FRANCHISE DISCLOSURE DOCUMENT

KNOCKOUTS HOLDINGS, LLC
A Texas limited liability company
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You will operate one or more businesses offering haircuts, hair coloring, and other grooming products and services under the name KNOCKOUTS.

[Note: When you make changes to Item 7, I will update these numbers] The total investment necessary to begin operation of a KNOCKOUTS franchise ranges from $151,300 to $345,450. This includes the $75,000 to $95,000 that must be paid to the franchisor or affiliate. If you are acquiring multiple units, you will sign a multi-unit development agreement that requires you to pay a multi-unit development fee equal to $40,000 for the first salon, $30,000 for the second salon and $20,000 for each additional salon to be developed. For example, if you develop four salons, you will pay us a multi-unit development fee of $110,000 $40,000 + $30,000 + $20,000 + $20,000.

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 Heather Sorrells, 210 North Hurst Rd, Burleson, TX 76028, H.Sorrells@knockouts.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your 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.

Date of Issuance: April 23, 2025

How To Use This Franchise Disclosure Document

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should **also** try to obtain this information form others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E 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 Knockouts business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Knockouts franchisee?	Item 20 or Exhibit G 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.

Suppler 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 D.

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. If applicable, 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 and the multi-unit development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. 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 Texas than in your own state.

2. **Short Operating History**. We, as franchisor, are at an early stage of development and have a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **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 your 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.

NOTICE REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

(a) A prohibition of your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver or estoppel which would deprive you of your rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.

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

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

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

(f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of arbitration or litigation, to conduct arbitration at a location outside of Michigan.

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

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

ii. The fact that the proposed transferee is a competitor of the franchisor.

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

iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 G. Menner Williams Building, 525 W. Ottawa Street, Lansing, MI 48909, (517) 373-7117.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

In this disclosure document, we refer to Knockouts Holdings, LLC, the franchisor, as "we," "us," or "our," and to the person buying the franchise, the franchisee, as "you" or "your." If the franchisee is a corporation, limited liability company, partnership, or other legal entity, the term "you" does not include the entity's owners, unless otherwise stated.

The Franchisor any Parents, Predecessors, and Affiliates

We are a Texas limited liability company formed on June, 1 2024. We do business only under the name Knockouts Holdings, LLC. We maintain our principal business address at 210 North Hurst Rd, Burleson, Texas 76028. Our agent for service of process is identified in Exhibit C. We have been offering franchises of the type described in this disclosure document since July 2024. Except as listed below, Knockouts Holdings, LLC has no parent company, nor any affiliate that offers franchises in any line of business or provides products or services to our franchisees.

In July of 2024, we acquired the assets of Knockouts Holdings, LLC, an Arkansas limited liability company ("Predecessor"), which operated franchises under the name Knockouts since November 2022.

On November 1, 2022, the Predecessor purchased the majority of Knockouts, LLC's assets, which founded the concept in 2004.

Collectively Knockouts franchises have been offered since August 2004. The area representative franchise was previously offered from 2007 to 2015; as of November 2020, the area representative franchise program was reinstated, but not in all states. As of November 2022, the program was discontinued in its entirety.

We have operated a business similar to the type that you will operate. We do not offer franchises in any other line of business.

This disclosure document contains information for the offer of the KNOCKOUTS Salon franchises and multi-unit development program.

The Franchise Offered

We franchise the right to operate a KNOCKOUTS salon ("Salon") using our proprietary business format and system ("System") and intellectual property. KNOCKOUTS SALONS offer haircuts, hair coloring, and other related grooming services to both men and women, and children. The Salons also sell hair care, grooming, and other related products. Our Salons operate under trade name and service mark "KNOCKOUTS" and other service marks, proprietary trademarks, trade names, logos, emblems and indicia of origin that we designate to identify Salons ("Marks"). See Item 13 for more information about our Marks.

You will operate the Salon using the System, which includes our distinctive signage, interior and exterior design, décor, color scheme, furnishings and fixtures; distinctive products and services; standards, specifications and procedures for operations; quality and uniformity of products and services offered; procedures, management and financial controls; training and assistance; advertising and promotional programs; employee selection practices; and employee uniforms and dress codes; all of which we may change, improve, and further develop at our discretion (collectively, the "Standards").

If we award you a franchise, you will sign a franchise agreement (see Exhibit A) and will develop and operate a Salon, using our System and Marks, at a location that you select and that we approve as meeting our minimum site selection criteria. We call this the "Franchised Business."

If we approve your application to develop multiple Salons, you will sign our standard multi-unit development agreement (see Exhibit B). The development agreement will state the number of Salons to be developed and will establish a development timetable. You will sign a separate then-current form of a franchise agreement for each Salon that you develop. The franchise agreement for the first Salon will be our current form of franchise agreement (see Exhibit A). The franchise agreement for your second and each additional Salon will be our then-current form of franchise agreement being offered to new franchisees, which may contain materially different terms than our current franchise agreement; however, the initial franchise fee will remain the same.

Competition

The market for hair care and salon services is well developed and highly competitive, but we believe that the men's segment of the hair care industry currently is underdeveloped and underserved. You will offer services to men, women, and children. Your Salons will compete with other independently-owned and franchised businesses offering similar services, such as salons, day spas, and barber shops. We anticipate that you will compete in price primarily with the mid-market salon segment and, to a lesser extent, low cost hair cutteries.

Industry Regulations

Salon stylists and massage therapists must be licensed in the state in which the Salon operates. You also must comply with all municipal, county, and state regulations relating to the operation of a hair salon and spas. Health and sanitation regulations require that your stylists maintain their haircutting equipment according to specified standards, which includes following proper sanitizing and hair disposal procedures. Environmental laws may regulate the way in which certain solutions are used, stored, and disposed of in the process of providing services to your customers. Building codes may require special ventilation in your Salon.

Your Salon may require zoning or land use approvals, Sunday sale permits, sales and use tax permits, special tax stamps, fire department permits, health permits, alarm permits, county occupational permits, retail sales licenses, and wastewater discharge permits. There may be other laws, rules, or regulations that affect your Salon, including Americans with Disabilities Act of 1990 ("ADA"), OSHA, and EPA considerations.

You must also comply with applicable employment laws, including federal and state discrimination laws, minimum wage, and other laws and regulations that apply to businesses generally. If your Salon will offer beer, you may be required to obtain a liquor or beer and wine license, or you may be able to avoid licensing requirements by offering it on a complimentary basis. Zoning regulations also may prohibit or restrict your sale or dissemination of alcoholic beverages.

The payment card industry ("PCI") Data Security Standard is the current standard of security requirements for all merchants or service providers that store, process, or transmit cardholder data. You are responsible for PCI Data Security Standard compliance as well as any federal, state, and local laws, regulations, and ordinances related to privacy maters, including data and personally identifiable information.

You are responsible for knowing and complying with all laws and licensing requirements related to the operation of your Salon. We strongly recommend that you consult with your own counsel concerning all applicable licenses, laws, and regulations before you decide to purchase a franchise.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer/Owner: Nathan White

Mr. White has served as our Chief Executive Officer since June, 2024 in Burleson, Texas. Mr. White also serves as the Owner of TKO in Fort Worth, Texas from 2008 to present.

President: Heather Sorrells

Mrs. Sorrells has served as our President since June, 2024 to present in Burleson, Texas. Mrs. Sorrells also serves as the Director of Operations of TKO in Fort Worth, Texas, from August 2012 to present.

Senior Vice President of Operations: Chelsi Lee

Mrs. Lee has served as our Senior Vice President of Operations from November 2022 to present in Burleson, Texas. She served as the Director of Operations of the Haymaker Group, LLC beginning in November 2019 through October 2020 in Fort Smith, Arkansas.

ITEM 3
LITIGATION

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

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you sign the franchise agreement, you will pay us an initial franchise fee of $40,000. The initial franchise fee is uniform for all franchisees and is fully earned and nonrefundable upon payment.

Store-In-A-Box Package

Prior to your Salon opening you will pay us between $35,000 and $55,000 for your "Store-In-A-Box Package." Payment in full is required upon your receipt of our invoice before the Store-In-A-Box Package is shipped to you. The Store-In-A-Box Package includes your initial inventory and certain required supplies, equipment, fixtures, and interior signage. The Store-In-A-Box Package also includes the required point of sale cash register system and computer software distributed by our approved vendor. Upon receipt of payment, we will then order, receive, compile, and ship your Store-In-A-Box items to you, which you will receive near the end of your Salon's construction and build-out phase. The exact amount of your Store-In-A-Box Package will depend on the size of your Salon, degree of customization required, individual preferences, etc. Adding additional equipment will increase the total package cost which may exceed the estimates contained here. The range provided does not include any applicable state sales tax or associated shipping and freight charges, however we estimate these costs will range from $1,550 to $5,650. Any applicable shipping and freight charges and sales tax will also be invoiced by and payable to us. The Store-In-A-Box Package amount is nonrefundable upon payment.

Multi-Unit Development Fee

You must develop a minimum three Salons under multi-unit development agreement. If we award you multi-unit development rights to develop three or more Salons, you will sign our multi-unit development agreement and pay us a multi-unit development fee equal to $40,000 for the first Salon to be developed, $30,000 for the second salon and $20,000 for each additional salon to be developed, ($110,000 $40,000 + $30,000 + $20,000 + $20,000). The multi-unit development fee is calculated uniformly for all franchisees and is considered fully earned and nonrefundable upon payment. For example, if you develop four salons, you will pay us a multi-unit development fee of

When you sign the multi-unit development agreement, you also will sign a franchise agreement for the first Salon to be developed. At that time, $40,000 of the multi-unit development fee will be credited against, and will fully satisfy, the initial franchise fee due under the franchise agreement for the first Salon. For each additional Salon that you develop, you will sign our then-current form of franchise agreement. which may contain materially different terms from our current form.

ITEM 6
OTHER FEES

Franchise Agreement

Type of Fee [1]	Amount	Due Date	Remarks
Royalty Fee [2]	6% of Gross Sales	Monthly on the 10th day of the next month	Amounts due may be withdrawn by electronic funds transfer ("EFT") from your designated bank account.
Brand Development Fee[3]	2% of Gross Sales	Monthly	You will pay us an ongoing monthly Brand Development Fee to be collected in the same manner and timing as the Royalty Fee
Extension Fee	$5,000	At least 15 days before deadline to secure Salon location	Payable only if you request an extension of the six-month deadline in which to secure a Salon location. If we deny the extension, we will refund this fee. The fee is otherwise non-refundable. Only a maximum of two extensions will be allowed at our discretion.
Grand Opening Advertising	Currently $10,000	During the period starting 60 days before and ending 90 days after the Salon opens	You must spend this amount on an advertising campaign to promote the opening of your Salon. This fee is collectable in the same manner and at the same time as the initial franchise fee.
Additional Training Programs	$0 to $5,000 per person	Before training	Costs may range depending on the media used and the location for the training (See Item 11).
On-Site Training Cancellation Fee	Our then current on-site training cancellation fee	Upon Demand	May vary depending upon the type of scheduled training program and how far in advance you notify us in writing of cancellations.
Annual Conventions, Workshops, or Seminars	Our then-current rates; currently up to $500 per day per attendee plus travel and lodging expenses	Upon registration	We may charge a fee to offset the costs of presenters, meals, and/or materials.
Additional Assistance	Our then-current rates; currently, $500 per day per trainer, plus travel and lodging expenses	When billed	We provide opening assistance without additional charge (see Item 11). Any additional assistance you request is billed at the current per diem rate.

Type of Fee [1]	Amount	Due Date	Remarks
Renewal Fee	$12,000	Before renewal	See Item 17 for more information about your renewal rights and conditions for renewal.
Transfer Fee	$12,000	With Transfer Application	Payable on any transfer, including an individual transferring the franchise to a business entity, or if an Owner transfers ownership in the franchisee or the franchise agreement is transferred. The Transfer Fee must be paid prior to any transfer.
Interest Charges	18% or the highest rate allowed by law	Upon demand	Interest may be charged on all overdue amounts.
Audit or inspection costs [5]	Currently estimated between $1,000 and $10,000	Upon demand	You must pay the actual cost of an audit, inspection, and reasonable professional fees if we inspect your books and find a discrepancy of 5% or greater in any reported data, or an underpayment of 2% or more of any fees due.
Administrative Enforcement Fee	$500 per enforcement effort (i.e., written or verbal notification and follow up), and $500 per week for each week that the issue remains unresolved	Upon demand	We may assess an administrative fee to compensate us for our time plus a $500 reinspection fee per event where we are required to confirm your compliance.
Attorneys' fees and Costs of Enforcement	Actual amount of loss	Upon demand	If we are required to enforce provisions within the franchise agreement, you must reimburse us for all costs incurred, including administrative, supervisory, or training costs; reasonable attorneys' and expert fees; costs of travel; costs of public relations; costs of audit and inspections or investigations; and other costs associated with the enforcement of the franchise agreement or to otherwise resolve non-compliance matters or other defaults.
Liquidated Damages	Present value of average Royalty Fees calculated	Upon demand	Payable only if you prematurely close the Salon or if we terminate the

Type of Fee [(1)]	Amount	Due Date	Remarks
	through the end of the term		franchise agreement on account of your material breach.
Taxes, business debts or liens	As applicable	As charged	Payable to the government agency, supplier, or other creditor. If you do not pay these charges, however, we may, but are not obligated to, pay them on your behalf and seek reimbursement from you.
Indemnification	An amount equal to the value of all losses and expenses that we incur	Upon demand	You must indemnify us if your actions cause us a loss.
Insurance Policies	Reimbursement of insurance premium plus our reasonable administrative fee not to exceed $500	Upon demand	Payable to us only if you fail to obtain or maintain required insurance coverage and we elect to obtain coverage on your behalf. If we do, we will charge you a fee plus our expenses.
Default Fee	$1,500 per event of default, plus cost of reinspection and cost of enforcing compliance	Within three days of demand	Applies if you default under this agreement
Step-In Rights	Not to exceed 10% of Gross Sales plus travel and lodging expenses for our personnel	On demand	Payable only if we manage the Salon on your behalf.

Multi-Unit Development Agreement

Type of Fee [(1)]	Amount	Due Date	Remarks
Extension Fee	$10,000	At least 60 days before projected opening date	Payable in our sole discretion, on the basis of good-faith efforts, and only if you request an extension of a development period. If we deny the extension, we will refund this fee. The fee is otherwise fully earned and non-refundable upon our receipt.
Indemnification	An amount equal to the value of all losses and expenses that we incur	Upon demand	You must indemnify us if your actions cause us any damage or loss.
Transfer Fee	$12,000	Before transfer	Payable if you are an individual transferring to a business entity for convenience of operation or your Owners, are transferring ownership interests or if the multi-unit development agreement is transferred.

Notes:

1) All fees or payments are uniformly imposed by and payable to us and are non-refundable, except as otherwise stated. Except as otherwise indicated, we impose all fees and expenses listed and you must pay them to us.

