided. The Company acts as an agent for collection of the advertising fees from the franchisees and remits the fees to the respective advertising fund. The Company is not entitled to any fee or commission for this arrangement; therefore, no revenue is recognized for advertising fees collected from the franchisees.

The Company assesses the contract term as the period described in the Franchise License Agreement in which the parties to the contract have enforceable rights and obligations. The contract term can differ from the stated term in agreements that include certain termination, renewal, or assignment rights. Franchisee agreements generally are standardized and noncancellable for the duration of the stated contract term. Initial, renewal, subsequent, and assignment license fees from franchisees are due up-front when agreements are signed. Weekly license fees are due beginning the first full week the salon is in operation.

YELLOWWOOD FRANCHISE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The nature of the license agreements provided to the Company's franchisees is generally as follows:

1. Initial license fees: Revenue from the initial up-front fees, paid by franchisees in order to enter into a franchise license agreement with the Company is recognized over the term of the agreement, which is typically ten years.
2. Renewal license fees: Revenue for the renewal of a franchise license agreement at the end of the agreed-upon term of the agreement is recognized over the term of the new agreement, which is typically ten years.
3. Subsequent license fees: Revenue from fees collected from existing franchisees that wish to open additional franchises is recognized over the term of the new agreement, which is typically ten years.
4. Assignment license fees: Revenue from existing franchisees who wish to acquire another franchisees' salon is recognized over the term of the license agreement, which is typically ten years.
5. Weekly license fees: Revenue from the licensed use of the Fantastic Sams trademark and system of hair care salons is collected and recognized weekly. The term of the franchise license agreement with the franchisee is typically ten years.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring services to the franchisee. Revenue is recorded based on the transaction price, which may include fixed consideration and estimates of variable consideration such as early payment discounts, volume discounts, discounts, rebates, and rights of return.

The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration is estimated as follows:

Discounts: The Company includes an estimate of variable consideration using the most likely amount method for discounts based on review of specific transactions and market and economic conditions.

Rebates: The Company provides rebates to franchisees upon renewal of their license agreement. Rebates are estimated using the expected value method based on review of specific transactions, historical experience and market, and economic conditions.

The Company could have significant volume discounts if the Company was to enter into a Multi-Unit Development Agreement (MUDA) with a franchisee. There were no MUDAs for the years ended December 31, 2025 and 2024.

The Company does not have significant financing components in its franchise license agreements. There are no early payment discounts, returns, or refunds available to franchisees. There are no warranties included in the franchise license agreements.

YELLOWWOOD FRANCHISE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

As discussed previously, revenue from weekly license fees, initial license fees, renewal fees, subsequent fees, and assignment fees generally is recognized over time. Total revenue recognized over time was \$500,797 and \$484,404 for the years ended December 31, 2025 and 2024, respectively.

See Note 3 for additional disclosures related to contract balances.

The Company has elected to apply the practical expedient to expense associated costs as incurred when the expected amortization period is one year or less. Costs that are incremental to the acquisition of franchise license agreements are capitalized as deferred contract costs on the balance sheet when the period of benefit is determined to be greater than one year. The Company determines the period of benefit for associated costs for the acquisition of an initial contract by taking into consideration the initial estimated franchise agreement term. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition. There were no deferred contract costs for the years ended December 31, 2025 and 2024.

Other Receivable

The other receivable related to a reimbursement for a portion of the Company's regional license agreement during 2024. The receivable was collected in full in 2025. As such, no credit allowance was required under the expected credit loss model of ASC 326, *Financial Instruments – Credit Losses*.

Regional Franchise Licenses

The Company acquired Regional License Agreements from FSFC. These agreements grant the Company the right to collect initial license fees and a continuing weekly fee from licensees of the Company. In return, the Company is obligated to pay a continuing weekly fee to FSFC as well as a percentage of initial, renewal, subsequent, and assignment license fees.

The Regional License Agreements are recorded at cost and are amortized using the straight-line method over the term of the license agreements for 20 years.

Property, Equipment, and Depreciation

Property and equipment are stated at cost. Provisions for depreciation of property and equipment have been computed on the straight-line and accelerated methods over the estimated useful life. Leasehold improvements, except for those related to leased property under common control, which is described on the following page, are amortized over the shorter of the estimated useful life of the improvement and the lease term.

YELLOWWOOD FRANCHISE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Leasehold Improvements on Leases Under Common Control

Improvements to leased property owned by a related party under common control are being amortized over the estimated useful life of the improvement rather than the lease term, if shorter. An annual assessment is performed by management to determine the likelihood of whether the carrying value of the improvements has been impaired. Improvements to property under the common control lease had a net book value of \$5,624 and \$6,075 at December 31, 2025 and 2024, respectively. As of December 31, 2025, the remaining lease term with the related party is one year, and the remaining useful lives of the leasehold improvements to the common control group range from 12 years to approximately 23 years.

Leases

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company recognizes most leases on its balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statements of income and retained deficit.

The Company also elected the practical expedient for common control arrangements to use the written terms and conditions of common control arrangements to determine whether a lease exists and, if so, the classification of and accounting for that lease. The practical expedient also requires leasehold improvements associated with common control leases to be amortized over the improvements' useful lives, regardless of the lease term, as long as the Company controls the use of the underlying asset. If the Company were to no longer control the use of the underlying asset, any associated leasehold improvements would then be accounted for as a transfer between entities under common control through an adjustment to equity.

YELLOWWOOD FRANCHISE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Leases (Continued)

The Company made an accounting policy election available under ASC 842, *Leases*, not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less and instead recognizes the lease payments in net income on a straight-line basis over the lease term. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of ASC 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of ASC 842). The Company elected to use this risk-free borrowing rate for all leases. For any lease in which the rate implicit in the lease is readily determinable, that rate must be used instead of the risk-free borrowing rate.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which would be initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent would be recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable that they will be incurred.

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate lease asset class. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred. Additionally, the Company makes payments to or on behalf of the lessor for reimbursement of certain costs, such as property taxes and insurance. These payments are non-component costs representing additional consideration in the contract, which is allocated to the single lease component. Non-lease component and non-component costs that are fixed in nature are included with the lease payments in the calculation of the lease liabilities and ROU assets; however, non-lease component and non-component costs that are variable in nature are recorded in variable lease expense in the period incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

YELLOWWOOD FRANCHISE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Recently Adopted Accounting Standards

Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets

In July 2025, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The ASU introduces a practical expedient and, for entities other than public business entities, an accounting policy election to simplify the application of Topic 326, *Financial Instruments – Credit Losses*, to current accounts receivable and current contract assets arising from revenue transactions are accounted for under ASC 606, *Revenue from Contracts with Customers*. ASU 2025-05 is effective prospectively. This ASU is effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Company early adopted ASU 2025-05 effective for the year ended December 31, 2025. The adoption of ASU 2025-05 did not have a significant impact on the Company's financial statements due to the Company not having receivables at December 31, 2025.

Note 2 – Business Continuity and Management's Plans

As of December 31, 2025, the Company's current liabilities exceeded its current assets by \$44,142, resulting in a working capital deficit. In addition, during 2025, the Company made distributions to its Parent company, TECA, Inc., of \$189,000, which exceeded current year net income of \$111,898 and reduced total equity to \$2,957 at year-end. If distributions continue to exceed net income in 2026 and operating results remain consistent with 2025, the Company's equity is expected to move into a deficit position in the next year. These conditions and events initially raised substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Management of the Company has evaluated these conditions and determined that a reduction or suspension of distributions to TECA, Inc. in 2026 would alleviate this uncertainty. Additionally, if cash flow becomes constrained, the Company can defer repayment of amounts due to TECA, Inc., as TECA, Inc. has indicated its willingness and ability to do so. Based on these plans and TECA's stated support, management believes it is probable that the Company will be able to meet its obligations as they become due for at least one year after the date that the financial statements are available to be issued, and therefore that the substantial doubt about the Company's ability to continue as a going concern has been alleviated.

The financial statements have been prepared assuming the Company continues as a going concern and do not include any adjustments that might result from future adverse developments related to the matters described above.

YELLOWWOOD FRANCHISE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 3 – Contract Balances

Contract balances from contracts with customers consist of the following:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contract liabilities			
Deferred revenue	\$24,158	\$ 23,581	\$ 19,509

If payment has been received and revenue has not been recognized, deferred revenue is recorded.

Note 4 – Regional License Agreements

The Company's regional franchise license agreements, subject to amortization, at December 31, 2025 and 2024 consisted of the following:

		<u>2025</u>		
	<u>Useful Life</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Louisville region	20 years	\$ 358,500	\$ 339,833	\$ 18,667
Pittsburgh region	20 years	782,500	770,800	11,700
		<u>\$ 1,141,000</u>	<u>\$ 1,110,633</u>	<u>\$ 30,367</u>
		<u>2024</u>		
	<u>Useful Life</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Louisville region	20 years	\$ 358,500	\$ 338,833	\$ 19,667
Pittsburgh region	20 years	782,500	751,170	31,330
		<u>\$ 1,141,000</u>	<u>\$ 1,090,003</u>	<u>\$ 50,997</u>

YELLOWWOOD FRANCHISE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 4 – Regional License Agreements (Continued)

For the intangible assets subject to amortization, the aggregate amortization expense for the years ended December 31, 2025 and 2024 was \$20,630 and \$66,445, respectively, and the estimated amortization expense expected to be charged to income over the next five years and thereafter is as follows:

<u>Years Ending December 31,</u>	
2026	\$ 1,600
2027	1,600
2028	1,600
2029	1,600
2030	1,600
Thereafter	<u>22,367</u>
	<u><u>\$ 30,367</u></u>

Note 5 – Property and Equipment

Property and equipment at December 31, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Automobiles	\$ 23,000	\$ 23,000
Leasehold improvements	53,007	53,007
Equipment and furniture	<u>20,559</u>	<u>20,559</u>
	96,566	96,566
Accumulated depreciation	<u>(90,942)</u>	<u>(90,491)</u>
	<u><u>\$ 5,624</u></u>	<u><u>\$ 6,075</u></u>

Depreciation expense for the years ended December 31, 2025 and 2024 was \$451 and \$4,372, respectively.

YELLOWWOOD FRANCHISE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 6 – Income Taxes

The Company is a Qualified Subchapter S Subsidiary and has elected to be taxed under sections of the federal and state income tax laws, which provide, that in lieu of corporate income taxes, the Parent of the Company accounts for their share of the Company's items of income, deduction, losses, and credits. The Parent of the Company is taxed as a pass-through entity. All items of income, deduction, losses, and credits of the Parent company are passed through and taxed at the shareholder level for tax purposes. Therefore, these statements do not include any provision for income taxes. Local and miscellaneous state taxes which do not recognize the tax treatment described above are reported in operating expenses.

Management evaluated the Company's uncertain tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements.