2) "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Salon, whether for cash or credit, and regardless of collection in the case of credit, excluding only tips or gratuities paid by your customers to your employees; sales taxes that you collect and transmit to the appropriate taxing authority, proceeds from the isolated sale of trade fixtures not in the ordinary course of business, and any other items that we may periodically exclude from Gross Sales. All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier or customer will be valued at the full retail value bartered in exchange for the good or services provided to you. Gross Sales also includes the proceeds of any business interruption insurance paid to you. Gross sales also include any payments you receive from vendors. Chargebacks are not deducted from Gross Sales.

3) We use the Brand Development Fee to provide national or regional advertising or marketing materials for the benefit of the System.

4) Our costs with respect to supplier inspections may vary from supplier to supplier due to such factors as supplier used for the inspection, the time needed to inspect the Salon (generally up to two days), and travel, meals, lodging and related costs, if any, depending on the location of the Salon.

5) These fees may vary depending on whether or not you attempt to delay the audit, you fail to cooperate with our employees or our designated auditor, or your records are inadequate or require significant time to confirm to generally accepted accounting principles.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Franchise Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	$40,000	Lump sum	Upon signing franchise agreement	Us
Leasehold improvements (2)	$30,000 to $150,000	As invoiced	As arranged	Independent contractors
Lease payments and other rental expenses first three months (3)	$6,000 to $15,000	Per lease	Monthly	Landlord
Store-In-A-Box Package (4)	$35,000 - $55,000	Lump Sum	Prior to opening Salon	Us
Freight and shipping charges, and state sales tax (5)	$1,550 - $5,650	Lump Sum	Prior to opening Salon	Freight carriers or suppliers
Signage (6)	$4,000 to $7,500	As invoiced	Prior to opening Salon	Suppliers, designated vendors
Architectural/ Engineering (7)	$1,000 to $10,000	As invoiced	Prior to opening Salon	Approved vendors, or suppliers
Travel, lodging and meals for initial training (8)	$1,000 to $2,500	As incurred	As incurred	Airlines, hotels and restaurants
Business Supplies (stationery, business cards, brochures, paper and other materials) (9)	$1,000 to $2,000	Lump sum	Prior to opening Salon	Suppliers
Business licenses, permits, etc. (for first year) (10)	$1,250 to $2,000	As incurred	As arranged	Various agencies
Telephone and utility deposits and expenses	$1,000 to $2,500	Lump sum	As arranged	Suppliers
Insurance deposits and premiums (for first year) (11)	$1,000 to $1,800	As invoiced	As arranged	Independent carriers
Grand opening advertising (12)	$10,000	As incurred	As arranged	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Computer hardware and software	$500 to $1,500	As incurred	As arranged	Various vendors
Additional operating funds – three months (13)	$12,000 to $40,000	As incurred	As arranged	Various vendors
TOTAL	$145,300 to $345,450			

Multi- Unit Development Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (first 3 Salons) (1)	$90,000	Lump sum	Upon signing franchise agreement	Us
All other expenditures listed in the chart above (first Salon only)	$145,300 to $345,450	As incurred	As stated	As stated
Total	$235,300 to 435,450			

Notes:

1) See Item 5 for more information about initial fees. We do not offer any financing of the initial investment (see Item 10).

2) Your actual cost of leasehold improvements depends on numerous factors, including: (i) the size and configuration of the Salon premises; (ii) pre-construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost or materials and labor which may vary based on geography and location. These amounts are based on the cost of adapting our prototypical architectural and design plans to remodel and finish-out of the Salon and the cost of leasehold improvements. These figures are our best estimate based on remodeling/finish-out rates and conditions in the Dallas, Texas metropolitan area. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain costs will be incurred by the landlord.

3) The estimated lease payments are for the first month's rent and assume that the Salon is located in a strip shopping center or urban location ranging in size from approximately 1,000 to 1,500 square feet, and that no security deposit is required. Further, the estimated lease payments assume base annual rental rates ranging from $10 to $30 per square foot. The actual amount you pay under the lease will vary depending on the size of the Salon, the types of changes that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region. If you engage the services of a commercial real estate broker, you may be required to pay a finder's or brokerage commission. These fees typically are payable by the landlord but, occasionally, the tenant is responsible for this payment.

4) We will order, purchase, compile, and ship to you certain required initial inventory, supplies, equipment, fixtures, and interior signage in amounts and from suppliers that we designate. We have established relationships with vendors for certain equipment. The Store-In-A-Box Package includes the

required point of sale cash register system and computer software distributed by our approved vendor. See Item 11 for more information about our computer requirements. The exact amount of your payments will depend on the size of your Salon, degree of customization required, individual preferences, etc. The range provided does not include any applicable state sales tax or associated shipping and freight charges. See Note 5.

5) These figures represent estimated freight and shipping costs and applicable state sales tax for the required initial inventory, supplies, equipment, fixtures, and interior signage, included in the Store-In-A-Box Package. These amounts will be invoiced by and payable to us.

6) These figures represent the estimated purchase price for all exterior signage. Your landlord may have different restrictions it places on interior and exterior signage which may affect your costs

7) These figures represent the estimated cost of architectural and design services. When you sign your lease, you may retain an approved architect to help with architectural and MEP plans prepared for your Salon location. You will pay your local architect and/or engineer directly for the review of any architect's architectural and MEP plans.

8) These figures represent your estimated out-of-pocket costs for sending two individuals to our initial training program. See Item 11. They include only estimated lodging and dining expenses, and local transportation to and from the training site, over a three-day period. They do not include airfare or other transportation expenses.

9) These figures represent the purchase price for an initial inventory of business cards, brochures, and other written materials.

10) These figures represent the estimated cost of local business licenses, which typically remain in effect for one year. These figures do not include occupancy and construction permits, which may be included in the leasehold improvement costs. The cost of these permits and licenses will vary substantially depending on the location of the Salon. The estimates also include utility deposits.

11) These figures represent the estimated annual cost of insurance premiums. See Item 8 for more information about insurance requirements.

12) The amount of your grand opening expenditure depends on the size and population of the Territory. All advertisements proposed to be used in the grand opening advertising campaign are subject to our review and approval.

13) These amounts are our estimate of the amount needed to cover your expenses for the start-up phase of your business, including: (i) professional fees in connection with obtaining and establishing the franchise business; (ii) three months' payroll for a manager and four hourly employees; and (iii) a minimum of $3,000 required to be in your checking account for EFT purposes and other costs. We estimate the start-up phase to be three months from the date the Salon opens for business. These amounts do not include any estimates for debt service.

14) If you develop multiple Salons under our development agreement, we estimate that the initial investment for your first Salon developed will be substantially the same as is reflected in the chart, subject to applicable inflationary increases. If you require additional on-site assistance beyond your first Salon, you must pay our then-current fee and reimburse us our expenses.

We based these estimates on the experiences of our current management. You should carefully review these estimates with your own financial advisor before deciding to purchase a franchise. Except as specifically noted above or as determined by the supplier or vendor, the amounts are nonrefundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase from us the Store-In-A-Box Package. You must purchase proprietary products, promotional materials, and exterior signage from us or a designated supplier. You must also purchase from us or our designated suppliers all other décor items, interior signs, televisions, mirrors, electronics, washer and dryer, safe, satellite television system, lighting, and related items we require, all of which must conform to the standards and specifications in our Operations Manual and other manuals or directives given to you related to the operation of the Salon (collectively, the "Manuals"), unless you have first obtained our written consent to do otherwise. If a designated music provider has been identified, you must acquire music from the designated provider. You may not install or permit to be installed on the Salon premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent, or which do not comply with our specifications.

You must maintain a sufficient supply of hair care items, and must use, offer and sell only those hair care items and other products, materials, supplies and paper goods that meet our standards and specifications. You may not deviate from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without obtaining our prior written consent. We will advise you in writing as to products which must be purchased from us or our designated suppliers, versus those which may be purchased from the supplier of your choice and as long as the related supplier's products continue to meet our standards and specification. You must discontinue offering for sale any items, products, and services we disapprove in writing at any time. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice of any changes in the Manuals.

Except for the Store-In-A-Box Package and other promotional materials, all Store-In-A-Box items, all proprietary and third-party products sold at or by the Salon (including hair care and skin care products), and certain Salon supplies, we are not an approved supplier or the only supplier for any goods or services, and none of our affiliates is an approved supplier or the only supplier for any goods or services. Other than our officer's ownership interest in us, none of our officers hold an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, to our franchise system. Occasionally, our officers may own non-material interest in publicly-held companies that may be suppliers to our franchise system.

Except for items that you must purchase from us or from our designated suppliers you may purchase other hair care items and supplies, materials, fixtures, furnishings, equipment, computer hardware, and other products used or offered for sale at the Salon from the suppliers of your choice that we have approved, who demonstrates, to our continuing reasonable satisfaction, the ability to meet our then-current standards or according to our standards and specifications. Our criteria for supplier approval may be found in the Manuals. Among other things, the suppliers must have adequate quality controls and the capacity to supply your needs promptly and reliably. If you wish to purchase, lease, or use any products or other items from an unapproved supplier, you must submit a written request for approval. We have to approve or disapprove any supplier in writing before you make any purchases from that supplier and we will not unreasonably withhold our approval.

We and our representative can inspect the facilities and products of any approved supplier, and can require that samples from the supplier be delivered to us or to an independent laboratory for testing. You or the supplier must pay the cost of the inspection and the cost of the test (See Item 6). We may charge a fee for testing, or the actual cost of the inspection and test, plus reimbursement of our related travel, lodging, and salary costs for the individual(s) performing the inspection or testing. We have no obligation to evaluate a proposed supplier but if we agree to evaluate a supplier at your request, we will notify you within 30 days after we complete the inspection and evaluation of our approval decision. We may revoke supplier approval if we subsequently determine that the supplier is not meeting our current standards and specifications.

Though approved by us, we and our affiliates make no warranty and expressly and disclaim all warranties, including warranties of merchantability for any particular purpose with respect to fixtures, furniture, equipment (including without limitation, any and all required computer systems) supplies or other approved items.

Project Management Services

You may use any project manager or contractor approved by us.

Items Bearing the Marks

All advertising and promotional materials, signs, decorations, paper goods and other items we designate must bear the Marks (see Item 13) in the form, color, location, and manner we prescribe. These items must be purchased from us or our designated suppliers. In addition, all of your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Manuals or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans if we have not prepared or approved them during the 12 months before their proposed use. We will have 15 business days from receipt of any advertising and promotional materials and plans to approve or disapprove and will notify you of such approval or disapproval. We may obtain certain materials such as business cards, stationery, calendars, flyers, brochures and other promotional materials and memorabilia using our Marks that you must obtain from us or sources approved or designated by us.

Salon Lease

We must approve the location of your Salon. See Item 11 for more information about this process. If you will operate the Salon from leased premises, your lease must be for a ten-year term and your lease must contain terms reflected in our mandatory lease rider, attached as Attachment D to the franchise agreement. Our approval of any location means that the location meets our minimum brand requirements and the lease contains our required language; it is not a warranty or guaranty of the success or quality of the location or a review of the business terms as they affect you.

Insurance

Before you open the Salon for business, you must obtain the insurance coverage for the Salon specified below. This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible carrier or carriers acceptable to us.

1. Commercial general liability insurance including product liability and professional liability in a minimum amount of $2,000,000 combined single limit per occurrence and $3,000,000 aggregate, or such greater limits as we may reasonably prescribe;

2. "All Risk" or special property coverage of not less than the current replacement cost of the glass, equipment, fixtures, and leasehold improvements sufficient in amount to restore the Salon promptly to full operations;

3. Business interruption insurance;

4. Workers' compensation insurance in amounts as may be required by law; and

5. Other insurance required by the state or locality in which the Salon is located and operated.

All of the insurance policies must (i) name us, our affiliates and the respective officers, directors, and partners as additional named insureds; (ii) waive any right to assert a claim back against us; and (iii) undertake to notify us 30 days in advance of any cancellation or material change in the policy.

We have the right to establish and modify the minimum coverages required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. All such insurance policies must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees.

Should you fail to maintain required insurance, we have the right, but not the obligation, to procure it for you, and you agree to immediately reimburse us for the premium plus an administrative fee.

Computer Requirements

You must use the point-of-sale cash register system and software we provide for you in the Store-In-A-Box Package. Currently, you must use Salon Ultimate Software as your point-of-sale cash register system. We reserve the right to charge for any future updates or revisions. We may receive revenues from the sales of software updates and revisions in the future. See Item 11 for more information about our computer hardware and software requirements.

Revenue Derived from Franchisee Purchases and Leases

We and our affiliates may derive revenue from franchisee purchases and leases to the extent that franchisees purchase products or services from us or our affiliates. We may receive payments from any of our suppliers based on franchisee purchases. In 2024, we received no revenue from franchisee purchases or leases or from any suppliers.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your purchases from us or our designated sources will be approximately 85% to 95% of your total initial investment (not including initial franchise fee) and approximately 85% to 95% of your ongoing purchases and leases in the operation of the Salon.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Multi-Unit Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 6.A. and 6.B.	Sections 1 and 3	Items 8, 11 and 12
b. Pre-opening purchases/leases	Sections 6.B., 6.C., 6.C., 6.F., 6.J. and 6.K.	Not Applicable	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 6.C., 6.E., 6.F. and 6.J. and Section 7.E.	Not Applicable	Items 7, 11 and 12
d. Initial and ongoing training	Sections 5.A., 5.B., 5.C. and 6.I.	Not Applicable	Items 6, 7, 11 and 15
e. Opening	Section 5.G. and 6.C.	Section 3 and Attachment A	Item 11
f. Fees	Sections 4 and 12.F.	Section 2	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Sections 6, 8 and 9	Not Applicable	Item 8
h. Trademarks and proprietary information	Sections 3	Section 10	Items 1, 13 and 14
i. Restrictions on products/services offered	Section 6.G. and 6.U.	Not Applicable	Items 8 and 16
j. Warranty and customer service requirements	Sections 6.I.	Not Applicable	Item 8
k. Territorial development and sales quotas	Not Applicable	Sections 1 and 3	Item 12
l. Ongoing product/service purchases	Sections 6.G., 6.J and 6.U.	Not Applicable	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Sections 6.C. and 6.E.	Not Applicable	Items 7, 8 and 17
n. Insurance	Section 9	Not Applicable	Items 6, 7 and 8
o. Advertising	Section 7	Not Applicable	Items 6, 7 and 11

Obligation	Section in Franchise Agreement	Section in Multi-Unit Development Agreement	Disclosure Document Item
p. Indemnification	Section 10	Section 11	None
q. Owner's participation/ management/staffing	Sections 6.I. – 6.T.	Not Applicable	Item 15
r. Records/reports	Sections 8.A. and 8.C.	Section 10.A.	Item 6
s. Inspections/audits	Sections 8.D.	Not Applicable	Item 6
t. Transfer	Sections 11 and 12	Section 8	Item 17
u. Renewal	Sections 2.B. and 2.C.	Sections 3.C. and 3.D.	Item 17
v. Post-termination obligations	Sections 15 and 16	Sections 9.H. and 13.J.	Item 17
w. Non-competition covenants	Section 6.O. and 6.N.	Section 7	Items 15 and 17
x. Dispute resolution	Sections 13.D. and 13.E.	Sections 13.D. and 13.E.	Item 17

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or other obligations.

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

Except as listed below, Knockouts Holdings, LLC is not required to provide you with any assistance.

FRANCHISE AGREEMENT

Before you open the Salon, we will:

1. Provide you with our specifications for design and construction of the Salon. (Franchise Agreement, Section 6.C.)

2. Provide you and your Controlling Principals with a training program as described in this Item 11 at no extra charge beyond the initial franchise fee. You must pay your own expenses associated with any such training. (Franchise Agreement, Section 5.A.)

3. Advise you on Salon layout, proper display of the Marks, procurement of equipment, fixtures and initial inventories, recruiting personnel, and managing construction of the Salon. (Franchise Agreement, Section 5.G.i.)

4. Order, purchase, receive, compile, and ship to you your Store-In-A-Box Package which includes initial supplies, inventory, equipment, fixtures, and interior signage, as required for the opening of the Salon, near the end of the Salon's construction built-out phase. We do not install these materials, that is your and your contractors' responsibility at your expense. (Franchise Agreement, Section 5.G.ii.)

5. Provide you our site selection worksheet and such site selection assistance as we deem advisable. (Franchise Agreement, Section 5.H.iii.)

6. Provide you access to our Confidential Operations Manual and various other manuals which may be available only through our web site or other on-line communications. (Franchise Agreement, Section 5.H.ii.). The table of contents of the Manual is attached as Exhibit F.

7. At your request, consult with you and furnish to you our site selection criteria in connection with finding a suitable site. We may, at our discretion, conduct field inspections of proposed sites at mutually convenient times. Generally, you will lease the space for your Salon from a third party. You are solely responsible for locating, obtaining, and evaluating the suitability and prospects of your Salon location. (Franchise Agreement, Section 6.A.)

During the operation of the Franchised Business, we will:

1. Provide uniform standards of quality and service as they may be updated from time to time in our Operations Manual or otherwise in writing. (Franchise Agreement, Section 5.H.i.)

2. Provide counseling, information and materials on advertising and promotional matters, training and development procedures, and other elements of the KNOCKOUTS System, through directives, System bulletins, meetings and seminars, telephone and on-site visits, and through the KNOCKOUTS web site or other digital communications per your request and as we deem appropriate. (Franchise Agreement, Section 5.H.iv.)

3. Make periodic visits to the Salon and conduct evaluations of the products offered and the services rendered at the Salon as we reasonably determine. (Franchise Agreement, Section 5.H.v.)

4. Provide you access to such purchasing programs as we may establish periodically for salon fixtures, furnishings, equipment, inventories and supplies, subject to your compliance with credit terms and qualification requirements that we establish periodically. (Franchise Agreement, Section 5.H.vi.)

5. Provide to you the mandatory training programs. (Franchise Agreement, Sections 5.A. and 5.B.)

6. We will administer the Brand Development Fee (Franchise Agreement, Section 7.C.)

7. Provide you with information regarding approved suppliers and evaluate suppliers proposed by you (Franchise Agreement, Section 6.U.)

Site Selection

We do not generally own the premises or lease directly to franchisees. Factors we consider to approve potential sites include competition and market analysis, building suitability, traffic and transportation considerations, the nature and extent of adjacent businesses and the comparative advantages of the particular market. We will use best efforts to accept or reject your proposed site, within 30 days after receiving all requested information. Once you have executed a ten-year lease, you may not assign or otherwise dispose of your interest in that lease without first offering the lease to us, at no cost to us. This right of first refusal applies to sites that you may have found or sites that we have presented to you. If we use exclusive real estate agents in connection with real estate location searches, you must work with these agents, at your expense, in locating sites.

The typical length of time between the signing of the franchise agreement and the opening of your Salon is less than 12 months. Factors that may affect this time period include your ability to obtain a lease, financing or building permits, zoning and local ordinances, delayed installation of equipment, fixtures and signs and other similar factors. You have six months from the effective date of the franchise agreement to secure a location for the Salon. At your option, you may apply to extend the site selection search for 90 days upon paying us an extension fee in the amount of $5,000. The extension fee is payable only if you request an extension of the six-month deadline in which to secure a Salon location. If we deny the extension, we will refund this fee. The fee is otherwise non-refundable.

If you fail to secure a location for the Salon (by purchase or lease) or if you fail to open the Salon for business within 12 months after you sign the franchise agreement, and unless a written approval from us is granted for an extension, we may terminate the franchise agreement.

If you are developing multiple sites under a Development Schedule, each future site must meet our then-current criteria and standards, and you must obtain our prior written approval before you acquire the site, whether by lease or purchase.

Training

You (if you are signing the franchise agreement as an individual) or your Controlling Principals (if the franchisee is a business entity) must complete our training program to our satisfaction before the Salon opens for business. There is no fee for you or your Controlling Principals and one additional manager to

attend this initial training, provided these individuals attend the same session. However, you are responsible for travel and living expenses for training program attendees.

Our initial training program is conducted under the direct supervision of Heather Sorrells, who has over 20 years of experience in the hair care industry and has been with us since August 2012. Our instructional materials include the Operations Manual and other materials. The subjects covered and other information relevant to our initial training program are described below.

If our representative is scheduled to conduct an on-site training program at your Franchised Business and you subsequently cancel the scheduled training program, then you must pay us our then current on-site training cancellation fee ("On-Site Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.

You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training or any other matter affecting the establishment of your Franchised Business, you must notify us in writing within 30 days following the opening of your Franchised Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment and complied with all representations made to you.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Day 1 Introduction Operations Manual and Intranet Profit and Loss Review Employee Compensation Credit Card Processing Salon Equipment Purchasing Procurement of Supplies and Inventory Salon Maintenance and Standards	8 Hours	0 Hours	In your salon or other location we designate
Day 2 Salon Build out Legal Issues in Industry Franchisee Initiatives System Controls Management, Staffing & Training	8 Hours	0 Hours	In your salon or other location we designate
Day 3 Employee Performance Skills Certification Tracking & Setting Salon Goals Products & Services Marketing & Public Relations Operations	9 Hours	0 Hours	In your salon or other location we designate

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Total Hours:	25 Hours (Salon Franchisees)		

We currently require franchisees to attend our annual conventions. We may charge up to $500 per attendee, per day for such training events. You are responsible for all expenses including travel, wages, and lodging expenses for training program attendees.

We also may require your attendance and successful completion of our then-current initial training program as a condition of renewal of your franchise rights. See Item 17.

We may also from time to time, provide additional mandatory or voluntary training programs for you, your managers, and your employees. This additional training will vary in length, which we estimate could range from less than a day up to three days or more, and will be provided to you either in Fort Worth, Texas, at your Salon, another location of our choice, or via electronic means such as video, the Internet, webinars or other on-line communications. The content of such training will vary according to the subject matter, and will apply to the operations of the Salon or other System changes implemented during the term of the franchise. You are solely responsible for all expenses you incur in connection with attendance at any such additional training programs, including tuition, if applicable, travel and living expenses if necessary, and any applicable salary costs. We estimate these costs may range from $0 to $5,000 depending on the media used. We are not limited as to how frequently we may provide additional training; however, we do not anticipate conducting this training more than three times in any given calendar year.

You may also request additional training and assistance from us. If we agree to provide the requested assistance, you will pay our then-current fee for our trained representative(s) (currently, $500 per day), plus the costs of travel, lodging, meals, and wages. We may, in our sole discretion, elect to waive this fee if we determine that the training and assistance is necessary; however, you will be responsible for all other costs related to hosting or attendance.

Advertising

Our advertising program currently consists of in-store point of purchase advertising materials, direct mail, print, and radio media, newspapers, promotional activities, and advertising campaigns. We may also utilize other forms of media, including: television, radio, magazine, and newspaper advertising campaigns; annual calendars; and direct mail and outdoor billboard advertising. The majority of our advertising is developed by members of our staff or third-party consultants. Advertising presently is conducted on a local, regional and national basis.

We will maintain control over all promotional and marketing materials to be used in operation of your Salon, including any advertisements made on internet or social media websites. You may, at your option, submit to us proposed materials, which we will review and let you know whether they are approved within 15 days of their receipt. If we have provided our written approval, you may use your own advertising and promotional materials. Proposed materials must be submitted to us before first publication or use, and we will notify you of our approval or denial decision within 15 business days. If we do not approve your request in writing the request is deemed disapproved and you must not use such marketing materials. You must promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from us.

Grand Opening Advertising

You must spend our then-current grand opening expenditure requirement to promote your Salon opening which is currently $10,000. Your grand opening advertising campaign must be conducted in the 150-day period comprising 60 days prior to and 90 days following the opening of your Salon. We must approve all grand opening advertising at least four business days before you use it.

Marketing and Promotions

All marketing and promotion must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. All marketing and promotional materials, including product identification materials, point-of-purchase promotional materials, promotion memorabilia, and merchandise and prizes, will either be provided for you, or be made available to you for purchase through us.

We may create and license to you, social media accounts, e-mail marketing software accounts and other electronic accounts that use the Marks or any portion of them, used by you with any Internet directory, website, platform, or similar item in the operation of your Franchised Business. You may not create websites, social media accounts, e-mail marketing software accounts or other comparable accounts outside of those which we license to you. Upon termination of your franchise agreement, you must provide us with copies of all login and related information for social media accounts, e-mail marketing software accounts and other electronic accounts used in operation of your Franchised Business.

You will operate your Franchised Business so that it is clearly identified and advertised as a Knockouts salon. You will use the trademark "Knockouts" and the other Marks which now or hereafter may form a part of the System, on all signs, suppliers, business cards, uniforms, advertising materials, Technology platforms, signs and other articles in the identical combination and manner as we may prescribe in writing and you will supply to us samples and photographs of the same up on our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs upon our request

Brand Development Fee

We have implemented a System-wide brand development advertising and marketing fee ("Brand Development Fee") for the general benefit of the franchise system. When you sign the franchise agreement, you will pay an ongoing additional monthly amount equal to 2% of Gross Sales. We anticipate that all franchisees will make the same initial contribution and, if a percentage contribution is required, we anticipate that all franchisees will pay the same rate. Although not contractually required, we anticipate that company and affiliate-owned Salons will contribute on the same basis as our franchisees.

We or our designee will have the right to direct all advertising programs and have sole discretion to approve the creative concepts, materials, and media used in the programs and their placement and allocation. Brand Development Fees are intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Salons operating under the System. There is no assurance that any particular franchisee will benefit directly or on a pro rata basis from the expenditure of Brand Development Fee monies or the placement of advertising using Brand Development Fee monies.

We will administer the Brand Development Fee monies as follows:

a) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. We may engage in local, regional, or national advertising. We are not required to spend any particular amount on advertising in your Territory.

b) We may use the Brand Development Fee to meet or reimburse us for any cost of conducting market research, producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees).

c) We will not use Brand Development Fee for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using Brand Development Fee (including Internet advertising) information concerning franchise opportunities. A portion of the Brand Development Fee may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by prospective franchise candidates.

d) The Brand Development Fee account is not a trust or escrow, and neither we nor our affiliates assume any fiduciary duty in administering the Brand Development Fee monies or for any other reason. The Brand Development Fee monies are not maintained separately. There is no requirement that the Brand Development Fee monies be audited. We will have an accounting of the Brand Development Fee monies prepared each year and we will provide you with a copy upon your request.

e) Brand Development Fees collected during the calendar year that are not spent that specific year, may be used at our discretion during the following year. Once a year, upon written request, we will provide you with a report reflecting the total amount of Brand Development Fee monies collected and spent for the relevant year.

Computer and Cash Register Requirements

The point-of-sale cash register system and computer software distributed by our approved vendor that we require is purchased as part of the Store-In-A-Box Package. Before your Salon opens you must install and update the computer systems and software programs according to our specifications. Currently Salon Ultimate is the required vendor for your POS system. The software includes an automated appointment book, sales register, purchase orders, inventory control, client files, and marketing capabilities. You must maintain your systems network in good repair and working order and properly update and otherwise change your computer hardware and software systems as we may require at your expense. You must pay all amounts charged by any licensor of the systems and programs, including charges for use, maintenance, support, and/or update of these systems or programs estimated at approximately $3,500 annually. There is no contractual limitation on our ability to require the hardware and any software programs be updated. The computer system and/or POS for your Franchised Business will be dedicated for the operation of your Knockouts Salon and used for no other purpose.

At a minimum, your computer hardware needs will consist of a personal computer with 2.0 GHz, 512 MB, 266 MHz memory, 40 GB, 7200 RPM Hard Drive, Windows XP, Windows Professional Software, and QuickBooks. We anticipate the cost to upgrade (if necessary) will range from $500 to $1,500.

At our request, you must install and maintain interactive multi-media equipment, devices, and facilities that we require, including approved music systems, wi-fi, and other wireless Internet and communications systems and interactive displays, including plasma or LCD screens and other business, security, or entertainment technology. If a designated music provider has been identified, you must acquire music from the vendor. You must only play the music approved by us in your Salon. You must obtain a license for music played in your approved location and must be able to supply evidence of this license at our request.

We may independently poll your Gross Sales and other information input and compiled by your POS System from a remote location. There are no contractual limitations to our right to independently access

the information and data and you agree that we own this information. We cannot estimate how often upgrades or enhancements are developed by licensors, or whether we will require you to obtain them, or their cost to you. You must have and maintain adequate hardware and software in order to access the Internet. Within a reasonable period of time following our request, you must accept debit cards, credit cards, stored value cards, or other non-cash systems that we specify to enable customers to purchase authorized products and services, and must obtain all necessary hardware and/or software used in connection with these non-cash systems. All sales must be processed through the approved POS systems and reported as gross sales and no other supplemental or secondary POS system may be used.

Information Systems and Technologies

We may designate the information system used in your Franchised business, including the computer hardware, software other equipment and enhancements (the "Information System"). If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the franchise business unless otherwise directed by us.

You are solely responsible for protecting yourself from disruptions, Internet Access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us or our affiliates as the direct or indirect result of such disruptions, security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchise Business, unless otherwise directed by us.

You hereby release and agree to hold us and our affiliates and our respective officers and directors, harmless from and against any and all claims, liability, damages or causes of action of any nature arising from or in connection with the installation, maintenance or operation of the Information System and its billing and payment processing, except to the extent arising from such party's gross negligence or intentional acts.

All of the information we or our affiliates obtain from you or about your Franchised Business, and all information in your records or our concerning the members of your Franchised Business ("the Information") and all revenues we derive from the Information will be our property. However, you may at any time during the term of this Agreement use in the operation of your Franchised Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Franchised Business, such as customer data. The information (except for information you provide to us or our affiliates with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or equity members of your entity) will become our property which we may use for any reason as we deem necessary or appropriate in our discretion. You hereby authorize your payment processor to release the information to us at any time. Following termination or expiration of this Agreement you will no longer use any of the Information, except to comply with your post-term obligations under this Agreement and you authorize your payment processor to release the Information exclusively to us and/or our designees.

ITEM 12
TERRITORY

Except for the territorial protection described below, 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.

Franchise Agreement

You will operate a Salon at a single location that you select and that we approve as meeting our minimum site selection criteria. Attachment A to the franchise agreement lists the specific street address of the accepted location. You must operate the Salon only at this accepted location and may not relocate the Salon without first obtaining our written consent. We may, in our sole discretion, approve or reject your relocation request.