Note 7 – Personnel Benefits

Personnel leased by the Company who meet certain age and service eligibility requirements participate in the TECA, Inc. 401(k) Plan. They may participate by contributing a percentage of their salary, a portion of which can be matched by the Company. In addition, leased personnel are eligible to participate in the TECA, Inc.'s Employee Stock Ownership Plan (ESOP), which is a leveraged ESOP sponsored by the Parent company. ESOP contribution expenses are allocated to the Company and are reimbursed as a personnel benefit expense. The personnel benefit expense, which is reimbursed to TECA, Inc., was \$26,125 and \$31,045 for the years ended December 31, 2025 and 2024, respectively.

Note 8 – Related Party Transactions

The Company is related through common ownership to several other companies. Transactions with those companies for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Revenues	\$ 132,754	\$ 129,915
Operating expenses reimbursed to the Parent company	318,047	324,028
Operating lease expense	23,194	23,194

The accompanying balance sheets include the following related party amounts:

	<u>2025</u>	<u>2024</u>
Operating lease ROU asset, net	\$ 22,716	\$ 44,573
Due to Parent company	31,770	50,797
Operating lease liability	23,988	45,235

YELLOWWOOD FRANCHISE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 9 – Leases

The Company leases certain real estate under an operating lease agreement with a related party that has an initial term of three years. The Company's operating lease generally does not contain any material restrictive covenants or residual value guarantees.

Operating lease expense is recognized on a straight-line basis over the lease term.

The components of lease expense for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ 23,194	\$ 23,194
Variable lease expense	<u>2,950</u>	<u>2,551</u>
Total lease expense	<u>\$ 26,144</u>	<u>\$ 25,745</u>

The asset and liability related to the lease recorded on the balance sheets as of December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Operating leases:		
Operating lease ROU asset, net	<u>\$ 22,716</u>	<u>\$ 44,573</u>
Current maturities of operating lease liability	\$ 22,106	\$ 21,247
Long-term operating lease liability	<u>1,882</u>	<u>23,988</u>
Total operating lease liability	<u>\$ 23,988</u>	<u>\$ 45,235</u>

For the Company's operating lease liability as of December 31, 2025, the weighted-average remaining lease term is 1.08 years and the weighted-average discount rate is 3.97 percent.

For the Company's operating lease liability as of December 31, 2024, the weighted-average remaining lease term is 2.08 years and the weighted-average discount rate is 3.97 percent.

Cash paid for amounts included in the measurement of lease liabilities for the years ended December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Operating cash outflows from operating leases	\$ 22,584	\$ 22,584

YELLOWWOOD FRANCHISE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

Note 9 – Leases (Continued)

Future undiscounted cash flows for each remaining year, as well as a reconciliation to the total operating lease liabilities recognized on the balance sheet are as follows as of December 31, 2025:

<u>Years Ending December 31,</u>	
2026	\$ 22,584
2027	<u>1,882</u>
Total undiscounted cash flows	24,466
Less: present value discount	<u>(478)</u>
Total lease liabilities	23,988
Less: current portion of lease liabilities	<u>(22,106)</u>
Long-term lease liabilities	<u><u>\$ 1,882</u></u>

The Company leases certain office space under an operating lease with its Parent company, TECA, Inc. The Company is required to pay certain costs associated with the lease such as property taxes, maintenance, and insurance. Payments under this lease, which continue through 2027, totaled \$26,144 and \$25,745 during the years ended December 31, 2025 and 2024, respectively.

Note 10 – Subsequent Events

The Company has evaluated subsequent events through March 4, 2026, the date on which the financial statements were available to be issued.

YELLOWWOOD FRANCHISE SERVICES, INC.

Financial Report

December 31, 2024 and 2023

CONTENTS

Independent Auditor's Report	Page 2
------------------------------	--------

Financial Statements:

Balance Sheets	4
Statements of Income and Retained Deficit	5
Statements of Cash Flows	6
Notes to Financial Statements	7



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Yellowwood Franchise Services, Inc.

Opinion

We have audited the accompanying financial statements of Yellowwood Franchise Services, Inc. (Company), which comprise the balance sheets as of December 31, 2024 and 2023, the related statements of income and retained deficit and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and; therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 the Company'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 the Company'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.

Harding, Shynanski & Company, P.S.C.

Louisville, Kentucky
March 10, 2025

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 74,575	\$ 69,521
Other receivable	25,000	0
Prepaid expenses	278	0
Total current assets	99,853	69,521
Noncurrent Assets		
Operating lease right-of-use asset, net	44,573	65,605
Regional license agreements, net	50,997	142,442
Property and equipment, net	6,075	10,447
Total noncurrent assets	101,645	218,494
Total assets	\$ 201,498	\$ 288,015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 1,826	\$ 220
Due to parent company	50,797	54,094
Current maturities of operating lease liability	21,247	20,421
Deferred revenue - current	12,535	6,241
Total current liabilities	86,405	80,976
Noncurrent Liabilities		
Long-term operating lease liability	23,988	45,234
Deferred revenue	11,046	13,268
Total noncurrent liabilities	35,034	58,502
Total liabilities	121,439	139,478
Shareholder's Equity		
Common stock, no par value; authorized 1,000 shares; issued and outstanding 157.03 shares	515,804	515,804
Retained deficit	(435,745)	(367,267)
Total shareholder's equity	80,059	148,537
Total liabilities and shareholder's equity	\$ 201,498	\$ 288,015

	2024		2023	
Revenues	\$ 484,404	100.0 %	\$ 511,206	100.0 %
Operating Expenses	<u>442,882</u>	<u>91.4</u>	<u>435,152</u>	<u>85.1</u>
Net income	\$ 41,522	<u>8.6 %</u>	\$ 76,054	<u>14.9 %</u>
Retained deficit at beginning of year	(367,267)		(313,321)	
Less distributions to parent company	<u>110,000</u>		<u>130,000</u>	
Retained deficit at end of year	<u><u>\$ (435,745)</u></u>		<u><u>\$ (367,267)</u></u>	

	2024	2023
Cash Flows from Operating Activities		
Net income	\$ 41,522	\$ 76,054
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	4,372	535
Amortization	66,445	80,341
Amortization of right-of-use asset - operating lease	21,032	22,326
Changes in assets and liabilities:		
Decrease (increase)		
Prepaid expenses	(278)	0
Increase (decrease)		
Accounts payable	1,606	220
Operating lease liability	(20,420)	(22,276)
Due to parent company	(3,297)	31,554
Deferred revenue	4,072	(12,133)
Net cash provided by operating activities	115,054	176,621
Cash Flows from Financing Activities		
Distributions to parent company	(110,000)	(130,000)
Net increase in cash	5,054	46,621
Cash at beginning of year	69,521	22,900
Cash at end of year	\$ 74,575	\$ 69,521
Supplemental Schedules of Noncash Investing and Financing Activities		
Increase to right-of-use asset and operating lease obligation for lease modification and reassessment events	\$ 0	\$ 63,558
Receivable for reimbursement of regional license agreement	\$ 25,000	\$ 0

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business

Yellowwood Franchise Services, Inc. (Company) is a regional franchise licensee of the Fantastic Sams Franchise Corporation (FSFC) franchise system of family hair care salons for the Louisville, Northern Kentucky, Indiana, Montana, Western Pennsylvania, Northern West Virginia, and Eastern Ohio regions. The Company licenses the use of registered trademarks and the Fantastic Sams System to qualified Fantastic Sams licensees, subject to the final approval of FSFC. The Company provides training, promotion, and advertising for the benefit of the licensees within their regions.

As of December 31, 2024, nine franchise license owners operate 30 active salons. In addition, the Company is a wholly-owned subsidiary of TECA, Inc. (an S corporation) which operates eight of the active salons.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and other receivable. At times, such cash in banks may be in excess of the Federal Deposit Insurance Corporation insurance limit.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. The Company's revenue is solely derived from weekly license fees, initial license fees, renewal license fees, subsequent license fees, and assignment license fees collected from the Company's franchisees. Revenue from initial license fees consists of one-time up-front non-refundable payments in accordance with the applicable franchise license agreement. The Company's services are marketed primarily to end-user commercial franchisees in the United States. Sales of Fantastic Sams franchises are subject to economic conditions and may fluctuate based on changes in the industry and financial markets.

The FSFC established a national advertising fund to collect weekly advertising fees. Franchise license owners established a regional advertising fund to collect weekly advertising fees for additional advertising provided. The Company acts as an agent for collection of the advertising fees from the franchisees and remits the fees to the respective advertising fund. The Company is not entitled to any fee or commission for this arrangement; therefore, no revenue is recognized for advertising fees collected from the franchisees.

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Company assesses the contract term as the period described in the Franchise License Agreement in which the parties to the contract have enforceable rights and obligations. The contract term can differ from the stated term in agreements that include certain termination, renewal, or assignment rights. Franchisee agreements generally are standardized and noncancellable for the duration of the stated contract term. Initial, renewal, subsequent, and assignment license fees from franchisees are due up-front when agreements are signed. Weekly license fees are due beginning the first full week the Salon is in operation.

The nature of the license agreements provided to the Company's franchisees is generally as follows:

1. Initial license fees: Revenue from the initial up-front fees, paid by franchisees in order to enter into a franchise license agreement with the Company is recognized over the term of the agreement, which is typically ten years.
2. Renewal license fees: Revenue for the renewal of a franchise license agreement at the end of the agreed-upon term of the agreement is recognized over the term of the new agreement, which is typically ten years.
3. Subsequent license fees: Revenue from fees collected from existing franchisees that wish to open additional franchises is recognized over the term of the new agreement, which is typically ten years.
4. Assignment license fees: Revenue from existing franchisees who wish to acquire another franchisees' salon is recognized over the term of the license agreement, which is typically ten years.
5. Weekly license fees: Revenue from the licensed use of the Fantastic Sams trademark and system of hair care salons is collected and recognized weekly. The term of the franchise license agreement with the franchisee is typically ten years.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring services to the franchisee. Revenue is recorded based on the transaction price, which may include fixed consideration and estimates of variable consideration such as early payment discounts, volume discounts, discounts, rebates, and rights of return.

The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration is estimated as follows:

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Discounts: The Company includes an estimate of variable consideration using the most likely amount method for discounts based on review of specific transactions and market and economic conditions.

Rebates: The Company provides rebates to franchisees upon renewal of their license agreement. Rebates are estimated using the expected value method based on review of specific transactions, historical experience and market, and economic conditions.

The Company could have significant volume discounts if the Company was to enter into a Multi-Unit Development Agreement (MUDA) with a franchisee. There were no MUDAs for the years ended December 31, 2024 and 2023.

The Company does not have significant financing components in its franchise license agreements. There are no early payment discounts, returns, or refunds available to franchisees. There are no warranties included in the franchise license agreements.

As discussed previously, revenue from weekly license fees, initial license fees, renewal fees, subsequent fees, and assignment fees generally is recognized over time. Total revenue recognized over time was \$484,404 and \$511,206 for the years ended December 31, 2024 and 2023, respectively.

See Note 2 for additional disclosures related to contract balances.

The Company has elected to apply the practical expedient to expense associated costs as incurred when the expected amortization period is one year or less. Costs that are incremental to the acquisition of franchise license agreements are capitalized as deferred contract costs on the balance sheet when the period of benefit is determined to be greater than one year. The Company determines the period of benefit for associated costs for the acquisition of an initial contract by taking into consideration the initial estimated franchise agreement term. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition. There were no deferred contract costs for the years ended December 31, 2024 and 2023.