During the term of the franchise agreement, if you are in compliance with the franchise agreement, we will not establish a Salon or authorize any other person or entity to establish a Salon within a defined area surrounding the Salon (your "Territory"). Carved out from your Territory will be venues that we consider "Reserved Areas." A Reserved Area is any facility that serves a captive market, such as airports and travel plazas, hospitals, cafeterias, commissaries, schools, hotels, and stadiums, arenas, ballparks, festivals, fairs, and other mass gathering locations or events.

We will mutually agree on the size of the Territory before you sign the franchise agreement, and we will complete Attachment A to the franchise agreement with a description of the Territory once we mutually agree on a location for the Salon. For densely populated urban areas, a minimum territory generally encompasses a 0.50-mile radius surrounding the Salon. For all other areas, a minimum territory generally encompasses as three-mile radius surrounding the Salon with the front door as the center point. Your actual Territory, however, may be larger depending on population, demographics, growth trends, and market penetration.

We and any of our current or future affiliates may own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks and/or other operating systems, regardless of whether those businesses are the same, similar or different from the Salon. We reserve the right to open and operate or grand others to open and operate Salons under the Mark or other trademarks anywhere in the Reserve Area, in and outside your Territory. We and any of our current or future affiliates may also offer and sell and authorize others to offer and sell: (i) collateral products under the Marks, at or from any location, such as Knockouts memorabilia; and (ii) any products or services under the Marks at or through any Knockouts Salon or other permanent, temporary or seasonal facility providing in whole or in part the products and services offered by a Salon in any Reserved Area; (iii) any products or services under any other names and marks; and (iv) the right to offer and sell merchandise bearing the Marks or different trademarks through any channel of distribution, in and outside the Territory. We are not required to compensate you for any sales solicited in the Territory.

You must obtain our written consent if you wish to solicit or accept orders from outside your Territory. This includes a restriction on sales outside of your Territory by Internet, catalog, telemarketing, or other direct marketing without our consent.

Continuation of your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other contingency. The boundaries of your Territory may be altered only by mutual consent. Except for development rights under a multi-unit development agreement (as discussed below), we do not grant any right of first refusal to obtain additional Salon locations in your Territory or contiguous territories.

Multi-Unit Development Agreement

Under the multi-unit development agreement, we grant you the right to develop and operate a specified number of Salons within a specified timeframe. There is no exclusive or protected development area granted to you.

ITEM 13
TRADEMARKS

We have acquired rights from our predecessor and we own and our affiliate Knockouts, LLC owns and has registered the following marks on the Principal Register of the U.S. Patent and Trademark Office. All required affidavits have been filed.

Mark	Registration No.	Date of Registration
Knockouts	2843021	May 18, 2004
Knockouts Girls	2889142	September 28, 2004
KO	2889143	September 28, 2004
Top Contenders	3019940	November 29, 2005
Knockouts Girls	3028059	December 13, 2005
Knockouts	3017995	November 22, 2005
KO	3020586	November 29, 2005
Ringside	3023499	December 6, 2005

Knockouts Holdings, LLC does not yet have a federal registration for the following trademark. Therefore, the following trademark does not have as many legal benefits and rights as a federally registered trademark. If Knockouts' right to use the Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Mark	Serial Number	Application Date	International Class
KNOCKOUTS® HAIRCUTS & GROOMING	98116042	August 3, 2023	044

You may use our Marks only in the manner we authorize and only for the operation of your Salon at the location specified in the Franchise Agreement. You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must execute any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership, right, or interest, of the Marks.

There are no currently effective determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings, and no pending litigation involving any of the Marks that may

significantly affect the ownership or use of any Mark listed above. There are no agreements currently in effect, which significantly limit our rights to use or license the use of the Marks in any manner material to the Salon.

We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

You may use only the Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, "", "™", or "℠", as appropriate. You may use the Marks only for the operation and promotion of the Franchised Business and only in the manner we prescribe. You may not contest ownership or validity of the Marks or any registration of the Marks or our right to use or to sublicense the use of the Marks. You must sign all documents that we require in order to protect the Marks and to maintain their validity and enforceability.

You may not use the Marks or any part of the Marks in your legal name, and you may not use them to incur any obligation or indebtedness on our behalf.

You may not use the Marks or any part or derivative of the Marks on the Internet, except as expressly permitted in writing. This prohibition includes use of the Marks or any derivative of the Marks as part of any URL or domain name, as well as their registration as part of any user name on any gaming website or social networking web site (such as FACEBOOK, INSTAGRAM, or X), whether or not such social media platform is used for commercial gain, or as part of any unauthorized email address.

You must promptly notify us of any suspected unauthorized use of, or any challenge to the validity of the Marks or Copyrighted Works (defined below in Item 14), or any challenge to our ownership of, or license to use and to license others to use, or your right to use, the Marks or Copyrighted Works. We have the right to direct and control any administrative proceeding or litigation or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement of the proceeding. We or our affiliate has the right, but is not obligated, to take action against uses by others that may constitute infringement of the Marks or Copyrighted Works. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks or Copyrighted Works. If we determine that you have used the Marks and Copyrighted Works properly, we will pay the cost of the defense, including the cost of any judgment or settlement. If we determine that you were using the Marks or Copyrighted Works improperly, you must pay the cost of the defense, including the cost of any judgment or settlement. In regard to any litigation under your use of the Marks or Copyrighted Works, you must sign all documents that we require and do all things that we consider necessary to carry out the defense or prosecution, which may include becoming a nominal party to any legal action. Unless the action is the result of your use of the Marks or Copyrighted Works in a manner inconsistent with the terms of the franchise agreement, we will reimburse you for your out-of-pocket litigation costs in doing these acts.

We have the right to designate new, modified and/or replacement Marks for your use and to require you to use the new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. You must promptly comply with the directive, at your expense, following your receipt of written notice of the change.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any patents that are material to the franchise, and there are no pending patent applications. We do claim copyright protection and proprietary rights in the original materials used in the System, including our procedures, manuals, bulletins, correspondence and communications with our franchisees, training, advertising, and promotional materials, the content and designed of our web site, and other written materials under the operation of KNOCKOUTS Salons and the System ("Copyrighted Works").

Confidential Manuals

You must operate the Salon in accordance with the standards and procedures specified in the Manuals. You must treat the Manuals and any other manuals we create or approve for use in your operation of the Salon, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record, or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manuals remain our sole property and must be kept in a secure place on the Salon premises.

We may revise the contents of the Manuals and you must comply with each new or changed standard. You must also ensure that the Manuals are kept current at all times. If there is a dispute as to the contents of the Manuals, the terms of the master copy maintained by us at our home office will be controlling. You are required to return to us all pages that are replaced in the Manuals.

Confidential Information

You and each of your Controlling Principals are prohibited, during and after the term of the franchise agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of the franchise agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Salon that may be communicated to you or any of your Controlling Principals or that you may learn about. You and each of your Controlling Principals can divulge this confidential information only to your employees who must have access to it to operate the Salon. Neither you nor your Controlling Principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manuals, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

You and your principals and employees also must maintain the confidentiality of all trade secrets, the standards, and other elements of the System; all customer information; all information contained in the Manuals; our proprietary products and techniques for product preparation; and any other information that we designate as "Confidential Information." Any of your principals (see Item 1 for a definition of your "principal") who do not sign the Guaranty attached to the franchise agreement as Attachment C and all employees with access to Confidential Information must sign a confidentiality and noncompete agreement substantially in the form that we designate.

You must promptly notify us of any apparent infringement of, or challenge to, your use of any of the Copyrighted Works or Confidential Information. We are not required to take affirmative action when notified of a claim, to participate in your defense, or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Copyrighted Works or Confidential Information, or if the proceeding is resolved unfavorably to you, but will take whatever action we determine

to be appropriate under the circumstances. We have the right to control all administrative proceedings or litigation involving the Copyrighted Works, and we will control administrative proceedings or litigation involving Confidential Information. If we or our affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Copyrighted Works or Confidential Information, you must sign all documents and perform such acts and things as may, in the opinion of our counsel, be necessary to carry out the defense or prosecution.

If you or any principal develops any new concept, product, sales technique, or improvement in the operation or promotion of a Salon (including any computer software enhancements), you must promptly notify us, and provide to us all necessary related information. By signing the franchise agreement, you and each principal assign your respective rights in and to the concept, product, sales technique or improvement and permit us to use or disclose the information to other System franchisees as we determine appropriate, without providing you any compensation.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must devote your best efforts to the management and operation of the Salon but are not required to personally manage the Salon. You must successfully complete all KNOCKOUTS required training for franchisees in the timeframe designated by KNOCKOUTS. Each Salon that you operate must be supervised on premises by a manager who has successfully completed our training program (see Item 11). However, your manager need not own an equity interest in the franchise.

You and your Controlling Principals are prohibited from engaging in or being connected with or participating in or consulting with or sharing the earnings or profits of, or leasing property to any other business or activity that competes with the KNOCKOUTS business at any location, including any retail hair care or personal grooming business, or any business selling hair products or any of the other services provided under the System during the term of the franchise and for two years after the expiration, termination or assignment of the franchise agreement at any location within ten miles of the Location of any other KNOCKOUTS Salon, subject to state law requirements. See Item 17 with respect to restrictions on assignment of the franchise and business, KNOCKOUTS right of first refusal and for information concerning covenants not to compete.

If you have formed a business entity to operate the KNOCKOUTS business, you and each holder of an ownership interest of 10% or more in that entity must personally guaranty the complete and timely performance of all the franchisee's obligations under the franchise agreement, including payment of all fees and other expenses related to the Salon, and must sign the form of guaranty attached to the franchise agreement as Attachment C.

We do not impose any anti-poaching restrictions that prohibits you, or any other franchisee, from soliciting or hiring any person currently employed or previously employed within the Knockouts System. However, if you hire another franchisee's employees within one year of the employee attending our training program, you are required to reimburse the other franchisee the then-current training fee and its costs associated with sending that employee to training.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Your Salon must offer all products and services that we require, and only the products and services that we have approved. We may periodically add authorized services or inventory items or require you to change the required inventory items and services that you offer in your Salon. Nothing limits our right to make these changes, and you must promptly implement them in the timeframe that we designate.

You must participate in and offer to your customers all customer loyalty and reward programs and all contests, sweepstakes and other prize promotions that we may develop periodically. We will provide you the details of each program and promotion, and you must promptly display all point-of-sale advertising and promotion-related information at such places within the Salon as we may designate. You must purchase and distribute all coupons, clothing and other collateral merchandise (and only the coupons, clothing and collateral merchandise) that we designate for use in connection with each such program or promotion.

We do not restrict you from serving any customers. You may advertise and promote the Salon outside your Territory only with our prior written consent. If the circulation base or broadcast area of the proposed advertising media will cross into another franchisee's protected area, however, we may condition our consent on your allowing the affected franchisee to participate in the proposed advertising. You may not advertise, promote, post or list information relating to the Salon on the Internet (through the creation of a web site or otherwise).

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISEE RELATIONSHIP

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

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.A.	10 years.
b. Renewal or extension of the term	Section 2.B.	Two additional, consecutive five-year renewal terms.
c. Requirements for franchisee to renew or extend	Section 2.C.i. – ix.	You must give us written notice not less than 90 days, nor more than 180 days prior to the expiration of the then-current term; repair and/or remodel the Salon premises in accordance with our current specifications; not be in breach of any agreement with us or our affiliates; have the right to remain in possession of Salon premises; execute our then-current franchise agreement with terms that may be materially different from your original contract, pay any monies owed or outstanding, and a general release; comply with current qualification and training requirements; and pay the Renewal Fee of $12,000.
d. Termination by franchisee	Section 14.C.	You may terminate the franchise agreement for good cause or upon any grounds available by law.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with "cause"	Sections 14.A. and 14.B.	Each of your obligations under the franchise agreement is a material and essential obligation, the breach of which may result in termination; we also have the right but not the obligation to cancel the franchise agreement in certain circumstances. If you are a Developer under a multi-unit development agreement, termination of your Salon franchise can result in the termination of your multi-unit development agreement.
g. "Cause" defined – curable defaults	Section 14.B.	Good cause is a material breach of the franchise agreement or any other franchise agreement you have entered

Provision	Section in Franchise Agreement	Summary
		into with us. Good cause also includes: your failure to comply with the System; your failure to make, when due, any payment pursuant to any franchise agreement, promissory note, other contract or other obligation payable by you to us; your failure to pay suppliers, landlord, bank or other creditors; your understatement of Gross Sales; and your failure to cure breaches of the franchise agreement. You have seven days to cure non-payment of sums due and 30 days in all other cases (except as described in "h." below). If you are a Developer under a multi-unit development agreement, termination of your Salon franchise agreement may result in the termination of your multi-unit development agreement.
h. "Cause" defined – defaults which cannot be cured	Section 14.A.	We may terminate you immediately if you impair or threaten to impair the Marks or the System; file bankruptcy or otherwise become insolvent; make an assignment for benefit of creditors; are convicted of an offense; sell unauthorized products or services; abandon or lose right to the Salon premises; are convicted of a felony or other crime that may have an adverse effect on the System or Marks; failure to comply with Crisis Management Event procedures; are a danger to public health or safety; transfer any interest without our consent or maintain false books or records. If you are a Developer under a multi-unit development agreement, termination of your Salon franchise agreement can result in the termination of your multi-unit development agreement.

Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Sections 14, 15 and 16	Upon termination or non-renewal of the franchise agreement, you must cease operating the Salon and using the Marks and System; completely de-identify the business; pay all amounts owed to us; return all Manuals and other proprietary materials; comply with confidentiality and non-competition requirements; and at our option, sell or assign to us your rights in the Salon premises and the equipment and fixtures used in the business. If the franchise agreement terminates because you have closed the Salon, or because of your material default, you must pay us liquidated damages calculated through the end of the franchise term.
j. Assignment of contract by Franchisor	Section 12.A.	We have the right to transfer or assign the franchise agreement to any person or entity without restriction, provided that the assignee agrees in writing to assume all obligations undertaken by us in the franchise agreement.
k. "Transfer" by franchisee – defined	Section 12	A transfer includes assignment, transfer, sale, gift or other disposition of any interest in the franchise agreement, the Salon, the assets or a substantial portion of the assets of the Salon, or the franchise entity.
l. Franchisor approval of transfer by franchisee	Section 12.D.	You must obtain our consent before transferring any interest.
m. Conditions for franchisor approval of transfer	Section 12.D.- F.	We may require the following conditions for our approval of any transfer: you must pay all amounts due us or our affiliates; not otherwise be in default; execute a general release and pay a Transfer Fee of $12,000. The transferee must meet our current criteria, attend training and execute the then-current franchise agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions.
o. Franchisor's option to purchase franchisee's business	Sections 11, 16, and 17	Other than assets on termination, non-renewal or our right of first refusal, we have no right or obligation to purchase your business.