Other Receivable

The other receivable relates to a reimbursement for a portion of the Company's regional license agreement. The receivable was collected in full subsequent to year-end. As such, no credit allowance is required under the expected credit loss model of ASC 326, *Financial Instruments – Credit Losses*. See Note 3 for additional information.

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Regional Franchise Licenses

The Company acquired Regional License Agreements from FSFC. These agreements grant the Company the right to collect initial license fees and a continuing weekly fee from licensees of the Company. In return, the Company is obligated to pay a continuing weekly fee to FSFC as well as a percentage of initial, renewal, subsequent, and assignment license fees.

The Regional License Agreements are recorded at cost and are amortized using the straight-line method over the term of the license agreements, ranging from 20 to 28 years.

Property, Equipment, and Depreciation

Property and equipment are stated at cost. Provisions for depreciation of property and equipment have been computed on the straight-line and accelerated methods over the estimated useful life. Leasehold improvements, except for those related to leased property under common control, which is described below, are amortized over the shorter of the estimated useful life of the improvement and the lease term.

Leasehold Improvements on Leases Under Common Control

Improvements to leased property owned by a related party under common control are being amortized over the estimated useful life of the improvement rather than the lease term, if shorter. An annual assessment is performed by management to determine the likelihood of whether the carrying value of the improvements has been impaired. Improvements to property under the common control lease had a net book value of \$6,075 and \$6,881 at December 31, 2024 and 2023, respectively. As of December 31, 2024, the remaining lease term with the related party is two years, and the remaining useful lives of the leasehold improvements to the common control group range from 13 years to approximately 24 years.

Leases

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Leases (Continued)

The Company recognizes most leases on its balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statements of income and retained deficit.

The Company also elected the practical expedient for common control arrangements to use the written terms and conditions of common control arrangements to determine whether a lease exists and, if so, the classification of and accounting for that lease. The practical expedient also requires leasehold improvements associated with common control leases to be amortized over the improvements' useful lives, regardless of the lease term, as long as the Company controls the use of the underlying asset. If the Company were to no longer control the use of the underlying asset, any associated leasehold improvements would then be accounted for as a transfer between entities under common control through an adjustment to equity.

The Company made an accounting policy election available under ASC 842, *Leases*, not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less and instead recognizes the lease payments in net income on a straight-line basis over the lease term. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of ASC 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of ASC 842). The Company elected to use this risk-free borrowing rate for all leases. For any lease in which the rate implicit in the lease is readily determinable, that rate must be used instead of the risk-free borrowing rate.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which would be initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent would be recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable that they will be incurred.

Note 1 – Nature of Business and Significant Accounting Policies (Continued)

Leases (Continued)

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate lease asset class. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred. Additionally, the Company makes payments to or on behalf of the lessor for reimbursement of certain costs, such as property taxes and insurance. These payments are non-component costs representing additional consideration in the contract, which is allocated to the single lease component. Non-lease component and non-component costs that are fixed in nature are included with the lease payments in the calculation of the lease liabilities and ROU assets; however, non-lease component and non-component costs that are variable in nature are recorded in variable lease expense in the period incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Contract Balances

Contract balances from contracts with customers consist of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contract liabilities			
Deferred revenue	\$23,581	\$ 19,509	\$ 31,642

If payment has been received and revenue has not been recognized, deferred revenue is recorded.

Note 3 – Regional License Agreements

The Company's regional franchise license agreements, subject to amortization, at December 31, 2024 and 2023 consisted of the following:

			2024		
		Weighted-Average Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Louisville region	(A)	20 years	\$ 358,500	\$ 338,833	\$ 19,667
Indianapolis region	(A)	20 years	222,000	222,000	0
Evansville region	(A)	20 years	110,000	110,000	0
Ohio region	(A)	20 years	500,000	500,000	0
Fort Wayne region	(A)	20 years	32,000	32,000	0
Pittsburgh region		20 years	782,500	751,170	31,330
			<u>\$ 2,005,000</u>	<u>\$ 1,954,003</u>	<u>\$ 50,997</u>
			2023		
		Weighted-Average Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Louisville region		28 years	\$ 383,500	\$ 332,205	\$ 51,295
Indianapolis region		28 years	222,000	216,717	5,283
Evansville region		28 years	110,000	107,623	2,377
Ohio region		26 years	500,000	487,233	12,767
Fort Wayne region		24 years	32,000	31,130	870
Pittsburgh region		20 years	782,500	712,650	69,850
			<u>\$ 2,030,000</u>	<u>\$ 1,887,558</u>	<u>\$ 142,442</u>

The Company recorded a \$25,000 other receivable on the balance sheets during 2024, which is a reimbursement from the franchisor for its regional license agreement. This reimbursement reduced the gross carrying amount of the Louisville region license agreement accordingly.

(A) The Company received an extension on their regional license agreements, which went into effect in 2024 and will remain in effect for 20 years. The extension covers the Louisville region and now includes the Indianapolis, Evansville, Ohio, and Fort Wayne regions, whose license agreements expired in 2024.

Note 3 – Regional License Agreements (Continued)

For the intangible assets subject to amortization, the aggregate amortization expense for the years ended December 31, 2024 and 2023 was \$66,445 and \$80,341, respectively, and the estimated amortization expense expected to be charged to income over the next five years and thereafter is as follows:

<u>Years Ending December 31,</u>	
2025	\$ 20,630
2026	1,600
2027	1,600
2028	1,600
2029	1,600
Thereafter	<u>23,967</u>
	<u><u>\$ 50,997</u></u>

Note 4 – Property and Equipment

Property and equipment at December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Automobiles	\$ 23,000	\$ 23,000
Leasehold improvements	53,007	53,007
Equipment and furniture	<u>20,559</u>	<u>20,559</u>
	96,566	96,566
Accumulated depreciation	<u>(90,491)</u>	<u>(86,119)</u>
	<u><u>\$ 6,075</u></u>	<u><u>\$ 10,447</u></u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$4,372 and \$535, respectively.

Note 5 – Income Taxes

The Company is a Qualified Subchapter S Subsidiary and has elected to be taxed under sections of the federal and state income tax laws, which provide, that in lieu of corporate income taxes, the Parent of the Company accounts for their share of the Company's items of income, deduction, losses, and credits. The Parent of the Company is taxed as a passthrough entity. All items of income, deduction, losses, and credits of the Parent company are passed through and taxed at the shareholder level for tax purposes. Therefore, these statements do not include any provision for income taxes. Local and miscellaneous state taxes which do not recognize the tax treatment described above are reported in operating expenses.

Management evaluated the Company's uncertain tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements.

Note 6 – Personnel Benefits

Personnel leased by the Company who meet certain age and service eligibility requirements participate in the TECA, Inc. 401(k) Plan. They may participate by contributing a percentage of their salary, a portion of which can be matched by the Company. In addition, leased personnel are eligible to participate in the TECA, Inc.'s Employee Stock Ownership Plan (ESOP), which is a leveraged ESOP sponsored by the parent company. ESOP contribution expenses are allocated to the Company and are reimbursed as a personnel benefit expense. The personnel benefit expense, which is reimbursed to TECA, Inc., was \$31,045 and \$32,794 for the years ended December 31, 2024 and 2023, respectively.

Note 7 – Related Party Transactions

The Company is related through common ownership to several other companies. Transactions with those companies for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Revenues	\$ 129,915	\$ 138,335
Operating expenses reimbursed to the Parent company	324,028	307,712
Operating lease expense	23,194	22,636

The accompanying balance sheets include the following related party amounts:

	<u>2024</u>	<u>2023</u>
Operating lease ROU asset, net	\$ 44,573	\$ 65,605
Due to Parent company	50,797	54,094
Operating lease liability	45,235	65,655

Note 8 – Leases

The Company leases certain real estate under an operating lease agreement with a related party that has an initial term of three years. The Company's operating lease generally does not contain any material restrictive covenants or residual value guarantees.

Operating lease expense is recognized on a straight-line basis over the lease term.

The components of lease expense for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 23,194	\$ 22,636
Variable lease expense	<u>2,551</u>	<u>2,948</u>
Total lease expense	<u>\$ 25,745</u>	<u>\$ 25,584</u>

The asset and liability related to the lease recorded on the balance sheets as of December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Operating leases:		
Operating lease ROU asset, net	<u>\$ 44,573</u>	<u>\$ 65,605</u>
Current maturities of operating lease liability	\$ 21,247	\$ 20,421
Long-term operating lease liability	<u>23,988</u>	<u>45,234</u>
Total operating lease liability	<u>\$ 45,235</u>	<u>\$ 65,655</u>

For the Company's operating lease liability as of December 31, 2024, the weighted-average remaining lease term is 2.08 years and the weighted-average discount rate is 3.97 percent.

For the Company's operating lease liability as of December 31, 2023, the weighted-average remaining lease term is 3.08 years and the weighted-average discount rate is 3.97 percent.

Cash paid for amounts included in the measurement of lease liabilities for the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Operating cash outflows from operating leases	\$ 22,584	\$ 22,586

Note 8 – Leases (Continued)

Future undiscounted cash flows for each remaining year, as well as a reconciliation to the total operating lease liabilities recognized on the balance sheet are as follows as of December 31, 2024:

<u>Years Ending December 31,</u>	
2025	\$ 22,584
2026	22,584
2027	<u>1,882</u>
Total undiscounted cash flows	47,050
Less: present value discount	<u>(1,815)</u>
Total lease liabilities	45,235
Less: current portion of lease liabilities	<u>(21,247)</u>
Long-term lease liabilities	<u><u>\$ 23,988</u></u>

The Company leases certain office space under an operating lease with its Parent company, TECA, Inc. The Company is required to pay certain costs associated with the lease such as property taxes, maintenance, and insurance. Payments under this lease, which continue through 2027, totaled \$25,745 and \$25,584 during the years ended December 31, 2024 and 2023, respectively.

Note 9 – Subsequent Events

The Company has evaluated subsequent events through March 10, 2025, the date on which the financial statements were available to be issued.

EXHIBIT K

FANTASTIC SAMS FRANCHISE CORPORATION'S

FINANCIAL STATEMENTS

FANTASTIC SAMS FRANCHISE CORPORATION
(a wholly-owned subsidiary of Fantastic Sams International Corporation)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

FANTASTIC SAMS FRANCHISE CORPORATION

INDEX TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Page</u>
Independent Auditor's Report	3-4
Financial Statements	
Balance Sheets	5-6
Statements of Operations	7
Statements of Stockholder's equity	8
Statements of Cash Flows	9
Notes to Financial Statements	10-19



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fantastic Sams Franchise Corporation

Opinion

We have audited the accompanying financial statements of Fantastic Sams Franchise Corporation ("FSFC"), which comprise the balance sheet as of December 31, 2025, and the related statements of income, changes in stockholder's equity, and cash flows for the year 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 FSFC as of December 31, 2025, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FSFC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility 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; this includes 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 FSFC's ability to continue as a going concern for one year after the date of the financial statements are issued.



INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 FSFC'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 FSFC'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.

Malesys & Trost CPA PLLC

A handwritten signature in black ink that reads 'Malesys & Trost CPA PLLC'.

New York, NY
April 15, 2026

FANTASTIC SAMS FRANCHISE CORPORATION

BALANCE SHEETS
DECEMBER 31, 2025

	<u>2025</u>
Assets	
Current assets	
Restricted cash	\$ 306,203
Accounts receivable net of an allowance for doubtful accounts	429,809
Accounts receivable - related party	1,921,568
Notes receivable - current	184,624
Prepaid expenses and other current assets	<u>325,247</u>
Total current assets	3,167,450
Noncurrent assets	
Notes receivable, non-current	79,619
Property and equipment, net	859,162
Operating leases right-of-use asset	271,038
Intangible assets, net	4,646,123
Trademark	24,198,967
Goodwill	20,394,906
Security deposits	<u>35,527</u>
Total noncurrent assets	<u>50,485,341</u>
Total assets	<u>\$ 53,652,791</u>

FANTASTIC SAMS FRANCHISE CORPORATION

BALANCE SHEETS
DECEMBER 31, 2025

(Continued)

	<u>2025</u>
Liabilities and Stockholders' deficit	
Current Liabilities	
Notes payable – related party	150,663
Accounts payable - related party	549,066
Deferred revenues	221,207
Operating lease liability, current	57,789
Accrued expenses and other current liabilities	<u>782,877</u>
Total current liabilities	1,761,604
Deferred taxes	5,466,054
Long term operating lease liability	223,263
Total liabilities	<u>\$ 7,450,920</u>
Stockholder's deficit	
Common stock, \$0.01 par value; 100 shares authorized, issued and outstanding	1
Additional paid in capital	48,489,665
Retained earnings	<u>(2,287,795)</u>
Total stockholders' deficit	<u>46,201,870</u>
Total liabilities and stockholders' deficit	<u>\$ 53,652,791</u>

FANTASTIC SAMS FRANCHISE CORPORATION

STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>
Revenues	\$ 9,067,715
Cost of revenue	(3,497)
Gross profit	9,064,218
Operating expense	
Sales & marketing	766,727
General & administrative	5,502,777
Depreciation and amortization	<u>2,374,905</u>
Total operating expense	<u>8,644,409</u>
Income from operations	419,809
Other income (expense)	
Interest expense, net	(1,421,990)
Other income (expense), net	451,312
Foreign exchange gain/loss	<u>3,008</u>
Total other income (expense)	<u>(967,669)</u>
Net income (loss) before income taxes	(547,860)
Provision for income taxes	106,105
Net loss	<u>\$ (653,965)</u>

FANTASTIC SAMS FRANCHISE CORPORATION

STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Common Stock, \$0.01 par value		Additional Paid- in Capital		Retained earnings	Total Stockholder's equity
	Shares	Amount				Total
Balance at December 31, 2024	100	\$	1	\$ 48,489,665	\$ (1,633,830)	\$ 46,855,835
Net loss for the period					(653,965)	(653,965)
Balance at December 31, 2025	100	\$	1	\$ 48,489,665	\$ (2,287,795)	\$ 46,201,870

FANTASTIC SAMS FRANCHISE CORPORATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>
Cash flows from operating activities	
Net income (loss)	\$ (653,965)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,374,905
Deferred taxes	106,105
Forex	(3,008)
Non-cash operating lease expense	10,014
(Increase) decrease in:	
Accounts receivable - trade	(43,776)
Accounts receivable - related party	(1,921,568)
Prepaid expenses and other current assets	68,508
Security deposits	(4,900)
ROU assets	(274,361)
Accounts payable - related party	549,066
Deferred revenues	(5,535)
Accrued expenses and other current liabilities	129,898
Operating lease liabilities	<u>3,343</u>
Net cash provided by operating activities	<u>334,727</u>
Cash flows from investing activities	
Purchase of property and equipment	(1,066,229)
Proceeds from sale of fixed assets	1,467,854
(Issuance) receipts of notes receivable	<u>(25,878)</u>
Net cash provided by investing activities	<u>375,746</u>
Net cash used in financing activities	<u>(719,574)</u>
Net decrease in cash and cash equivalents	<u>(9,101)</u>
Cash and cash equivalents - beginning of year	<u>315,304</u>
Cash and cash equivalents - end of year	<u>\$ 306,203</u>

FANTASTIC SAMS FRANCHISE CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1 Summary of Significant Accounting Policies and Nature of Business

Nature of Business

Fantastic Sams Franchise Corporation (“FSFC” or the “Company”) owns and operates a three-tiered franchise system in which it licensed rights within geographic regions to regional Subfranchisors (“Regional Owners”) that in turn sub-license to individual Fantastic Sams franchisees (“Subfranchisees”) within their respective regions. FSFC currently offers the opportunity to become a franchisee to develop and operate a Fantastic Sams salon. The Fantastic Sams brand was developed in 1974 and the franchise system is one of the largest hair care franchises in the United States. As of December 31, 2025, there were 4 Subfranchisors operating in 6 states with 55 Subfranchisee owners. Systemwide there were 485 active domestic franchisee and subfranchisee (“Franchisees”) salons, respectively. FSFC does not offer franchises for salons in an area where a Subfranchisor operates.

The Company is a wholly-owned subsidiary of Fantastic Sams International Corporation (“FSIC” or “Parent Corp.”), which, as of December 31, 2025, was a wholly-owned subsidiary of Dessange Group North America, Inc. (“DGNA” or “Holding Company”).

The Company is subject to a number of risks that could affect future operations and financial performance. These risks include, but are not limited to, significant competition, dependence on key individuals, annual performance fluctuations, and failure to effectively manage changes in the Company’s business environment.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Revenue consists of revenues from franchising activities and is recognized based on the term of the franchise agreements in accordance with ASC 952. Revenues from franchising activities include initial franchise fees, ongoing franchise fees and other royalty rebates based on product sales.

The Company is responsible for licensing Fantastic Sams franchise rights for geographic regions to Regional Owners. The license agreements with Regional Owners are generally for terms of 20 years.

FANTASTIC SAMS FRANCHISE CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1 Summary of Significant Accounting Policies and Nature of Business (continued)

Revenue Recognition (continued)

The Company collects a weekly franchise fee from individual Franchisees in regions where the Company franchises directly with the Franchisees. The franchise fee is either a fixed amount or percentage-based. The franchise agreements with Franchisees are generally for a 5-year or 10-year term. The franchise license agreements require the Franchisees to pay an initial, non-refundable fee up to \$35,000 for the first location and \$10,000 for each additional location."

Also, the Company collects a weekly royalty based on weekly franchise fees collected by Regional Owners and a monthly royalty based on a percentage of the average wholesale price for branded hair care products purchased by Franchisees. Franchisees are required to purchase certain hair care products from the Company approved distributors. Product revenues are recognized in accordance with the agreements the Company maintains with the distributors. Revenues from the license sale of franchise rights are generally recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided by the Company to the Franchisees have been performed. Unrecognized amounts are reported net of related deferred commissions paid to parties for efforts in the sale of new licenses. In the case of multiple unit license sales, the Company recognizes 15% of the initial MUDA fees at the time the sale and the remaining balance of the fees over the term of the contracts.

For the year ended December 31,	2025
Franchise fees	7,705,267
Sale of products	943,539
Initial franchise fees	242,599
Other revenues	176,309
Total revenues	9,067,715

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Company considers all short-term investments with a maturity date of three months or less to be cash equivalents. Additionally, as of December 31, 2025, the company had \$306,203 classified as restricted cash related to the sale of gift certificates. For the restricted cash, there is a corresponding offset in accrued expenses and other current liabilities on the accompanying balance sheets.

Accounts and Notes Receivable

The Company's accounts and notes receivable are due from Regional Owners and Franchisees. The Company reviews their credit history before extending credit and, generally, collateral is not required.

FANTASTIC SAMS FRANCHISE CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1 Summary of Significant Accounting Policies and Nature of Business (continued)

Property and Equipment

Property and equipment, including leasehold improvements, are stated at cost or their approximate fair values if obtained through an acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from two to five years. Leasehold improvements are depreciated using the straight-line method over the estimated useful life of the asset or the term of the lease, whichever is shorter. Maintenance and repairs are expensed when incurred. Significant renewals and betterments are capitalized in accordance with the Company's capitalization policy.

Goodwill

Goodwill represents the excess purchase price over the identifiable assets acquired and liabilities assumed. The Company is required to evaluate goodwill and other intangible assets not subject to amortization for impairment at least annually or when circumstances indicate the carrying value of the goodwill or other intangible assets may be impaired. The Company does not believe that goodwill is impaired as of December 31, 2025.

Other Intangible and Long-Lived Assets

Other intangible assets consist primarily of covenants to not compete, contractual rights and licenses. Intangible assets are recorded apart from goodwill if they arise from a contractual right and are capable of being separated from the entity and sold, transferred, licensed, rented or exchanged individually. The useful life and amortization methodology of intangible assets are determined based on the period in which they are expected to contribute directly to cash flows. Intangible assets that are determined to have a definite life are amortized over their estimated useful lives as follows:

Non-compete covenants	2-3 years
Contractual rights	10-20 years
Licenses	15 years

Long-lived assets, other than goodwill, are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. When any such impairment exists, the related assets are written down to fair value. The Company did not record any impairment losses during the year ended December 31, 2025.

FANTASTIC SAMS FRANCHISE CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1 Summary of Significant Accounting Policies and Nature of Business (continued)

Fair Value Measurements

Assets and liabilities recorded at fair value on a recurring basis in the balance sheets would be categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level I—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level II—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level III—Unobservable inputs that are supported by little or no market data for the related assets or liabilities.

Income Taxes

The Company accounts for income taxes using the asset and liability method. This method generally provides that deferred tax assets and liabilities be recognized for temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities. A valuation allowance is required to reduce the potential deferred tax asset when it is more likely than not that all or some portion of the potential deferred tax asset will not be realized. The impact on deferred taxes of changes in tax rates and laws, if any, are applied to the years during which temporary differences are expected to be settled and reflected in the financial statements in the period of enactment.

The Company follows the provisions of ASC 740-10-25 which clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. ASC 740-10-25 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting for interim periods and disclosures for uncertain tax positions.

The Company's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statement of operations. For the year ended December 31, 2025, there were no uncertain tax positions and no estimated interest or penalties were recognized.

FANTASTIC SAMS FRANCHISE CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1 Summary of Significant Accounting Policies and Nature of Business (continued)

Income Taxes (continued)

In accordance with an Accounting Standards Update issued by the Financial Accounting Standards Board in 2015, the Company has classified all deferred tax amounts as non-current as of December 31, 2025.

Advertising Costs

Advertising costs are expensed when incurred. Advertising expenses for the year ended December 31, 2025, were \$122,003, with digital advertising being the most significant medium purchased in each year.

Note 2 Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of restricted cash and accounts receivable. The Company places its restricted cash with financial institutions that management believes are of high credit quality.

As of December 31, 2025, the Company did not maintain cash and cash equivalents, as such balances are held by the parent company. Accordingly, the Company has no direct exposure to credit risk related to cash and cash equivalents.

Note 3 Related Party Transactions

Transactions between and among related parties occur in the normal course of business. These transactions can relate to revenue or expense items reported in the Company's statements of operations for the years presented, or cash concentrations, inventory purchases and other balance sheet transactions. DGNA uses centralized treasury and payment distribution functions for all its subsidiaries. These functions are performed by FSIC. This arrangement results in due-to-FSIC or due from-FSIC balances on the Company's books at the end of each reporting period. All intercompany activities flow from individual entities within the group through FSIC and to the recipient. The result is a vertical intercompany relationship rather than a horizontal (entity to entity) relationship. This allows the centralization of treasury and disbursements.

As of December 31, 2025, intercompany balances were as follows:

	2025
Intercompany receivables	
Intercompany receivables - FSIC	\$ 1,921,568
Total Intercompany receivables	\$ 1,921,568
Intercompany payables	
Note Payable, Current Portion	\$ 150,663
Accounts Payable - Intercompany	\$ 2,066
Total Intercompany payables	\$ 152,730

FANTASTIC SAMS FRANCHISE CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 3 Related Party Transactions (continued)

For the year ended December 31, 2025, intercompany transactions were as follows:

	2025
DGNA - Interest expense	\$ 1,421,990

Note 4 Income taxes

The Company and its affiliates file a consolidated U.S. federal tax return. As such, the Company applies the separate return method for purposes of calculating each affiliate's provision for income taxes. The individual affiliate's current and deferred tax provision is first calculated on a standalone basis, and the results are then combined to derive the consolidated tax provision.

For the year ended December 31, 2025, the provision for income tax was as follows:

December 31,	2025
Current taxes - Federal	
Current taxes - States	\$ 39,514
Deferred taxes	66,590.60
Provision for Income Taxes	\$ 106,105

For the year ended December 31, 2025, the components of the net deferred tax liability were as follows:

December 31,	2025
Bad debt allowance	\$ 30,143
Accrued compensation	19,318
Non-redeemed gift cards	86,151
Other timing differences	1,024,940
Depreciation and Amortization	(6,626,606)
Provision for Income Taxes	\$ (5,466,054)

FANTASTIC SAMS FRANCHISE CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
 (Continued)

Note 5 Property and Equipment

As of December 31, 2025, major classes of furniture, fixtures and equipment consist of the following:

December 31,	2025
Computer hardware	\$ 124,316
Computer software	1,781,811
Furniture & Fixtures	80,621
Leasehold improvements	4,205
Total	\$ 1,990,954
Less accumulated depreciation	\$ (1,131,792)
Property and equipment, net	\$ 859,162

The depreciation expense for the year ended December 31, 2025, was \$277,885.

Note 6 Intangible Assets, Trademark and Goodwill

Intangible assets consist of the following:

December 31,	2025
Licenses	\$ 19,614,478
Accumulated amortization	(15,624,283)
	\$ 3,990,195
Contractual Rights	12,775,477
Accumulated amortization	(12,119,549)
	\$ 655,928
Non Compete Covenant	375,224
Accumulated amortization	(375,224)
	\$ -
Total Intangible Assets, net	\$ 4,646,123

Intangible assets are being amortized over their respective useful lives ranging from 10 to 20 years.

The company recorded amortization expenses relating to intangible assets for the year ended December 31, 2025 of \$2,097,050.

FANTASTIC SAMS FRANCHISE CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 6 Intangible Assets, Trademark and Goodwill (continued)

As of December 31, 2025, the following is a schedule of future amortization of intangible assets.

<u>Fiscal years ending December 31,</u>	<u>Amount</u>
2026	\$ 1,991,904
2027	1,177,228
2028	714,291
Thereafter	762,700
Total	\$ 4,646,123

Other Intangible assets as of December 31, 2025, consist of the following:

<u>December 31,</u>	<u>2025</u>
Patents & Trademarks	\$ 24,244,874
Accumulated amortization	(45,907)
Total Other Intangible Assets, net	\$ 24,198,967

As of December 31, 2025, Goodwill consists of the following:

<u>December 31,</u>	<u>2025</u>
Goodwill acquired in connection with acquisition of FSHC - January 12, 2012	\$ 14,765,264
Goodwill acquired in connection with Ely Region acquisition	812,000
Goodwill acquired in connection with W&T Region acquisition	396,339
Goodwill acquired in connection with Walmax acquisition	120,000
Goodwill acquired in connection with Global Franchising Group acquisition	204,000
Goodwill acquired in connection with Copeland region acquisition	1,359,000
Goodwill acquired in connection with FSRM region acquisition	2,666,303
Goodwill acquired in connection with McCall region acquisition	72,000
Total Goodwill	\$ 20,394,906

There were no changes in goodwill from the date of purchase through December 31, 2025.

Note 7 Leases

The Company entered into an office space lease agreement on March 1st, 2025 for the headquarters in Maple Grove, MN.

The Company has made a policy election to not separate lease and non-lease components. Lease terms and future minimum payments include renewal options that management is reasonably certain to exercise. The Company has made a policy election to use the risk-free rate as the discount rate on any lease agreements for office space within the scope of ASC 842.

FANTASTIC SAMS FRANCHISE CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 7 Leases (continued)

Management determines the risk-free rate for each lease by using United States treasury note rates with maturities similar to its lease terms. On December 31, 2025, the Company's remaining lease term for its operating lease is 50 months and the average discount rate related to this lease was 4.03%.

Future estimated lease payments by year and in aggregate, under the Company's operating lease consisted of the following on December 31, 2025:

<u>Fiscal years ending December 31,</u>	<u>Amount</u>
2026	\$ 57,789
2027	63,628
2028	69,873
2029	76,587
2030	13,175
<u>Total</u>	<u>\$281,052</u>

In the year ended December 31, 2025, the Company has expensed the remaining rents to be paid for training centers which are not used anymore, for a total of \$108,752.

Note 8 Commitments and contingencies

From time to time, the Company is involved in various legal proceedings. Although the Company is unable to quantify the exact financial impact of these matters, it believes that none of the currently pending matters will have an outcome material to the financial condition or business.

Note 9 Employee Retirement Plan

The Fantastic Sams 401(k) Profit Sharing Plan (the "401(k) Plan") is a qualified defined contribution plan in accordance with Section 401(k) of the Internal Revenue Code. All employees over the age of 21 may begin contributing on the first day of the month following their completion of twelve full months of service or any time thereafter. Eligible employees can make pretax contributions up to the maximum allowable by Code Section 401(k). The Company may make matching contributions equal to a discretionary percentage of the employee's salary deductions, to be determined by the Company. For the year ended December 31, 2025, the Company made matching contributions of \$72,759.

Note 10 Assets Pledged as Collateral

As of December 31, 2025, Dessange Group North America, Inc. has related party notes payable. The notes are collateralized by substantially all of the assets of DGNA and its subsidiaries including the assets of the Company.

FANTASTIC SAMS FRANCHISE CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 11 Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the financial statements, the Company has a balance of accumulated deficit resulting from recurring losses of \$46,268 K as of December 31, 2025. As of that date, the Company's current liabilities exceeded its current assets by \$1,406 K. These factors indicate that without the continued support of its Holding Company, DGNA, the Company may be unable to continue in existence.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 12 Subsequent Events

The Company has evaluated subsequent events through April 15, 2026, the date the financial statements were available to be issued.

No significant event occurred during the period from December 31, 2025, to April 15, 2026.

Fantastic Sams Franchise Corporation
(a wholly-owned subsidiary of Fantastic Sams
International Corporation)

Financial Statements
For the years ended December 31, 2024 and 2023

Fantastic Sams Franchise Corporation
(a wholly-owned subsidiary of Fantastic Sams International Corporation)

Contents

	<u>Pages</u>
Independent Auditor's Report	3-4
Financial Statements	
Balance Sheets	5-6
Statements of Operations	7
Statements of Shareholder's Equity	8
Statements of Cash Flows	9
Notes to Financial Statements	10-21

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fantastic Sams Franchise Corporation

Opinion

We have audited the accompanying financial statements of Fantastic Sams Franchise Corporation which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fantastic Sams Franchise Corporation as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fantastic Sams Franchise Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fantastic Sams Franchise Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT
(continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fantastic Sams Franchise Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fantastic Sams Franchise Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Barclais CPA, LLC

Miami, Florida
May 23, 2025

Barclais CPA, LLC

Fantastic Sams Franchise Corporation

Balance Sheets As of December 31, 2024 and 2023

Assets

	<u>2024</u>	<u>2023</u>
Current assets		
Cash and cash equivalents (Note 1)	\$ 10,548	\$ 310,897
Restricted cash (Note 1)	304,756	311,230
Accounts receivable, net of allowance of \$53,652 and \$53,652, respectively (Note 1)	386,033	433,129
Intercompany receivables (Note 2)	-	18,097,916
Notes receivable - current (Note 1)	123,402	183,062
Prepaid expenses and other current assets	<u>393,756</u>	<u>98,522</u>
Total current assets	1,218,495	19,434,756
Notes receivable, non-current (Note 1)	114,963	160,408
Property and equipment, net (Notes 1 and 4)	759,050	522,018
Operating leases right-of-use asset, (Notes 1 and 6)	274,386	431,239
Intangible assets, net (Notes 1 and 5)	6,738,755	8,832,336
Trademark (Notes 1 and 5)	24,203,385	24,208,836
Goodwill (Notes 1 and 5)	20,394,906	20,394,906
Security deposits	<u>30,627</u>	<u>29,596</u>
Total assets	<u><u>\$ 53,734,567</u></u>	<u><u>\$ 74,014,095</u></u>

See accompanying notes to financial statements.

Fantastic Sams Franchise Corporation

Balance Sheets As of December 31, 2024 and 2023

Liabilities and Stockholder's Equity

	<u>2024</u>	<u>2023</u>
Current liabilities		
Notes payable	\$ 321,835	\$ 477,056
Intercompany payables - current (Note 2)	-	3,537,638
Deferred revenues (Note 1)	226,742	294,785
Operating lease liability (Note 6)	206,409	281,009
Accrued expenses and other current liabilities	<u>652,981</u>	<u>938,769</u>
Total current liabilities	1,407,967	5,529,257
Deferred taxes (Note 3)	5,399,463	5,962,319
Operating lease liability (Note 6)	<u>71,300</u>	<u>158,233</u>
Total Liabilities	6,878,730	11,649,809
Stockholder's Equity		
Common stock, \$0.01 par value; 100 shares authorized, issued and outstanding	1	1
Additional paid-in capital	48,489,664	48,992,950
Retained earnings	<u>(1,633,828)</u>	<u>13,371,335</u>
Total Stockholder's Equity	<u>46,855,837</u>	<u>\$ 62,364,286</u>
Total Liabilities and Stockholder's Equity	<u><u>\$ 53,734,567</u></u>	<u><u>\$ 74,014,095</u></u>

See accompanying notes to financial statements.