Provision	Section in Franchise Agreement	Summary
p. Death or disability of franchisee	Section 12.H.	If you or a Controlling Principal is a natural person, on death, disability, or incapacity, the transferee, assignee or beneficiary must apply for our consent to assignment of the franchise agreement.
q. Non-competition covenants during the term of the franchise	Section 6.O.	You are prohibited from operating or having an interest in a similar business during the term of the franchise agreement.
r. Non-competition covenants after the franchise is terminated or expires	Section 6.O.	You and your Controlling Principals are prohibited from operating or having an interest in a similar business for two years after the expiration, termination or assignment of the franchise agreement anywhere within 10 miles of any Knockouts salon or the Location.
s. Modification of the agreement	Section 17.O.	The franchise agreement may not be modified unless mutually agreed to in writing; but the Manuals, various policies, required purchases and services and the Marks are subject to change.
t. Integration/merger clause	Section 17.D.	Only the terms of the franchise agreement and other related written agreements are binding (subject to federal and state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 13.D. and E.	Claims, controversies, or disputes arising out of or relating to the Franchise Agreement must be mediated, and if mediation is unsuccessful, submitted to arbitration, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information. There is no requirement to mediate after termination of the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	Sections 13.D., E. and G.	Mediation or arbitration at the office in the city in Collin County Texas, currently 5550 Granite Parkway, Plano, Texas or another location we designate in Collin County (subject to applicable state law). Venue for any other proceeding is exclusively in the state courts located in Collin County, State of Texas and you specifically consent to personal and general jurisdiction in Collin County, Texas and agree that all disputes are disputes are governed under Texas law (subject to applicable state law). See the State Specific Addenda attached to this disclosure document.
w. Choice of Law	Section 13.A.	Subject to state law, the Franchise Agreement is to be interpreted and construed under Texas law (without giving effect to any conflict of laws) except that any law regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between us and you, will not apply unless its jurisdictional requirements are met independently. See the State Specific Addenda attached to this disclosure document.

Multi-Unit Development Agreement

Provision	Section in Multi-Unit Development Agreement	Summary
a. Length of the development term	Section 5	The term continues until you have completed your development obligations according to the development schedule.
b. Renewal or extension of the term	Section 3.C. and D.	We may extend the term of the multi-unit development agreement to allow you to complete construction and commence operation of a Salon.
c. Requirements for Developer to renew or extend	Sections 3.C. and D.	You must request an extension and pay an extension fee not to exceed two extensions.

Provision	Section in Multi-Unit Development Agreement	Summary
d. Termination by Developer	Not applicable	You may terminate the multi-unit development agreement on any grounds available at law.
e. Termination by Franchisor without cause	Not applicable	Not applicable
f. Termination by Franchisor with "cause"	Sections 9.A., B. and C.	Following certain defaults, we may terminate the multi-unit development agreement or, at our option, modify your territorial rights or alter your development schedule, rather than terminate the multi-unit development agreement. Termination of your multi-unit development agreement, can result in the termination of your Salon franchise agreement (whether one or more).
g. "Cause" defined - curable defaults	Sections 9.D. and E.	We may terminate you for cause if you fail to cure certain defaults, including: if you misuse or make any unauthorized use of the Marks and do you cure within 24 hours after notice; fail to pay any monies owed to us or vendors and do not cure within five days after notice (or longer period required); or fail to cure any other default that is susceptible of cure within 30 days after notice. If you have both a franchise agreement and a multi-unit development agreement, an uncured default under one is also a default under the other. Termination of your multi-unit development agreement, can result in the termination of your Salon franchise (whether one or more).

Provision	Section in Multi-Unit Development Agreement	Summary
h. "Cause" defined - defaults which cannot be cured	Sections 9.A. and B.	We may terminate you for cause based on certain non-curable defaults, including: if you become insolvent; make a general assignment for the benefit of creditors; file a petition or have a petition initiated against you under federal bankruptcy laws or similar state laws; have outstanding judgments against you for over 30 days; fail to comply with the development schedule; are convicted of a felony or other crime that may have an adverse effect on the System or Marks; or transfer any interest without our consent. Termination of your multi-unit development agreement, can result in the termination of your Salon franchise (whether one or more).
i. Developer's obligations on termination/non-renewal	Sections 9.D. – H.	Obligations include: you must cease developing Salons or, on a partial termination of territorial or development rights under Section 9.D., must continue to develop only in accordance with any modified development schedule, and must comply with all applicable confidentiality and non-competition covenants.
j. Assignment of contract by Franchisor	Section 8.A.	We have the right to transfer or assign the multi-unit development agreement to any person or entity without restriction.
k. "Transfer" by Developer - defined	Sections 8.B. and C.	Includes sale, assignment, conveyance, pledge, mortgage, license or other disposal or encumbrance of any direct or indirect interest in the multi-unit development agreement or you or your owners (if you are not a natural person).
l. Franchisor approval of transfer by Developer	Section 8.D.	You must obtain our written consent before transferring any interest.
m. Conditions for Franchisor approval of transfer	Section 8.D.	Conditions include: you must pay all amounts due us, not otherwise be in default, execute a general release, remain liable for pre-transfer obligations and pay us a Transfer Fee of $12,000. The transferee must meet our criteria, assume post-transfer obligations and execute our then-standard multi-unit development agreement.

Provision	Section in Multi-Unit Development Agreement	Summary
n. Franchisor's right of first refusal to acquire Developer's business	Section 8.J.	Within 15 days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third party.
o. Franchisor's option to purchase Franchisee's business	Not applicable	Not applicable.
p. Death or disability of Developer	Section 8.F. and 8 K	Upon your death, disability or incompetency if you are an individual, or upon the death, disability or incompetency of your majority Controlling Principal if you are a corporation, partnership, limited liability company or other legal entity, the distributee must be approved by us, or the interest must be transferred to someone approved by us within six months after death, disability or incompetency.
q. Non-competition covenants during the term of the Multi-Unit Development Agreement	Section 7	You and your Controlling Principals are prohibited from operating or having an interest in a similar business in the Territory or within 10 miles of any Salon.
r. Non-competition covenants after the Multi-Unit Development Agreement is terminated or expires	Section 7	For a period of two years, you and your Controlling Principals are prohibited from operating or having an interest in a similar business which is located within the Territory or within 10 miles of any Salon.
s. Modification of the Multi-Unit Development Agreement	Section 13.A.	Except for those permitted to be made unilaterally by us under the multi-unit development agreement, the multi-unit development agreement may not be modified unless mutually agreed to in writing.
t. Integration/merger clause	Section 13.A.	Only the terms of the multi-unit development agreement and other related written agreements are binding (subject to federal and state law). Any representations or promises outside of the disclosure document and multi-unit development agreement may not be enforceable.

Provision	Section in Multi-Unit Development Agreement	Summary
u. Dispute resolution by arbitration or mediation	Sections 13.D. and E.	Claims, controversies, or disputes from or relating to the Franchise Agreement must be mediated, and if mediation is unsuccessful, submitted to arbitration, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information. There is no requirement to mediate after termination of the Franchise Agreement.
v. Choice of forum	Section 13.G.	Mediation or arbitration at the office in the city in Collin County, currently 5550 Granite Parkway, Suite 195, Plano, Texas or another location we designate in Collin County, (subject to applicable state law). Venue for any other proceeding is exclusively in the state courts located in Collin County, State of Texas and you specifically consent to personal and general jurisdiction in Collin County, Texas and agree that all disputes are disputes are governed under Texas law (subject to applicable state law). See the State Specific Addenda attached to this disclosure document.
w. Choice of law	Section 13.A.	Texas law applies (subject to applicable state law). See the State Specific Addenda attached to this disclosure document.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

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 our employees or representative to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Heather Sorrells, 210 North Hurst Rd, Burleson, TX 76028, H.Sorrells@knockouts.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022*	47	51	+4
	2023*	51	53	+2
	2024	53	54	+1
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Totals	2022*	47	51	+4
	2023*	51	53	+2
	2024	53	54	+1

*Franchisor acquired the Knockouts franchised system in July of 2024. Knockouts Holdings LLC, an Arkansas limited liability company, its predecessor, operated the system in 2022, 2023 and through June 2024.

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2022 to 2024

State	Year	Number of Transfers
Colorado	2022*	0
	2023*	1
	2024	1
Iowa	2022*	0
	2023*	1
	2024	0
Massachusetts	2022*	0
	2023*	2
	2024	0
Missouri	2022*	0
	2023*	1
	2024	0
Oklahoma	2022*	0
	2023*	4
	2024	0
Texas	2022*	0
	2023*	4
	2024	1
Totals	2022*	0
	2023*	13
	2024	2

*Franchisor acquired the Knockouts franchised system in July of 2024. Knockouts Holdings LLC, an Arkansas limited liability company, its predecessor, operated the system in 2022, 2023 and through June 2024.

Table No. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arkansas	2022*	1	1	0	0	0	0	2
	2023*	2	0	0	0	0	1	1
	2024	1	0	0	0	0	0	1
Colorado	2022*	1	1	0	0	0	0	2
	2023*	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Florida	2022*	0	0	0	0	0	0	0
	2023*	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Georgia	2022*	1	0	0	0	0	0	1
	2023*	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Idaho	2022*	0	0	0	0	0	0	0
	2023*	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Iowa	2022*	1	0	0	0	0	0	1
	2023*	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Louisiana	2022*	0	0	0	0	0	0	0
	2023*	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Massachusetts	2022*	2	0	0	0	0	0	2
	2023*	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Michigan	2022*	0	0	0	0	0	0	0
	2023*	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Missouri	2022*	2	0	0	0	0	0	2
	2023*	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Nebraska	2022*	0	0	0	0	0	0	0
	2023*	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Ohio	2022*	2	0	0	0	0	0	2
	2023*	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Oklahoma	2022*	8	0	0	0	0	0	8
	2023*	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
Pennsylvania	2022*	3	0	0	0	0	0	3
	2023*	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Texas	2022*	25	0	0	0	0	0	25
	2023*	25	1	0	0	0	1	26
	2024	26	0	0	0	0	0	26
Totals	2022*	47	4	0	1	0	3	48
	2023*	51	0	0	0	0	0	52
	2024	52	1	0	0	0	0	54

*Franchisor acquired the Knockouts franchised system in July of 2024. Knockouts Holdings LLC, an Arkansas limited liability company, its predecessor, operated the system in 2022, 2023 and through June 2024.

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2022*	0	0	0	0	0	0
	2023*	0	0	0	0	0	0
	2024	0	0	0	0	0	0

*Franchisor acquired the Knockouts franchised system in July of 2024. Knockouts Holdings LLC, an Arkansas limited liability company, its predecessor, operated the system in 2022, 2023 and through June 2024.

Table No. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2024

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	1	0
Texas	2	2	0
Total	2	3	0

Included in Exhibit G to this disclosure document is (a) a list of the names and current addresses of our franchisees as of December 31, 2024, and (b) a list of names and current addresses of franchisees who have been terminated, canceled, not renewed, voluntarily or involuntarily ceased to do business under their franchise agreement during our fiscal year ending December 31, 2024, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document.

Included in Exhibit G to this disclosure document is (a) a list of the names and current addresses of our franchisees as of December 31, 2024, and (b) a list of names and current addresses of franchisees who have been terminated, canceled, not renewed, voluntarily or involuntarily ceased to do business under their franchise agreement during our fiscal year ending December 31, 2024, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document.

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

During the last three fiscal years, we have not signed confidentiality clauses with any current or former franchisees.

As of the date of this disclosure document, we have not created, sponsored or endorsed any franchisee association, and we are not aware of any independent trademark-specific franchisee associations in existence for the system.

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit E are our audited financial statements as of December 31, 2024 and for the period from inception and related statements of income, retained earnings, and cash flows for the years then ended.

We have not been in business for 3 or more years and therefore cannot provide all financials as required by this item.

Our fiscal year ends December 31st.

ITEM 22
CONTRACTS

Attached as Exhibits to this disclosure document are the following contracts and their exhibits:

Exhibit A – Franchise Agreement
- Attachment A – Description of Location and Territory
- Attachment B – Confirmation of Opening Form
- Attachment C – Guaranty
- Attachment D – Lease Rider
- Attachment E – ACH Authorization Agreement

Exhibit B – Multi-Unit Development Agreement
- Attachment A – Development Schedule
- Attachment B – Entity Information
- Attachment C – Form of Franchise Agreement

Exhibit H – General Release (Sample Form)

ITEM 23
RECEIPT

Attached as Exhibit L (at the very end of this disclosure document) are detachable receipt pages. Please return one signed and dated copy to us and retain the other for your records.

EXHIBIT A

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT
KNOCKOUTS, LLC

_____
Franchisee

_____
Date

KNOCKOUTS FRANCHISE AGREEMENT

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ATTACHMENTS

Attachment A Description of Location and Territory
Attachment B Confirmation of Opening Form
Attachment C Guaranty
Attachment D Lease Rider
Attachment E ACH Authorization Agreement

KNOCKOUTS
FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made and entered into by and between Knockouts Holdings, LLC, a Texas limited liability company, having its principal place of 210 North Hurst Rd Burleson, TX 76028 ("Franchisor" or "Knockouts"), and _____ ("Franchisee") on the date this Agreement is executed by Knockouts below (the "Effective Date").

W I T N E S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, Knockouts has developed and owns a unique and distinctive system (the "System") relating to the establishment and operation of salons specializing in the hair care and other personal service needs in accordance with Knockouts' standards and specifications;

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive signage, interior and exterior design, décor, color scheme, furnishings and fixtures; distinctive products and services; standards, specifications and procedures for operations; quality and uniformity of products and services offered; procedures, management and financial controls; training and assistance; advertising and promotional programs; employee selection practices; and employee uniforms and dress codes; all of which may be changed, improved, and further developed by Knockouts from time to time (collectively, "Standards");

WHEREAS, Knockouts identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks "Knockouts" and "KO" and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Knockouts in writing for use in connection with the System (the "Marks"), which Marks are licensed to Franchisee hereunder;

WHEREAS, Knockouts continues to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service;

WHEREAS, Franchisee understands and acknowledges the importance of Knockouts' high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with Knockouts' standards and specifications; and

WHEREAS, Franchisee desires to use the System in connection with the operation of a KNOCKOUTS salon, as well as to receive the training and other assistance provided by Knockouts in connection therewith.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. GRANT OF LICENSE

A. Grant. Knockouts grants to Franchisee, subject to the terms and conditions of this Agreement, the limited right and license to: (a) establish and operate one KNOCKOUTS salon (the "Salon") at the location described on Attachment A to this Agreement (the "Location"); (b) use the Marks under the terms of this Agreement to identify and promote the Salon and the business conducted and the goods and

services offered hereunder; and (c) use the System for the operation of the Salon at the Location (collectively, the "Franchisee Business"). Franchisee hereby undertakes the obligation and agrees to continually operate the franchise during the term hereof and strictly according to the terms and conditions of this Agreement.

i) Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the full right and privilege, as we deem best according to our business judgment, to vary our System, the brand standards or other aspects of the System for any franchisee. Franchisee has no right to require us to grant you a similar variation or accommodation. Knockouts has the right to develop, operate, and change the System in any manner this Agreement does not specifically prohibit. Whenever this Agreement reserves our right to take or withhold an action, or to grant or decline to grant you the right to take or omit an action, we may, except as this Agreement specifically provides, make our decision or exercise our rights based on information then available to us and our judgment of what is best for us, Knockouts' franchisees generally, or the System when we make our decision, whether or not we could have made other reasonable or even arguably preferable alternative decisions and whether or not our decision promotes our financial or other individual interest. Franchisee acknowledges and agrees that this exercise of our business judgement is not reviewable by a judge or arbitrator.

ii) Franchisee does not have the right, among other things, to: (a) sublicense the use of the System or Marks, (b) to cobrand with another concept, (c) to distribute Knockouts' products through wholesale channels, such as supermarkets, convenience stores or other retailers.

iii) Knockouts may at any time, in our sole discretion, require Franchisee to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks. Franchisee agrees to comply with our directions within a reasonable time frame after receiving notice of such changes. Knockouts is not required to reimburse Franchisee for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for its expenses in promoting a modified or substitute trademark or service mark.