Fantastic Sams Franchise Corporation

Statements of Operations
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues (Note 1)	\$ 10,215,872	\$ 12,010,254
Operating expenses		
Sales and marketing	747,567	804,163
General and administrative	6,093,613	6,520,795
Depreciation and amortization (Notes 1, 4 and 5)	<u>2,154,524</u>	<u>2,440,238</u>
Total operating expenses	<u>8,995,704</u>	<u>9,765,196</u>
Income from operations	1,220,168	2,245,058
Other income (expenses)		
Interest expense, net	(2,549,474)	(3,200,494)
Other expenses, net	<u>(866,578)</u>	<u>(820,480)</u>
Total other expenses, net	<u>(3,416,052)</u>	<u>(4,020,974)</u>
Income (loss) before income taxes	(2,195,884)	(1,775,916)
Provision for income taxes (Note 3)	<u>(562,056)</u>	<u>(544,855)</u>
Net income (loss)	<u><u>\$ (1,633,828)</u></u>	<u><u>\$ (1,231,061)</u></u>

See accompanying notes to financial statements.

Fantastic Sams Franchise Corporation

Statements of Stockholder's Equity For the years ended December 31, 2024 and 2023

	Common Stock, \$0.01 par value		Additional Paid-in capital		Retained earnings	Total stockholder's equity
	Shares	Amount				
Balance at December 31, 2022	100	\$ 1	\$ 48,992,952	\$ 14,602,394	\$	63,595,347
Net Loss	-	-	-	\$ (1,231,061)	\$	(1,231,061)
Balance at December 31, 2023	100	\$ 1	\$ 48,992,952	\$ 13,371,333	\$	62,364,286
Net Loss	-	-	-	\$ (1,633,828)	\$	(1,633,828)
Intercompany Reorganization	-	-	(503,288)	(13,371,333)	\$	(13,874,621)
Balance at December 31, 2024	100	\$ 1	\$ 48,489,664	\$ (1,633,828)	\$	46,855,837

See accompanying notes to financial statements.

Fantastic Sams Franchise Corporation

Statements of Cash Flows For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Net income (loss)	\$ (1,633,828)	\$ (1,231,061)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,158,786	2,440,237
Deferred taxes	(562,856)	(682,883)
Intercompany reorganization	-	-
(Increase) decrease in:		
Accounts receivable - trade	47,096	(154,393)
Intercompany receivables	-	(186,128)
Other receivables		
Inventories		
Prepaid expenses and other current assets	(295,234)	205,991
Deposits	(1,031)	1,370
ROU assets	156,853	53,761
Intercompany payables	685,657	114,801
Deferred revenues	(68,043)	33,968
Accrued expenses and other current liabilities	(281,872)	57,792
Other long-term liabilities	(161,533)	(51,098)
Net cash (used in) provided by operating activities	<u>43,995</u>	<u>602,357</u>
Cash flows from investing activities:		
Purchase of property and equipment	(300,702)	(357,066)
Acquisition of intangibles	-	(650,000)
(Issuance) receipts of notes receivable	105,105	(93,849)
Net cash provided by (used in) investing activities	<u>(195,597)</u>	<u>(1,100,915)</u>
Net cash provided by financing activities	<u>(155,221)</u>	<u>477,056</u>
Net increase (decrease) in cash and cash equivalents	(306,823)	(21,502)
Cash and cash equivalents - beginning of year	<u>622,127</u>	<u>643,629</u>
Cash and cash equivalents - end of year	<u>\$ 315,304</u>	<u>\$ 622,127</u>

See accompanying notes to financial statements.

Fantastic Sams Franchise Corporation**Notes to the Financial Statements
For the years ended December 31, 2024 and 2023****Note 1** **Summary of Significant Accounting Policies****Business and Nature of Operations**

Fantastic Sams Franchise Corporation (“FSFC” or the “Company”) owns and operates a three-tiered franchise system in which it licensed rights within geographic regions to regional Subfranchisors (“Regional Owners”) that in turn sub-license to individual Fantastic Sams franchisees (“Subfranchisees”) within their respective regions. FSFC no longer offers the opportunity to operate as a Fantastic Sams Subfranchisor. FSFC currently offers the opportunity to become a franchisee to develop and operate a Fantastic Sams salon. The Fantastic Sams brand was developed in 1974 and the franchise system is one of the largest hair care franchises in the United States. As of December 31, 2024 and 2023, there were 8 and 8 Subfranchisors operating in 12 and 13 states with 75 and 77 Subfranchisee owners, respectively. Systemwide there were 512 and 565 active domestic franchisee and subfranchisee (“Franchisees”) salons, respectively. FSFC does not offer franchises for salons in an area where a Subfranchisor operates.

The Company is a wholly-owned subsidiary of Fantastic Sams International Corporation (“FSIC” or “Parent Corp.”), which, as of December 31, 2024, was a wholly-owned subsidiary of Dessange Group North America, Inc. (“DGNA” or “Holding Company”).

The Company is subject to a number of risks that could affect future operations and financial performance. These risks include, but are not limited to, significant competition, dependence on key individuals, annual performance fluctuations, and failure to effectively manage changes in the Company’s business environment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue consists of revenues from franchising activities and is recognized based on the term of the franchise agreements in accordance with ASC 952. Revenues from franchising activities include initial franchise fees, ongoing franchise fees and other royalty rebates based on product sales.

Fantastic Sams Franchise Corporation

Notes to the Financial Statements For the years ended December 31, 2024 and 2023

Note 1 Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Company is responsible for licensing Fantastic Sams franchise rights for geographic regions to Regional Owners. The license agreements with Regional Owners are generally for terms of 20 years.

The Company collects a weekly franchise fee from individual Franchisees in regions where the Company franchises directly with the Franchisees. The franchise fee is typically a fixed amount. The franchise agreements with Franchisees are generally for a 10 year term. The franchise license agreements require the Franchisees to pay an initial, non-refundable fee up to \$50,000.

Also, the Company collects a weekly royalty based on weekly franchise fees collected by Regional Owners and a monthly royalty based on a percentage of the average wholesale price for Fantastic Sams branded hair care products purchased by Franchisees from Regional Owners. Franchisees are required to purchase certain hair care products from the Company approved distributors. Product revenues are recognized in accordance with the agreements the Company maintains with the distributors.

Revenues from the license sale of franchise rights are generally recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided by the Company to the Franchisees have been performed. Unrecognized amounts are reported net of related deferred commissions paid to parties for efforts in the sale of new licenses. In the case of multiple unit license sales, the Company recognizes 15% of the initial MUDA fees at the time the sale and the remaining balance of the fees over the term of the contracts.

On January 1, 2018, the Company adopted ASC 606 – Revenues from contracts with customers using the modified retrospective method. The Company generates revenue from multiple unit development agreements (MUDA) that allow franchisees to open Fantastic Sams hair salons. The Company recorded a net decrease in retained earnings of \$847,352 as of January 1, 2018 due to the cumulative effect of adopting ASC 606.

The Company also sponsors training, educational classes and other events from time to time. Revenue from these events is deferred until the event has occurred.

For the years ended December 31,	2024	2023
Franchise fees	\$ 8,759,384	\$ 9,600,563
Initial franchise fees	205,294	528,189
Other revenues	1,251,194	1,881,502
Total revenues	\$ 10,215,872	\$ 12,010,254

Fantastic Sams Franchise Corporation**Notes to the Financial Statements
For the years ended December 31, 2024 and 2023****Note 1** **Summary of Significant Accounting Policies (continued)****Cash and Cash Equivalents**

The Company considers all highly liquid investments with an initial maturity date of three months or less, when purchased, to be cash equivalents. Additionally, as of December 31, 2024 and 2023, the Company had \$304,756 and \$311,230 respectively, classified as restricted cash related to the sale of gift certificates. For the restricted cash, there is a corresponding offset in accrued expenses and other current liabilities on the accompanying balance sheets.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and accounts receivable. The Company invests a portion of its cash and cash equivalents with certain accredited financial institutions which management believes to have strong credit ratings. As of December 31, 2024, and 2023, the Company had bank balances exceeding the federally insured limit of \$250,000 of \$601,439 and \$900,088, respectively.

Concentrations of credit risk with respect to accounts receivable are limited due to the credit worthiness of customers comprising the Company's customer base. Management regularly monitors the credit worthiness of its customers and believes that it has adequately provided for any exposure to potential credit losses.

Accounts and Notes Receivable

The Company's accounts and notes receivable are due from Regional Owners and Franchisees. The Company reviews their credit history before extending credit and, generally, collateral is not required. Effective January 1, 2023, the Company adopted the Current Expected Loss ("CECL") model under ASU No. 2016-13. The CECL model requires the Company to estimate the lifetime expected credit losses on its financial assets, which primarily consist of accounts receivables, based on historical loss experience, adjusted for current conditions and reasonable and supportable forecasts that affect the collectability of the reported amounts. The adoption of the CECL model did not have a significant effect on the Company's financial statements.

Fantastic Sams Franchise Corporation

Notes to the Financial Statements For the years ended December 31, 2024 and 2023

Note 1 Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment, including leasehold improvements, are stated at cost or their approximate fair values if obtained through an acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from two to five years. Leasehold improvements are depreciated using the straight-line method over the estimated useful life of the asset or the term of the lease, whichever is shorter.

Maintenance and repairs are expensed when incurred. Significant renewals and betterments are capitalized in accordance with the Company's capitalization policy.

Goodwill

Goodwill represents the excess purchase price over the identifiable assets acquired and liabilities assumed. The Company is required to evaluate goodwill and other intangible assets not subject to amortization for impairment at least annually or when circumstances indicate the carrying value of the goodwill or other intangible assets may be impaired. The Company does not believe that goodwill is impaired as of December 31, 2024 and 2023.

Other Intangible and Long-Lived Assets

Other intangible assets consist primarily of covenants to not compete, contractual rights and licenses. Intangible assets are recorded apart from goodwill if they arise from a contractual right and are capable of being separated from the entity and sold, transferred, licensed, rented or exchanged individually. The useful life and amortization methodology of intangible assets are determined based on the period in which they are expected to contribute directly to cash flows. Intangible assets that are determined to have a definite life are amortized over their estimated useful lives as follows:

Non-compete covenants	2-3 years
Contractual rights	10-20 years
Licenses	15 years

Long-lived assets, other than goodwill, are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. When any such impairment exists, the related assets are written down to fair value. The Company did not record any impairment losses during the years ended December 31, 2024 and 2023.

Fantastic Sams Franchise Corporation**Notes to the Financial Statements
For the years ended December 31, 2024 and 2023****Note 1** **Summary of Significant Accounting Policies (continued)****Fair Value Measurements**

The Company follows the provisions of ASC 820 Fair Value Measurement which defines fair value, establishes a framework for measuring fair value in accordance with US GAAP and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

Level 1 - Inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 - Inputs utilize data points that are observable such as quoted prices, interest rates and yield curves.

Level 3 - Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Cash equivalents consist of money market funds. The fair value measurements of money market funds are classified as Level 1 as they are based on quoted market prices in active markets.

At December 31, 2024, and 2023, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximated their estimated fair values because of the short maturity of these financial instruments.

Income Taxes

The Company accounts for income taxes using the asset and liability method. This method generally provides that deferred tax assets and liabilities be recognized for temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities. A valuation allowance is required to reduce the potential deferred tax asset when it is more likely than not that all or some portion of the potential deferred tax asset will not be realized. The impact on deferred taxes of changes in tax rates and laws, if any, are applied to the years during which temporary differences are expected to be settled and reflected in the financial statements in the period of enactment.

Fantastic Sams Franchise Corporation**Notes to the Financial Statements
For the years ended December 31, 2024 and 2023****Note 1** **Summary of Significant Accounting Policies (continued)****Income Taxes (continued)**

The Company follows the provisions of ASC 740-10-25 which clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. ASC 740-10-25 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting for interim periods and disclosures for uncertain tax positions.

The Company's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statement of operations. For the years ended December 31, 2024 and 2023, there were no uncertain tax positions and no estimated interest or penalties were recognized.

In accordance with an Accounting Standards Update issued by the Financial Accounting Standards Board in 2015, the Company has classified all deferred tax amounts as a non-current as of December 31, 2024 and 2023.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2024 and 2023 were \$170,994 and \$170,714, respectively, with digital advertising being the most significant medium purchased in each year.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentations.

Fantastic Sams Franchise Corporation

Notes to the Financial Statements For the years ended December 31, 2024 and 2023

Note 2 **Intercompany Transactions**

Transactions between and among related parties occur in the normal course of business. These transactions can relate to revenue or expense items reported in the Company's statements of operations for the years presented, or cash concentrations, inventory purchases and other balance sheet transactions. DGNA uses centralized treasury and payment distribution functions for all its subsidiaries. These functions are performed by FSIC. This arrangement results in due-to-FSIC or due from-FSIC balances on the Company's books at the end of each reporting period. All intercompany activities flow from individual entities within the group through FSIC and to the recipient. The result is a vertical intercompany relationship rather than a horizontal (entity to entity) relationship. This allows the centralization of treasury and disbursements.

As of December 31, 2024 and 2023, intercompany balances were as follows:

	2024	2023
Intercompany receivables – current:		
Intercompany receivables – FSIC	\$ -	\$ 18,097,916
Total intercompany receivables – current	-	\$ 18,097,916
Intercompany payables – current:		
Income tax payable – DGNA	-	\$ 3,537,638
Total intercompany payables – current	\$ -	\$ 3,537,638

For the years ended December 31, 2024 and 2023, intercompany transactions were as follows:

	2024	2023
DGNA - Interest expense	\$ 2,549,474	\$ 3,200,494

Note 3 **Income Taxes**

The Company and its affiliates file a consolidated U.S. federal tax return. As such, the Company applies the separate return method for purposes of calculating each affiliate's provision for income taxes. The individual affiliate's current and deferred tax provision is first calculated on a standalone basis, and the results are then combined to derive the consolidated tax provision

Fantastic Sams Franchise Corporation

Notes to the Financial Statements
For the years ended December 31, 2024 and 2023

Note 3 **Income Taxes (continued)**

For the years ended December 31, 2024 and 2023, the provision for income taxes was as follows:

December 31,	2024	2023
Current taxes – Federal	\$ -	\$ 130,000
Current taxes – States	800	8,028
Deferred taxes	(562,856)	(682,883)
Provision for Income Taxes	\$ (562,056)	\$ (544,855)

For the years ended December 31, 2024 and 2023, the components of the net deferred tax liability were as follows:

December 31,	2024	2023
Bad debt allowance	\$ 58,219	\$ 58,219
Accrued compensation	36,554	52,953
Other timing differences	1,022,399	902,490
Depreciation and Amortization	(6,516,635)	(6,975,981)
	\$ (5,399,463)	\$ (5,962,319)

Fantastic Sams Franchise Corporation

Notes to the Financial Statements
For the years ended December 31, 2024 and 2023

Note 4 **Property and Equipment**

Property and equipment consist of the following:

December 31,	2024	2023
Computer equipment	\$ 464,720	\$ 428,975
Computer software	1,421,190	1,429,824
Furniture and fixtures	224,640	254,447
Signage	-	14,679
Leasehold improvements	283,318	283,318
Construction in process	686,974	413,383
Total	\$ 3,080,842	\$ 2,824,626
Less accumulated depreciation	\$ (2,321,792)	\$ (2,302,608)
Property and Equipment, net	\$ 759,050	\$ 522,018

Depreciation expense for the years ended December 31, 2024 and 2023 was \$55,491 and \$62,904, respectively.

Note 5 **Intangible Assets, Trademark and Goodwill**

Intangible assets consist of the following:

December 31,	2024	2023
Non-compete agreements	\$ 375,224	\$ 375,224
Accumulated amortization	(373,974)	(370,554)
	1,250	4,670
Contractual rights	12,775,477	12,775,477
Accumulated amortization	(11,423,283)	(10,720,238)
	1,352,194	2,055,239
Licenses & other	19,614,478	19,614,478
Accumulated amortization	(14,229,167)	(12,842,051)
	5,385,311	6,772,427
Total Intangible Assets, net	\$ 6,738,755	\$ 8,832,336

Fantastic Sams Franchise Corporation

Notes to the Financial Statements For the years ended December 31, 2024 and 2023

Note 5 Intangible Assets, Trademark and Goodwill (continued)

Intangible assets are being amortized over their respective useful lives ranging from 10 to 20 years.

The Company recorded amortization expense relating to intangible assets for the years ended December 31, 2024 and 2023 of \$2,099,033 and \$2,377,333 respectively.

As of December 31, 2024, the following is a schedule of future amortization of intangible assets:

Fiscal years ending December 31,	Amount
2025	\$ 2,038,582
2026	1,969,964
Thereafter	2,209,749
Total	\$ 6,218,295

Other Intangible assets as of December 31, 2024 and 2023 consist of the following:

December 31,	2024	2023
Trademark	\$ 24,244,874	\$ 24,244,874
Accumulated amortization	(41,489)	(36,038)
Total Other Intangible Assets, net	\$ 24,203,385	\$ 24,208,836

As of December 31, 2024 and 2023, goodwill consists of the following:

Goodwill acquired in connection with acquisition of FSHC - January 12, 2012	\$ 14,765,264
Goodwill acquired in connection with Ely Region acquisition	812,000
Goodwill acquired in connection with W&T Region acquisition	396,339
Goodwill acquired in connection with Walmax acquisition	120,000
Goodwill acquired in connection with Global Franchising Group acquisition	204,000
Goodwill acquired in connection with Copeland region acquisition	1,359,000
Goodwill acquired in connection with FSRM region acquisition	2,666,303
Goodwill acquired in connection with McCall region acquisition	72,000
Total Goodwill	\$ 20,394,906

There were no changes in goodwill from the date of purchase through December 31, 2024.

Fantastic Sams Franchise Corporation

Notes to the Financial Statements For the years ended December 31, 2024 and 2023

Note 6 Leases

The Company adopted the new lease standard under ASC 842 using the modified retrospective approach on January 1, 2022. The Company made an accounting policy election to not recognize an asset and a liability for existing leases with a remaining term of 12 months or less.

	Year Ending 2024-12
Lease expense	
Finance lease expense	
Amortization of ROU assets	-
Interest on lease liabilities	-
Operating lease expense	259,259
Variable lease expense	-
Total	<u><u>\$ 259,259</u></u>

Other Information

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	-
Financing cash flows from finance leases (i.e. principal portion)	-
Operating cash flows from operating leases	\$ 262,582
ROU assets obtained in exchange for new finance lease liabilities	-
ROU assets obtained in exchange for new operating lease liabilities	\$ 12,517
Weighted-average remaining lease term in years for finance leases	-
Weighted-average remaining lease term in years for operating leases	2.46
Weighted-average discount rate for finance leases	0.00%
Weighted-average discount rate for operating leases	3.54%

Maturity Analysis

	Finance	Operating
2025-12	-	\$ 78,834
2026-12	-	48,810
2027-12	-	37,805
2028-12	-	3,158
2029-12	-	-
Thereafter	-	-
Total undiscounted cash flows	-	168,607
Less: present value discount	-	(7,075)
Total lease liabilities	<u><u>-</u></u>	<u><u>\$ 161,532</u></u>

Fantastic Sams Franchise Corporation**Notes to the Financial Statements
For the years ended December 31, 2024 and 2023****Note 7** **Commitments and Contingencies**

From time-to-time, the Company is involved in various legal proceedings. Although the Company is unable to quantify the exact financial impact of these matters, it believes that none of the currently pending matters will have an outcome material to the financial condition or business.

Note 8 **Employee Retirement Plan**

The Fantastic Sams 401(k) Profit Sharing Plan (the “401(k) Plan”) is a qualified defined contribution plan in accordance with Section 401(k) of the Internal Revenue Code. All employees over the age of 21 may begin contributing on the first day of the month following their completion of twelve full months of service or any time thereafter. Eligible employees can make pretax contributions up to the maximum allowable by Code Section 401(k). The Company may make matching contributions equal to a discretionary percentage of the employee’s salary deductions, to be determined by the Company. For the years ended December 31, 2024 and 2023, the Company made matching contributions of \$55,637 and \$73,481, respectively.

Note 9 **Assets Pledged as Collateral**

As of December 31, 2024 and 2023, Dessange Group North America, Inc. has related party notes payable. The notes are collateralized by substantially all of the assets of DGNA and its subsidiaries including the assets of the Company.