B. Location. The rights granted to Franchisee in this Agreement are specifically restricted to the operation by Franchisee of a Salon at the Location identified in Attachment A to this Agreement and shall be effective only with respect to the franchise located at this Location. No branches or second locations shall be permitted under this Agreement. Franchisee acknowledges and agrees that no representations or warranties have been made by Knockouts with respect to the grant of any other franchises or permission to operate the franchise from an additional, or any other location. Franchisee and its Controlling Principals (as defined in Section 17.A.) have represented to Knockouts that they have entered into this Agreement with the intention to comply fully with the obligations to construct a Salon hereunder and not for the purpose of reselling the rights to develop the Salon hereunder.

C. Territory. Upon the execution of this Agreement, Franchisee will be assigned a territory (the "Territory") that will be described in Attachment A. If no Territory is identified in Attachment A, then the Territory is a one-mile radius beginning from the front door of the Salon's location. Except as provided in this Agreement, and subject to Franchisee's and the Controlling Principals' full compliance with this Agreement and any other agreement between Franchisee's Affiliates (defined as any entity that is controlled by, controlling, or under common control with such other entity) and Knockouts, Knockouts shall not establish or authorize any other person or entity, other than Franchisee, to establish a KNOCKOUTS salon in the Territory during the term of this Agreement. Franchisee acknowledges and understands that the rights granted hereunder pertain only to the establishment of a KNOCKOUTS Salon. Franchisee acknowledges and agrees that Knockouts operates salons under the Marks; Knockouts' franchisees

currently operate, or may in the future, operate salons under the Marks and that Knockouts' Affiliates currently operate, or may in the future operate, salons under different marks and with operating systems that are the same or similar to the System, and that any such salons might compete with Franchisee's Salon. Franchisee further agrees and acknowledges that the license granted hereby is only for the operation of one KNOCKOUTS salon. Accordingly, in the Territory, Knockouts and any of its current or future Affiliates may own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks and/or other operating systems, regardless of whether such businesses are the same, similar, or different from the Salon. Knockouts and any of its current or future Affiliates may also offer and sell (and may authorize others to offer and sell): (i) collateral products under the Marks, at or from any location, such as KNOCKOUTS memorabilia or products; (ii) services under the Marks at or through any KNOCKOUTS salon or other permanent, temporary or seasonal facility providing in whole or in part the services offered by a Knockouts Salon in a Reserved Area only (as defined in Attachment A); and (iii) any products or services under any other names and marks.

D. Reservation of Rights. Knockouts reserves to itself all other rights in and to use the Marks, including the right: (a) to own and operate and to grant others the right to own and operate a Knockouts Salon outside the Territory and in any Reserved Area within the Territory; (b) to operate a Knockouts Salon and license the use of the Marks and System in Reserved Area within and outside the Territory; (c) to distribute products and services identified by the Marks, such as pre-packaged products, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, and via mail order, catalog sales, and/or the Internet within and outside of the Territory; and (d) to own and operate and to grant others the right to own and operate system using marks other than Knockouts Salons within and outside of the Territory, regardless of its competition with the Franchised Business. Franchisor further retain the right to operate and to grant others the right to operate similar or competing businesses under a different trademark inside and outside the Franchisee's Territory, see Section 1.E. below. The Franchised Business' activities are confined to retail transactions only. Franchisee shall not enter into any wholesale transactions without first obtaining Franchisor's written consent, which may be withheld at Franchisor's sole discretion. A "wholesale" transaction means any sale of five or more products or services (regardless of stage of completion) to a customer whose purpose is to, in turn, offer such products or services for resale to a third-party. Conducting wholesale transactions without Knockouts' prior written approval is a material breach of the franchise agreement, for which we may terminate the franchise agreement without an opportunity to cure.

E. Right to Operate Businesses Under Different Marks. Nothing in this Agreement prohibits or restricts Knockouts from owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e., a mark other than KNOCKOUTS), whether or not the business is the same as or competitive with Knockouts Salon.

F. Franchisee May Not Withhold Payments. Franchisee may not withhold payment of any amounts owed to us or our Affiliates due to our alleged nonperformance of our obligations under this Agreement or for any other reason. Franchisee specifically waives any right it has at law or in equity to offset any monies you owe us or our Affiliates or to fail or refuse to perform any of your obligations under this Agreement. Failure to pay any amount owed to us shall be a default of this Agreement and subject to our right to termination as well as any other rights we may have at law or in equity.

2. TERM

A. Initial Term. Unless sooner terminated as provided in Section 14 hereof, this Agreement shall continue from the Effective Date until the earlier of (i) the tenth anniversary of the date that the Salon opens for business, or (ii) the natural expiration of Franchisee's ten-year lease. Upon the opening of the

Salon, the expiration date will be confirmed in writing by Knockouts on the Confirmation of Opening form attached to this Agreement as Attachment B.

B. Renewal. Franchisee may, at its option, renew the rights licensed herein for two consecutive and additional renewal terms of five years each, subject to the conditions for renewal set forth in Section 2.C. Unless renewed pursuant to Section 2.C., this Agreement and all rights licensed herein shall expire and revert to Knockouts upon the expiration of this Agreement.

C. Conditions to Renew. Upon the expiration of the initial term and each renewal term of this Agreement, Franchisee must satisfy each of the following conditions, to Knockouts' satisfaction, to renew the license granted herein:

i) Franchisee shall give Knockouts written notice of renewal not less than 90 days, not more than 180 days, before the expiration of the then-current term;

ii) Franchisee shall not be in default of any provision of this Agreement or any other agreement between Franchisee and Knockouts and its Affiliates and shall be in compliance with all other Knockouts franchise agreements to which it or its Affiliates may be a party, and shall be in compliance with Knockouts' policies for all Knockouts salons on the date of the notice of renewal and at the expiration of the then-current term;

iii) Franchisee shall have satisfied all monetary obligations owed by Franchisee to Knockouts under this Agreement and any other agreement between the Franchisee and Knockouts or any of its Affiliates and Knockouts and shall have timely met those obligations;

iv) Franchisee shall perform at Franchisee's expense such renovation and refurbishment of building, grounds, leasehold improvements, equipment, fixtures and signage as Knockouts reasonably requires so that the Salon conforms with our then-current image, trade dress, equipment, and furnishings requirements;

v) Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the Salon premises for the term of the renewal period or obtain Knockout's approval of a new site for the operation of the Salon for the duration of the renewal term of this Agreement;

vi) Franchisee shall pay the renewal fee of $12,000;

vii) Franchisee shall comply with Knockout's then-current qualification and training requirements;

viii) Franchisee and the Controlling Principals shall sign a general release of any and all claims against Knockouts and its Affiliates and their respective officers, directors, shareholders, members, managers, partners, agents, representatives, independent contractors, servants, and employees of each of them, in their corporate and individual capacities, including without limitation, claims arising under this Agreement or under federal, state, or local laws, rules, regulations, or orders; and

ix) Franchisee will be required to sign the then-current form of franchise agreement and pay the then-current royalty fee and any other recurring fees as required by the then-current franchise agreement and each Controlling Principal executes a personal guaranty in the form Franchisor prescribes. Franchisee acknowledges that the then-current franchise agreement required to be executed by Franchisee at the time of renewal may contain materially different terms from those contained in this Agreement.

D. Operation after Expiration of Term. If this Agreement expires and Franchisee continues to operate their Knockouts Salon after expiration, Knockouts may, at its option declare Franchisee to be holding over. In such event, the terms of this Agreement will govern the parties' relationship, provided that: (a) either party may terminate the relationship at any time during the holdover period, for any reason or for no reason, by delivering to the other party written notice of termination; and (b) the Royalty Fees due and payable during such holdover period shall be 150% of the Royalty Fees due and payable under this Agreement.

3. TRADEMARK STANDARDS

A. Knockouts' Representations. Knockouts grants Franchisee the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.

B. Acknowledgements. Franchisee expressly understands, acknowledges and agrees that:

i) As between Knockouts and Franchisee, Knockouts is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

ii) Neither Franchisee nor any Controlling Principal shall take any action that would prejudice or interfere with the validity of Knockouts' rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any other service marks, trademarks, trade names, trade dress, logos, copyrights, or proprietary materials of Knockouts, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Salon and only at or from its Location or in approved advertising related to the Salon.

iii) The limited license to use the Marks granted hereby applies only to such Marks as are designated by Knockouts, and which are not subsequently designated by Knockouts as being withdrawn from use, together with those which may hereafter be designated by Knockouts in writing. Franchisee expressly understands and agrees that it is bound not to represent in any manner that it has acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Marks.

iv) Any and all goodwill arising from Franchisee's use of the Marks and the System shall inure solely and exclusively to Knockouts' benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

v) Franchisee shall not contest the validity of or Knockouts' interest in the Marks or assist others to contest the validity of or Knockouts' interest in the Marks.

vi) Any unauthorized use of the Marks shall constitute an infringement of Knockouts' rights in the Marks and a material event of default hereunder. Franchisee agrees that it shall provide Knockouts with all assignments, affidavits, documents, information and assistance Knockouts reasonably requests to fully vest in Knockouts all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by Knockouts to register, maintain, and enforce such rights in the Marks.

vii) Knockouts reserves the right, in its sole discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, and to require Franchisee to use any such new, modified, or replacement Marks in addition to or in lieu of any previously

designated Marks. Knockouts shall have no obligation in such event to reimburse Franchisee for its documented expenses of compliance. Franchisee waives any other claim arising from or relating to any Mark change, modification or substitution. Knockouts will not be liable to Franchisee for any expenses, losses, or damages sustained by Franchisee as a result of any Mark addition, modification, substitution, or discontinuation. Franchisee covenants not to commence or join in any litigation or other proceeding against Knockouts for any of these expenses, losses, or damages.

C. Usage. With respect to Franchisee's franchised use of the Marks pursuant to this Agreement, Franchisee further agrees that:

i) Unless otherwise authorized or required by Knockouts, Franchisee shall operate and advertise the Salon only under the name "Knockouts – Haircuts and Grooming". Franchisee shall not use the Marks as part of its corporate or other legal name, and shall obtain Knockouts' approval of such corporate or other legal name prior to filing it with the applicable state authority.

ii) During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the Salon in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Salon as Knockouts may require.

iii) Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Knockouts.

iv) Franchisee shall comply with Knockouts' instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Knockouts or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

v) Franchisee shall display and use the Marks only in the manner and form prescribed or authorized by Knockouts through Knockouts' Operations Manual (the "Operations Manual") and other ongoing communications.

D. Infringement. Franchisee shall notify Knockouts immediately by telephone and thereafter in writing of any apparent infringement of or challenge to Franchisee's use of any Mark, of any claim by any person of any rights in any Mark, and Franchisee and the Controlling Principals shall not communicate with any person other than Knockouts, its counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Knockouts shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge, or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Knockouts, reasonably be necessary or advisable to protect and maintain the interests of Knockouts in any litigation or other proceeding, or to otherwise protect and maintain the interests of Knockouts or any other interested party in the Marks. The attorneys' fees for any such action will be paid by Knockouts. Knockouts will defend Franchisee against any third-party claim, suit or demand arising out of Franchisee's use of the Marks. If Knockouts, in its sole discretion, determines that Franchisee has used the Marks in accordance with this Agreement and the Operations Manual, then the cost of the defense, including the cost of any judgment or settlement, will be borne by Knockouts. If Knockouts, in its sole discretion, determines that Franchisee has not used the Marks in accordance with this Agreement and the Operations Manual, then the cost of the defense, including the cost of any judgment or settlement will be borne by Franchisee. If the

cost of this defense of Franchisee's use of the Marks, including the cost of any judgment or settlement, is borne by Franchisee, then that will be a payment due under this Agreement and failure to pay will be cause for termination of this Agreement.

E. Restriction Against Use of the Marks and Copyrighted Works on the Internet/ Social Media. Franchisee may not use the Marks or any part or derivative thereof or any of Franchisor's copyrighted works on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, Franchisee may not use the Marks or any part or derivative of the Marks as part of any URL or domain name, and may not register the Marks or any part or derivative of the Marks as part of any user name on any gaming website or social networking website (such as FACEBOOK, INSTAGRAM, or X), whether or not such social media platform is used for commercial gain, or as part of any unauthorized email address. Franchisee also may not display on any website (including commercial websites, gaming websites, and social networking websites) Franchisor's copyrighted works, which include the design portion of its Marks, or any menu items or collateral merchandise identified by the Marks. Further, any representations from Franchisee or its employees regarding its profits or earnings made on any Social Media (as defined in Section 6.V.) site or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information (as defined in Section 6.N.) under the Franchise Agreement, and Franchisee will be responsible for all costs including legal costs for any required fines or legal actions as a result of its postings.

F. Changes to the Marks. Knockouts reserves the right, in its sole discretion, to designate one or more new, modified, or replacement Marks for Franchisee's use and to require Franchisee's use of any such new, modified, or replacement Marks in addition to or in lieu of any previously designated Marks. Franchisee must comply with any such directive within 60 days following its receipt of Franchisor's written notice to Franchisee.

4. FEES

A. Initial Franchise Fee. Upon execution of this Agreement, Franchisee shall pay to Knockouts an initial franchise fee (the "Initial Franchise Fee") of $40,000, which is fully earned and nonrefundable upon payment.

B. Store-In-A-Box Package. Franchisee shall pay to Knockouts, within 10 days of Franchisee's execution of the lease or purchase agreement for the Salon location, the total amount estimated by Knockouts for certain required initial supplies, inventory, equipment, fixtures, and interior signage required for the opening of the Salon ("Store-In-A-Box Package").

C. Royalty Fees. During the term of this Agreement, Franchisee shall pay to Knockouts, in partial consideration of the rights herein granted, a continuing monthly royalty fee (the "Royalty Fee") in an amount equal to 6% of Franchisee's Gross Sales.

D. Gross Sales Defined. "Gross Sales" means the total selling price of all services, products and merchandise and all income of every other kind and nature related to the Franchisee's KNOCKOUTS business, whether for cash or credit and regardless of collection (in the case of credit). All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided by the vendor, supplier or customer will be valued at the full retail value bartered in exchange for the good or services provided to Franchisee. Gross Sales also includes the proceeds of any business interruption insurance paid to Franchisee. Gross sales also includes any payments Franchisee receives from vendors. Chargebacks are not deducted from Gross Sales.

E. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the electronic cash register system and any cash shortage shall not be considered in the determination. Gross Sales shall expressly exclude the following:

i) Tips or gratuities paid by customers to employees of the Salon;

ii) Sums representing sales taxes collected directly from customers, based upon present or future laws of federal, state or local governments, collected by Franchisee in the operation of the Salon, and any other tax, excise or duty which is levied or assessed against Franchisee by any federal, state, municipal, or local authority, based on sales of specific merchandise or products sold at or from the Salon, provided that such taxes are actually transmitted to the appropriate taxing authority; and

iii) Proceeds from isolated sales of trade fixtures not constituting any part of Franchisee's products and services offered for resale at the Salon nor having any material effect upon the ongoing operation of the Salon required under this Agreement.

Knockouts may, from time to time, require certain other items to be included or excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by Knockouts in its discretion.

F. Administrative Enforcement Fee. If at any time Franchisee's Salon fails to conform to System, the Standards or this Agreement, Knockouts shall have the right to impose and collect from Franchisee an administrative fee as described in this Section 5 ("Administrative Enforcement Fee"). Specifically, (i) Knockouts may impose and collect from Franchisee a $500 Administrative Enforcement Fee (which may be increased each year by an amount not to exceed 10% of the then-current amount) for each "enforcement effort" that Knockouts undertakes on account of Franchisee's noncompliance with System Standards or this Agreement (e.g., a letter, email, or telephone communication notifying Franchisee of noncompliance or continued noncompliance), and (ii) if Knockouts has notified Franchisee of noncompliance and Franchisee has failed to correct the issue within seven days, Knockouts may impose and collect from Franchisee a $500 Administrative Enforcement Fee (which may be increased each year by an amount not to exceed 10% of the then-current amount) per week until the issue has been corrected to Knockouts' satisfaction. In addition to Administrative Enforcement Fee, Knockouts may collect an additional fee of $500 fee per event where Knockouts is required to reinspect and confirm Franchisee compliance. This fee is not a penalty but is intended to compensate Knockouts for the additional costs that Knockouts incurs in enforcing compliance with the System and is in addition to and not in lieu of any other rights or remedies that Knockouts may have based on Franchisee's noncompliance. Knockouts may impose and collect the Administrative Enforcement Fee whether or not the noncompliance at issue is of the type or degree that constitutes a material default of Franchisee's obligations under this Agreement and, if it is, whether or not a cure period applies. This Administrative Enforcement Fee shall be imposed in addition to, and not in lieu of, any other rights or remedy available under this Agreement or applicable law.

G. Payment Terms and Procedures. All payments required by this Agreement shall be paid within the time Knockouts specifies ("Due Date"). If the Due Date is not a business day, then payment shall be due on the next Business Day. Knockouts shall determine the amount of the Royalty Fee and other amounts due under this Agreement by accessing and retrieving Gross Sales data from Franchisee's computer system as permitted by Article 8. On each Due Date, Knockouts will transfer from your commercial bank operating account ("Account") the fees and Brand Development Fee (as defined in Section 7.B.) contributions due and owing. If Franchisee has not reported Gross Sales for any reporting period, or if Knockouts determines that Franchisee has underreported Gross Sales, Knockouts also has the right to transfer from the Account, at its option, an estimated Royalty Fee and Brand Development Fee contribution, which estimate shall be based on prior amounts until sufficient documentation exists to

prepare an accurate reconciliation. Any underpayments will bear interest according to Section 4.J., below. Any overpayment will be credited against future payments due under this Agreement.

H. Electronic Funds Transfer. Franchisee shall participate in Knockouts' then-current electronic funds transfer program. To this end, Franchisee shall: (a) comply with Knockouts' procedures, as specified in the Manual, or otherwise in writing; (b) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 4.I.; (c) execute and deliver to Knockouts' a form authorizing Franchisor to collect the Royalty Fee and all other amounts due under this Agreement; a current copy of which is attached as Attachment E; and (d) make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof. Notwithstanding the provisions of this Section 4, Knockouts reserves the right to modify, at its option, the method by which Franchise pays the Royalty Fee and other amounts owed under this Agreement upon receipt of written notice by Knockouts. Franchisee failure to have sufficient funds in the Account is a material breach of this Agreement.

I. Late Payment/Interest. Any payment or report not actually received by Knockouts on or before the specified due date shall be deemed overdue. Time is of the essence with respect to all payments to be made by Franchisee to Knockouts. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of (i) 18% per annum, or (ii) the maximum rate allowed by applicable law. Franchisee shall pay Knockouts for any and all costs incurred by Knockouts in the collection of any unpaid amount from Franchisee including attorneys' fees, costs and other expenses incurred in collecting amounts owed by Franchisee. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest is provided for herein, or shall be adjudicated to be so provided in this Agreement, the provisions of this Section 4.J. shall govern and prevail, and Franchisee shall not be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party who paid such interest. Franchisee acknowledges that this Section 4.J. shall not constitute Knockouts' agreement to accept such payments after they are due or a commitment by Knockouts to extend credit to Franchisee or otherwise finance Franchisee's Salon. Franchisee also acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided herein, notwithstanding this Section.

J. Advances, Purchases, and Reimbursements. Franchisee shall timely pay such other fees or amounts as described in this Agreement. In addition to all other payments provided in this Agreement, Franchisee shall pay Knockouts and its Affiliates promptly when due all amounts advanced by Knockouts or which Knockouts has paid, or for which it has become obligated to pay on your behalf for any reason whatsoever; and shall pay all amounts due to Knockouts, its Affiliates, or third-party suppliers, for the purchase of products, supplies or services relating to the Franchised Business. If Knockouts or an Affiliate of Knockouts elects to compensate a customer for a negative experience according to Section 6.I.(i), Franchisee must reimburse the amount of the payment.

K. Partial Payments; Application of Payments. If Franchisee pays less than the amount due, such payment will be considered a partial payment on account. Knockouts may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment. Knockouts' acceptance of such partial payment will not be considered a waiver of any of its right to demand or receive full payment, and Franchisee hereby waives any estoppel defense in this regard.

Knockouts may apply Franchisee's payments to any indebtedness, in its sole and reasonable discretion, regardless of any designation that accompanies the payment.

L. No Set-off Rights. Franchisee may not set-off, deduct, or otherwise withhold any fees or other amounts due Franchisor under this Agreement on grounds of alleged nonperformance by Knockouts of any of its obligations or for any other reason. Withholding payment of Royalty Fees or any other amounts due to Franchisor is a material breach of this Agreement.

M. Payment of Taxes. If any tax is imposed on payment owed to Knockouts (other than a tax imposed on Knockouts' net income), then Franchisee shall be responsible and shall pay the tax in addition to its payment obligation, the intent being that Knockouts shall receive all payments in full, as if no such tax had been imposed.

N. Default Fee. If the Franchisee is in default under this Agreement, at Knockouts' discretion, and without waiver of any of Franchisor's rights under this Agreement, Knockouts may impose a fee ("Default Fee") in an amount up to $1,500 per event of default, plus the cost of re-inspections and the cost of enforcing compliance. Franchisee shall pay the Default Fee within three days of the demand.

5. KNOCKOUTS' SERVICES

A. Franchisee Training. Franchisee and Franchisee's Controlling Principals shall attend Knockouts' initial training course concerning the operation of a Knockouts Salon. Completion of the training course is mandatory and must be satisfactorily completed within the timeframe established by Knockouts. The training is conducted at training facilities designated by Knockouts and will be scheduled by Knockouts in its sole discretion. Knockouts reserves the right to deliver training via video, the Internet or other on-line communications, or through other means in our sole discretion. Training requirements may be communicated and updated through periodic memos, publications, manuals, or over the Knockouts Web Site or other on-line communications. Franchisee shall be entitled to have one additional manager attend the initial training course without charge, provided however, that this additional manager shall attend the training course at the same time as Franchisee and Franchisee's Controlling Principals. All individuals who attend a training course may be required to execute a confidentiality agreement. Knockouts reserves the right to require Franchisee or any of Franchisee's Controlling Principals to re-attend any training sessions. If Franchisee or any of Franchisee's Controlling Principals fails to complete the training program to Knockouts' satisfaction, this will constitute default and Knockouts may terminate this Agreement in accordance with Article 14. If a manager fails to successfully complete the training program to Knockouts' satisfaction, he or she will not be permitted to manage or operate the Salon. Additionally, Knockouts will hold an annual convention and Franchisee will be required to attend. Knockouts may charge up to $500 per attendee, per day for such training events. Franchisee is responsible for all expenses including travel, wages, and lodging expenses for training program attendees.

B. Manager Training. If Franchisee is not a licensed cosmetologist in the state in which the Salon is located, Franchisee must employ a manager who is both: (i) a licensed cosmetologist (or licensed barber) in the state in which the Salon is located; and (ii) has successfully completed the training course. If a manager is no longer available who has successfully completed the training course and Franchisee does not qualify as the manager, then Franchisee must send another manager to the next available training course. In no event shall the franchise be operated without a successfully trained manager for more than 60 days. Franchisee shall pay an additional $1,500 for each replacement manager who attends the training course.

C. Additional Training. Knockouts may from time to time provide training programs for franchisees, and/or their managers, and/or employees, or independent contractors. These programs may be

in the form of video, the Internet other on-line communications, in person at Franchisee's location, or through other means in Franchisor's sole discretion; any additional trainings may be on or before the opening, or after the opening. In addition, upon the reasonable request of Franchisee or as Knockouts shall deem appropriate, Knockouts shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's Salon personnel. For additional training and assistance requested by Franchisee, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, meals, and wages. The per diem fee will not be charged if such assistance is provided based on Knockouts' determination that such training and assistance is necessary; however, Knockouts reserves the right to charge for its reasonable expenses incurred in connection with such training and assistance. If additional or refresher courses are held, Knockouts will notify Franchisee in writing, and, if mandatory, Knockouts will not charge Franchisee our then current training fee. However, Franchisee will be responsible for any costs incurred to attend. If additional or refresher courses are voluntary, Franchisee will also be charged a training fee, which will be determined by Knockouts, in addition to any costs incurred to attend.

D. Payment of Salaries and Expenses. Franchisee shall pay the salaries, fringe benefits, payroll taxes, unemployment compensation, workers' compensation, insurance, lodging, food, travel costs, and all other expenses for Franchisee, Franchisee's managers, stylists, and all other persons sent to training programs by Franchisee. Franchisee will comply with all applicable laws pertaining to all employees who attend Knockouts' training programs.

E. On-Site Training Cancellation Fee. If Franchisor or its representative is scheduled to conduct an on-site training program, or scheduled for a visit at Franchisee's location for training or other reasons, or if Franchisee registered for a training program, and Franchisee subsequently canceled, failed to attend, failed to have the appropriate parties attend, or failed to stay for the entire training program, then Franchisee shall pay Franchisor its then-current on-site training cancellation fee (the "On-Site Training Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of schedule training program and how far in advance Franchisee notified Franchisor in writing of the cancellation and the cost and expense incurred in rescheduling Franchisor's or any trainer's travel arrangements.

F. Nature and Assistance of Training. Franchisee acknowledges and agrees that Franchisor is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisee further acknowledge that Franchisor is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes Franchisor has failed to adequately provide any pre-opening services to Franchisee or to Franchisee's employees, whether with respect to site selection, selection and purchase of equipment and supplies, training or any other matter affecting the establishment of Franchisee's Salon, Franchisee shall notify in writing within 30 days following the opening of the Salon or Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment and complied with all representations made to Franchisee.

G. Opening Services. Knockouts shall:

i) Advise Franchisee on salon layout, obtaining licenses or permits, proper display of the Marks, procurement of equipment, fixtures, and initial inventories, recruiting personnel, and managing construction of the Salon; and

ii) Order, purchase, receive, compile, and ship to Franchisee the initial supplies, inventory, equipment, fixtures, and interior signage required by Knockouts for the opening of the Salon near the end of the Salon's construction and built-out phase.

iii) BY VIRTUE OF COMMENCING OPERATIONS OF FRANCHISEE'S KNOCKOUTS SALON, FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS FULFILLED ALL OF FRANCHISOR'S OBLIGATIONS TO FRANCHISEE THAT FRANCHISOR IS REQUIRED TO FULFILL PRIOR TO THE OPENING OF FRANCHISEE'S KNOCKOUTS SALON.

H. Continuing Services. Knockouts shall:

i) Prescribe from time to time uniform standards of quality and service;

ii) Provide Franchisee with the Operations Manual and various other manuals which may be available only through the KNOCKOUTS Web Site (as defined in Section 6.L.) or other on-line communications;

iii) Provide Knockouts' site selection worksheet and such site selection assistance as Knockouts may deem advisable;

iv) Provide counseling, information and materials on advertising and promotional matters, training, and development procedures, and other elements of the KNOCKOUTS System, through directives, System bulletins, meetings and seminars, telephone and on-site visits, and through the KNOCKOUTS Web Site or other on-line communications;

v) Make periodic visits to the Salon and evaluations of the products offered and the services rendered therein as reasonably determined by Knockouts; and

vi) Provide Franchisee access to such purchasing programs as Knockouts may establish periodically for salon fixtures, furnishings, equipment, inventories, and supplies, subject to Franchisee's compliance with credit terms and qualification requirements established periodically by Knockouts.

I. Revenues. Knockouts and its Affiliates may offer to sell various goods and services to Franchisee at a profit. Knockouts reserves the right to receive fees or other consideration in connection with KNOCKOUTS sales promotion and advertising programs or from other vendors.

6. FRANCHISEE OBLIGATIONS

A. Site Selection. Franchisee is solely responsible for locating, evaluating, and selecting a site for the Salon and for the review and negotiation of the ten-year lease for the Location. Knockouts will, at Franchisee's request, provide reasonable assistance to Franchisee in site selection by furnishing Franchisee with Knockouts' site selection worksheet, by consulting with and counseling Franchisee, and, at Knockouts' discretion, by conducting field inspections of proposed sites at mutually convenient times.

Franchisee will not lease or otherwise acquire a site for the Salon until the site has been consented to by Knockouts, which consent is typically provided within 30 days after receiving all requested information from Franchisee. Knockouts may withhold consent to any proposed location in its absolute discretion, and its consent, if granted, is permission only and not an assurance or guaranty to Franchisee of the availability, suitability, or success of a location. If Knockouts does not consent to the proposed location, Knockouts will notify Franchisee and Franchisee may elect to cancel this Agreement, or to submit another proposed location to Knockouts. Regardless of termination, all fees paid to Knockouts are non-refundable. Knockouts prohibits Franchisee from assigning or otherwise disposing of its interest in a lease for the proposed Salon without first offering the interest in the lease to Knockouts. From time to time, Knockouts may use exclusive real estate agents or brokers in connection with site searches. Knockouts requires Franchisee, at Franchisee's expense, to use only Knockouts' exclusive real estate agents or brokers when pursuing sites that exclusive real estate agents or brokers have presented to Knockouts, if any. Franchisee shall secure a location for the Salon (by purchase or lease) within six months from the effective date of this Agreement.

i) Franchisee shall notify Knockouts in writing at least 15 days prior to expiration of the six-month deadline in which to purchase or lease a location for the Salon if Franchisee will be unable to meet this deadline. In such notice, Franchisee shall request that Knockouts consider its request for extension and include a description of efforts being made to procure a location and reasons for failing to procure a location prior to the six-month deadline. At the same time as Franchisee provides Knockouts with such notice, Franchisee shall pay an extension fee of $5,000 (the "Extension Fee"). If Knockouts does not consent to the proposed extension, Knockouts shall refund the Extension Fee without interest, less its costs in connection with the proposed extension. The Extension Fee is otherwise non-refundable. If agreed to by Knockouts, the extension shall be for one 90-day period commencing upon the expiration of the initial period for securing a Salon location. Franchisee may request a second extension in the same manner as set forth in this Section. No more than two extensions will be permitted.

ii) Failure to secure a location within the six months beginning as of the Effective Date of this Agreement (excluding any extensions thereof approved by Knockouts in writing) shall be considered a material breach of this Agreement.

iii) **The parties acknowledge and agree that Knockouts' permission to develop the Salon at a particular site is not an assurance that the Salon will achieve a certain sales volume or level of profitability; it means only that the proposed site meets Knockouts' minimum criteria for KNOCKOUTS Salons.**

iv) Your Salon must be located within the Territory as identified on Attachment A, as attached to this Agreement as of the Effective Date.