Note 10 **Subsequent Events**

The company evaluated all events or transactions that occurred after December 31, 2024 through May 23, 2025, the date these financial statements were available to be issued. No significant event occurred during the period from December 31, 2024 to May 23, 2025

EXHIBIT L

OPERATIONS MANUALS TABLE OF CONTENTS

Exhibit L to FDD

Table of Contents of Manual

Table of Contents

All About Fantastic Sams

<i>What is Fantastic Sams?</i>	4
Fantastic Sams History: Where did we get that crazy name?	
The “New” Fantastic Sams	
Who We Are: Mission, Vision & Values	
<i>Our Very Special Concept</i>	7
Notes on Salon Franchising	
The Fantastic Sams Salon	
Introduction to Services & Products	
<i>Our Commitment to Franchisees</i>	12
Marketing & Advertising Support	
Professional Training for Franchisees & Managers	
Recruitment & Retention Support	
Awards & Recognition	

Be a Fantastic Franchisee

<i>Your Commitment to Fantastic Sams</i>	15
Follow the Fantastic Sams Systems	
Contribute to the Brand	
Possess the Traits of Successful Franchisees	
<i>Develop & Maintain Your Team</i>	18
Appearance, Competency & Professionalism	
Fantastic Sams Dress Code Standards	
The Fantastic Sams Salon Team Structure	
<i>FS Excellence Standards</i>	24
What Sets Us Apart	
Overview: Operating Practices & Policies	
Daily Matters for Franchisees	

About the Operations Manual.....	33
<i>How to Get the Most Out of this Manual</i>	
<i>Master Table of Contents</i>	

- ☒ Sell more retail products

Operations Manual Master Table of Contents

MODULE: Welcome to Fantastic Sams

All About Fantastic Sams.....	4
<i>What is Fantastic Sams?</i>	4
<i>Our Very Special Concept</i>	7
<i>Our Commitment to Franchisees</i>	12
Be a Fantastic Franchisee.....	15
<i>Your Commitment to Fantastic Sams</i>	15
<i>Develop & Maintain Your Team</i>	18
FS Excellence Standards.....	23
All About the Operations Manual.....	32
<i>How to Get the Most Out of this Manual</i>	
<i>Master Table of Contents</i>	

MODULE: How to Welcome Guests

Section I: Guest Service System

Build a Guest-Centric Culture.....	4
<i>Start from the "Inside Out"</i>	4
<i>Use Feedback to Drive Your Guest Centric Strategy</i>	11
<i>Retain Your Guests</i>	16
Fantastic Guest Service.....	17
<i>Service Logistics</i>	18
<i>The Sequence of Service</i>	22
<i>Characteristics a Salon Professional</i>	42

Section II: Understand and Exceed Guests' Expectations

<i>Deliver "Next Level" Service</i>	4
<i>Be the Solution</i>	10

MODULE: How to Build Work Teams

Section I: Recruit, Interview, Hire, Train and Retain a Guest-Centric Team

Recruit to Retain.....	6
<i>Recruiting Fundamentals</i>	6
<i>Recruitment Strategies</i>	9
<i>An Effective Recruiting Process</i>	14
Interviewing Overview.....	18
<i>Communication Arts</i>	19

WELCOME TO FANTASTIC SAMs

<i>Choose the Best Candidate.....</i>	<i>26</i>
<i>Elements of a Hiring Interview.....</i>	<i>31</i>
<i>Prepare Your Talent.....</i>	<i>36</i>
<i>The Onboarding Experience: Make a Strong First Impression.....</i>	<i>36</i>
<i>The Training Experience.....</i>	<i>41</i>
<i>Proven Retention Strategies.....</i>	<i>43</i>
<i>What Employees Really Want.....</i>	<i>44</i>
<i>How to Enrich Your Team.....</i>	<i>49</i>
<i>Importance of Goal Setting: Three Step Goal Setting Process.....</i>	<i>52</i>

Section II: Leading Your Team; Leadership, 101

<i>The Leader's Role.....</i>	<i>4</i>
<i>Be an Effective Leader.....</i>	<i>4</i>
<i>Foundational Leadership Behaviors.....</i>	<i>14</i>
<i>Achieve Productivity through People.....</i>	<i>22</i>
<i>Managing Performance.....</i>	<i>26</i>
<i>Coaching to Maximize Performance.....</i>	<i>26</i>
<i>Manage Performance Problems.....</i>	<i>30</i>
<i>Maintain Appropriate Relationships.....</i>	<i>36</i>

MODULE: How to Generate Revenue

Section I: Retail Systems

The Retail Solution & System

<i>Why Offer Retail?</i>	<i>4</i>
<i>Retail: A Solution & A System.....</i>	<i>5</i>
<i>The Value of Retailing.....</i>	<i>6</i>
<i>The Business Case-Retail by the Numbers.....</i>	<i>7</i>
<i>Create a Retail Sales System & Action Plans.....</i>	<i>11</i>
<i>The Retail Sales System.....</i>	<i>11</i>
<i>How to Plan Your Retail Sales System</i>	<i>13</i>
<i>Four Steps to a Successful Retail Sales System.....</i>	<i>15</i>
<i>Create a Retail-Centric Culture.....</i>	<i>29</i>
<i>Synchronize Your RSS with Daily Operations.....</i>	<i>29</i>
<i>Best Practices.....</i>	<i>31</i>

Section II: Salon Merchandising

<i>What Is Merchandising?</i>	<i>4</i>
<i>The Power of Merchandising.....</i>	<i>4</i>
<i>Why, What & Where People Buy.....</i>	<i>6</i>
<i>General Merchandising Techniques.....</i>	<i>10</i>
<i>Visual Merchandising Principles & Practices.....</i>	<i>14</i>
<i>VM: Presentation & Display.....</i>	<i>14</i>

WELCOME TO FANTASTIC SAM'S

<i>"Whole House" Merchandising.....</i>	20
Fantastic Sams Visual Merchandising Standards.....	24
<i>Consider Your Product Mix.....</i>	24
<i>Suggested Salon Layouts.....</i>	27
<i>How We Use Planograms.....</i>	32

Section III: Marketing Day-to-Day

Marketing Your Salon.....	4
<i>The National Marketing Plan.....</i>	4
<i>Build Brand Awareness.....</i>	7
<i>Additional Marketing Systems.....</i>	12
The Art of Connecting with Guests & Public Relations.....	22
<i>Reach Out, Build Loyalty, Reward & Discount</i>	22
<i>Promotions & Events.....</i>	29
<i>Leverage Public Relations.....</i>	36
Long Term Systems & Standards.....	43
<i>Local Salon Marketing (LSM) Plan.....</i>	43
<i>Fantastic Sams Trademark Name & Usage.....</i>	55
<i>Fantastic Sams Social Media Policy</i>	60
<i>Glossary of Marketing Terms.....</i>	70

MODULE: How to Operate Efficiently & Manage Costs

Section I: Managing Your Inventory

Inventory as a Concept.....	4
<i>What Classifies as Inventory?.....</i>	4
<i>Two "Lives" of Inventory.....</i>	4
<i>Inventory is MONEY.....</i>	6
Elements of Inventory Control: People, Process Product.....	7
<i>People.....</i>	7
<i>Product.....</i>	11
<i>Product Touch Points.....</i>	14
<i>Process.....</i>	20

Section II: Safety, Health, Sanitation & Regulatory Agency Compliance

Salon Health & Safety Management System.....	4
<i>A Four Point Workplace Program.....</i>	5
<i>Maintain Your SHMS.....</i>	13
Sanitation Standards for Salons.....	19
<i>Universal Sanitation Requirements for Salons.....</i>	19
<i>Methods of Sanitation.....</i>	20
Universal Regulatory Board Requirements.....	26

WELCOME TO FANTASTIC SAMS

What to Expect when you're Inspected..... 26

Avoid Common State Board Code Violations..... 28

State Board Self-Inspection..... 30

Index

A

Advertising & Marketing, 12
All About Fantastic Sams, 4
Appearance, 18
Average Ticket (AT), 28
Awards & Recognition, 14

B

Business Cards, Usage, 26

C

Commitment to Franchisees, 12
Competency, 18, 19
Concept, FS, 7
Contribute to Brand, 16

D

Dress Code, 18 -21

E

F

Financial Metrics, 28, 29
Financial Stewardship, 28
Franchisees, "Ambassadors", 31
Franchisees, Be Fantastic, 15
Franchisees, Commitment to, 12
Franchisees, Daily Matters, 27, 30
Franchisees, Successful, 17, 27
Franchising, Notes on, 7

G

G Rated, 19
Growth Strategies, FS, 7
Guest Coordinator Duties, 22
Guest Experience, Fantastic, 16

H

History, Fantastic Sams, 4

I

Image, salon, 24

J

K

L

Lawful Operations, 25
Logo, Fantastic Sams, 5, 26

M

Manager, Salon, Duties, 22
Marketing & Advertising, 12
Mission Statement, FS, 6

N

National Brands, 25
New (Image) Fantastic Sams, 5

O

Operations, Guidance, 30
Operations Manual, About, 32
Operations Manual, Master TOC, 33
Operations, Practices & Policies, 25

P

Payroll Checks, 26
Pricing, Services, 25
Product per Guest (PPG), 28, 29
Productivity per Hour (PPH), 28, 29
Products & Services, 9-11
Professionalism, 18, 20, 23
Professional Training, 13

Q

R

Recruitment & Retention, 13
Retail Sales, 10

S

Salons, Top 50, 14
Salons, Why Fantastic Sams?, 8
Salons, Franchisee Visits, 27
Service, Logistics & Sequence, 23
Services & Products, 9-11
Sole Proprietor, 26
Standards, Excellence, FS, 23
Stylists, attracting talented, 13
Stylists, duties, 22
Systems, FS, 15

T

Team Structure, Salon, 22
Telephone Policy, 25
Training, Team, 22

U

V

Values, FS, 6
Visits, getting the most out of, 27

W

Welcome to Fantastic Sams, 4

X

Y

Z

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	June 19, 2025
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

Yellowwood Franchise Services, Inc. Franchise Disclosure Document

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If **Yellowwood Franchise Services, Inc.** offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If **Yellowwood Franchise Services, Inc.** 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, D.C. 20580 and your State's regulatory agency listed on Exhibit A.

The Franchisor is **Yellowwood Franchise Services, Inc.**, located at 1804 Cargo Court, Louisville, Kentucky 40299. Its telephone number is (502) 493-1157.

The name, address and telephone number of each franchise seller is:

Name	Address
Glen O. Adams, Robin Miller and Shannon Wilbert	1804 Cargo Court, Louisville, Kentucky 40299
Broker name if applicable:	

The issuance date of this Disclosure Document is **June 12, 2026**.

Yellowwood Franchise Services, Inc. authorizes the agencies or agent listed on Exhibit "A" to receive service of process for Yellowwood Franchise Services, Inc.

I have received a Franchise Disclosure Document dated **June 12, 2026**, that included the following EXHIBITS:

EXHIBIT A – STATE AGENCIES AND AGENTS FOR SERVICE OF
PROCESS

EXHIBIT B-1 FRANCHISE AGREEMENT

EXHIBIT B-2 ADDENDUM TO FRANCHISE AGREEMENT

EXHIBIT B-3 EXPANDED RETAIL PROGRAM ADDENDUM TO
FRANCHISE AGREEMENT

EXHIBIT C – MULTI-UNIT ADDENDUM TO FRANCHISE AGREEMENT

EXHIBIT D – PROMISSORY NOTE AND SECURITY AGREEMENT

EXHIBIT E – LIST OF SYSTEM-WIDE FRANCHISEES

EXHIBIT F – LIST OF "YFSI" FRANCHISEES

EXHIBIT G – SYSTEM-WIDE EXIT LIST

EXHIBIT H– YELLOWWOOD FRANCHISE SERVICES, INC. EXIT LIST

EXHIBIT I – LIST OF TECA, INC. SALONS

EXHIBIT J – YELLOWWOOD FRANCHISE SERVICES, INC.'S
FINANCIAL STATEMENTS

EXHIBIT K – FANTASTIC SAMS FRANCHISE CORPORATION'S
FINANCIAL STATEMENTS

EXHIBIT L – OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT M – FRANCHISE DISCLOSURE QUESTIONNAIRE

Signed: _____

Print Name: _____

Address: _____

City: _____ **State:** _____

Telephone: () _____

Dated: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ **State:** _____

Telephone: () _____

Dated: _____

RECEIPT

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Telephone: () _____

Dated: _____