B. Lease. Knockouts may, in its sole discretion, require that Franchisee submit the lease for the Salon to Knockouts for its written consent before Franchisee executes the lease. **The parties acknowledge and agree that Knockouts' approval of a lease does not mean that the economic terms of the lease are favorable; it means only that the lease contains the lease terms that Knockouts requires.** The lease also must contain the terms reflected in the lease rider in the form attached hereto as Attachment D, including Knockouts' option to assume the lease in the event of expiration or termination of this Agreement without the payment of additional consideration, and without liability for any obligations of Franchisee accrued as of the date of the assignment of the lease. Franchisee must cause the landlord to sign the lease rider; in addition, each lease must be for a 10-year term. Franchisee shall provide to Knockouts a fully executed copy of the lease within 10 days after its execution. If the landlord refuses to

sign the Lease Rider in the form attached to this Agreement, Franchisor reserves the right to reject the proposed location.

C. Facility Standards, Opening and Remodel.

i) Franchisee shall be solely responsible for insuring that the Salon is designed, constructed or improved, equipped and furnished in accordance with Knockouts' System standards and specifications. The Salon must conform to Knockouts' approved salon layouts, floor plans, specifications, exterior and interior decorating designs and color schemes. Knockouts may require Franchisee to purchase equipment, furnishings, fixtures, and signs for the Salon from Knockouts or from suppliers authorized by Knockouts.

ii) Franchisee may only hire a qualified general contractor (who shall be bonded and insured according to local laws) or such other qualified person as Knockouts may approve in its absolute and sole discretion to supervise construction of the Salon and to ensure timely completion of all construction or leasehold improvements. Franchisee shall submit to Knockouts a statement identifying the general contractor and describing the general contractor's qualifications and financial responsibility.

iii) Franchisee must obtain necessary permits, licenses and other legal or architectural requirements and shall insure that the Salon is in compliance with all applicable local, state, and federal laws, statutes and building and architectural barrier codes, including the Americans with Disabilities Act. Further, Franchisee, at its sole expense, shall furnish evidence satisfactory to Knockouts that the Salon is designed, constructed, and altered in compliance, at all times, with the requirements of the Americans With Disabilities Act of 1990, the regulations now or hereafter adopted pursuant thereto, and any and all applicable state or local laws, statutes, ordinances, rules and regulations concerning public accommodations for disabled persons now or hereafter in effect. Franchisee shall indemnify, defend, and hold harmless Franchisor from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, reasonable attorney's fees and disbursements) arising from Franchisee's failure to comply with this obligation.

iv) Franchisee may remodel or alter the Salon, or change its equipment or fixtures, only with Knockouts' prior written consent. Franchisee shall promptly repair or replace defective or obsolete equipment, signage, or fixtures in accordance with such standards established by Knockouts. Franchisee will be required periodically to remodel, modernize, and redecorate the Salon and to replace and modernize the furniture, fixtures, supplies, and equipment so that the Salon will reflect the then-current System standards. Franchisee shall implement changes in facility requirements when prescribed, even if additional investment or expenditures are required. Franchisee shall open the Salon for business within 12 months from the effective date of this Agreement. Failure to open within this period shall be considered a material breach of this Agreement.

v) If this Agreement is signed as part of the transfer of an existing franchise or renewal of an existing franchise, then the construction required under Section 6 shall be the renovation of the Franchised Business in accordance with the provisions of the predecessor franchise agreement. If, at our sole discretion, we allow Franchisee to complete the renovation after signing this Agreement, the renovation must be completed in accordance with the provisions of Section 3 by the date set forth in the Rider.

vi) Franchisee will make no changes to any building, plan, design, layout or décor, or any equipment or signage in its Franchised Business without our prior written consent, and such changes may not be contrary to mandatory specifications.

vii) Franchisee will prominently display, at its expense, both on the interior and exterior of its Franchised Business premises, signs in such form, color, number, location and size, and containing such Marks as we designate. We also may require you to use illuminated signs. Franchisee will obtain all permits and licenses required for such signs and will also be responsible for ensuring that all signs comply with laws and ordinances. Franchisee will not display in or upon its Salon premises any sign or advertising of any kind to which Franchisor objects. Knockouts reserves the right to require Franchisee to update the signage ant any time at your expense.

D. Franchisee will conform to all quality and customer services standards prescribed by us in writing.

E. Relocation. Franchisee may relocate the Salon only with Franchisor's prior written consent. Franchisor will grant its consent if your lease expires or terminates through no fault of your own, or if the Salon premises is destroyed or materially damaged by fire, flood, or other natural catastrophe ("Innocent Loss or Casualty") and Franchisee is not in default of this Agreement or any other agreement between you and Knockouts. Selection of the relocation site and Salon construction, renovation, and opening shall be governed by this Article 6; provided that if the relocation occurred as a result of the loss of an Innocent Loss or Casualty, the Salon must be open for business at the new location within six months of closing at the previous location and if the relocation occurred for any other reason, the Salon must be open for business at the new location within five days of closing at the previous location. Knockouts may, in its sole discretion, assist you in the site transfer and may offer assistance in, but is not limited to, coordinating suppliers for the new location, training of new staff, and marketing planning assistance. You are solely responsible for all relocation costs and expenses. If Knockouts provides any assistance, Franchisee must reimburse Knockouts, upon demand, for all out-of-pocket costs that it incurs in connection with providing such assistance.

F. Signage. The Salon shall be identified only by the Marks and shall contain or display only signage that has been specifically designated or authorized by Knockouts. Knockouts shall have the right to place in a conspicuous location signage identifying Franchisee by name as a franchisee of Knockouts and advising the public that Franchisee's business is an independently run franchise business. Knockouts may place information relating to KNOCKOUTS franchise opportunities in the lobby area of the Salon.

G. Products and Services. Franchisee shall use and offer for sale only those products and services that are designated and approved in writing by Knockouts. Franchisee acknowledges and agrees that designated products and services may be changed by Knockouts from time to time and Franchisee is obligated to conform to the then-current requirements as they may change. Franchisee shall use only the type and style of pricing board designated by Knockouts. Knockouts may, in the future, develop and offer for sale KNOCKOUTS private label products. If a KNOCKOUTS private label product line is developed, Franchisee may offer such products only from the Location and from no other location or through the Internet or other on-line communications. Franchisee shall not conduct business at the Location other than the KNOCKOUTS business.

H. Compliance with Laws. Franchisee shall maintain the Salon in a clean, orderly, and safe manner and in compliance with all applicable laws pertaining to the business including all health, sanitation, cosmetology, barber, massage therapy, alcoholic beverage, and Occupational Safety and Health Administration laws. Franchisee shall operate and maintain the Location in strict compliance with all fire, safety and building codes, the American with Disabilities Act, and other requirements that may be prescribed by Knockouts or by public authority. Franchisee is exclusively responsible for the full knowledge and application of all employment laws, such as Title VII of the Civil Rights Act, Family and Medical Leave Act, Consolidated Omnibus Budget Reconciliation Act, Fair Labor Standards Act, all state

wage and hour laws, workers' compensation, Internal Revenue Code and the immigration law. Franchisee is exclusively responsible for ensuring that all stylists and massage therapists are licensed by the applicable state's cosmetology board or equivalent official licensing entity.

I. Personnel. Franchisee shall manage or operate the Salon on a regular basis through Controlling Principal(s) or a manager who has successfully completed Knockouts' training programs. Franchisee will staff the Salon with qualified, competent employees who have been trained in accordance with Knockouts' standards within the timeframe required by Knockouts. Franchisee shall take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Knockouts may prescribe, furnished at Franchisee's or the employee's expense. In addition, Franchisee and its employees shall handle all customer complaints, refunds, returns or other adjustments in accordance with Knockouts' policies as set forth in the Operations Manual or otherwise in writing. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks. The parties further acknowledge and agree that Knockouts neither dictates nor controls labor or employment matters for Franchisee or Franchisee's employees. Franchisee is solely responsible for recruiting, hiring, supervising, disciplining, and discharging employees, for determining the number of jobs offered or job vacancies to be filled, assuring their continuing compliance with standards of training and competence and setting and changing their wages and terms of employment. Franchisee is exclusively responsible for labor relations with Franchisee's employees. Franchisee shall defend and indemnify Knockouts and its Affiliates against any and all proceedings, claims, investigations, and causes of action instituted by Franchisee's employees or by others that arise from Franchisee's employment practices.

i) Customer Complaints. Franchisee agrees to promptly address all complaints in accordance with the procedures contained in the Operations Manual or as otherwise provided by the Knockouts. If Franchisee is unable or unwilling to resolve a customer complaint within 48 hours, and it becomes necessary for Knockouts to reimburse a customer in settlement of his or her complaint about work performed at or by the Salon, Franchisee agrees to promptly reimburse us for amounts expended on account of any such complaint. Franchisee's obligations and liabilities under this Section shall survive any termination or expiration of this Agreement.

J. Standards of Operation. Franchisee shall at all times operate the Salon in compliance with the System standards, authorized services, operating systems, and other aspects of the System prescribed by Knockouts in the Operations Manual and other manuals, as revised periodically by Knockouts, or in other communications from Knockouts. Franchisee shall not duplicate or disseminate the Operations Manual and other manuals, in whole or in part, shall destroy superseded pages of all manuals, and shall return the Operations Manual and all other manuals to Knockouts immediately upon the assignment, termination, or expiration of this Agreement. Franchisee shall comply with the terms of all additions and modifications to the Operations Manual and shall keep the Operations Manual current. If there is a dispute about the contents of the Operations Manual, the terms of the master copy at Knockouts corporate office shall control. The entire contents of the Operations Manual and Knockout's mandatory specifications, procedures and rules prescribed from time to time shall constitute provisions of this Agreement as if they were set forth herein. Knockouts may, in the future, charge a replacement fee for any replacement Operations Manual requested by Franchisee. In the future, the Operations Manual and other communications may only be available on the Internet or other on-line communications. The Salon shall be open for business for such days and hours as prescribed periodically by Knockouts, including Sundays if permitted under Franchisee's lease or applicable laws, and only during the hours and on the days that Knockouts permits. Franchisee shall implement changes in operational requirements when prescribed, even if additional investment or expenditure is required. Franchisee acknowledges that other KNOCKOUTS salons may operate under different forms of franchise agreement with Knockouts, and that the rights and obligations of parties to other agreements may differ from those hereunder.

i) Franchisee shall notify Franchisor in writing within 72 hours of the commencement of any investigation, action, suit, or proceeding or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other government instrumentality, which may adversely affect the operation or financial condition of the Salon.

K. Computer System and Equipment. Franchisee shall install and use such electronic data processing and communications hardware and software, including, without limitation, electronic mail, Internet access, wi-fi and other wireless Internet and communications systems, interactive multi-media equipment, television and music systems, interactive displays, including plasma or LCD screens, and voice mail systems and computers within a reasonable period of time as Knockouts may designate. Franchisee shall be required to obtain certain hardware and software packages designated by Knockouts, which are subject to change periodically at Knockouts' discretion. Franchisee acknowledges that the Salon's operational data and customer information is owned by Knockouts and is the confidential and proprietary property of Knockouts regardless of whether such information is stored in Franchisee's computer system or by a third-party data warehousing service. Franchisee must cause the Salon to play only the music or types of music that Knockouts designates. If a designated music provider has been identified, Franchisee must acquire music from such provider. You must obtain a license for music played in your approved location and must be able to supply evidence of this license at our request.

Within a reasonable period of time following Knockouts' request, Franchisee shall accept debit cards, credit cards, stored value cards or other non-cash systems specified by Knockouts to enable customers to purchase authorized products and services, and shall obtain all necessary hardware and/or software used in connection with these non-cash systems. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and the System. Accordingly, Franchisee agrees that it will cause the Salon to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. Franchisee is solely responsible for educating itself as to these regulations and standards, and for achieving and maintaining applicable compliance certifications. Franchisee will defend, indemnify, and hold Knockouts harmless from and against all claims arising out of or related to Franchisee's violation of the provisions of this Section 6.K. All sales must be processed through the approved POS systems and reported as gross sales and no other supplemental or secondary POS system may be used.

Franchisee acknowledges and agrees that technology is constantly changing. Technologic devices and computer systems are always being updated, improved, replaced, and discontinued. Consequently, computer systems are sometimes incompatible and are susceptible to Internet, computer system, and communication failures. By entering into this Agreement, Franchisee assumes all of the risk of all such issues and technology failures, which Franchisee acknowledges may affect its ability to order or receive products or to conduct business, and Franchisee acknowledges that Knockouts is not responsible for any damages caused by such issues or technology failures, including lost sales or profits.

The computer system and/or POS (the "Computer System") for your Salon will be dedicated for the operation of its Knockouts Salon and used for no other purpose.

i) Consistent with the foregoing, among other things, Knockouts reserves the right periodically to undertake technology initiatives, the purpose of which would be enhance the technology associated with the franchise system including, without limitation, enhanced internet capability, use of proprietary digital applications and enhanced support services. Although Knockouts cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be

fully amortizable over the remaining term of this Agreement, Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions or modifications) and required service or support. Knockouts has no obligation to reimburse Franchisee for any Computer System costs. As otherwise permitted in this Agreement, we may access the Computer System and retrieve all pertinent information relating to the operation of the Salon in areas that Knockouts has the ability to control and/or remedy.

ii) Notwithstanding the fact that Franchisee must purchase, use, and maintain the Computer System consistent with our standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, updates and upgrading of the Computer System, including compliance with the standards that we periodically require; (2) the manner in which Franchisee Computer System interfaces with Knockouts' computer system and those of other third parties; (3) the installation, maintenance and support of the Computer System, although Knockouts may from time to time require or recommend third parties to provide these functions; and (4) any and all consequences that may arise if the Computer System is not properly operated, maintained and upgraded, including but not limited to virus and spyware issues.

iii) All of Franchisee's Computer Systems must be compliant with all applicable laws, regulations, and commonly accepted industry standards, including without limitation those laws, regulations, and commonly accepted industry standards relating to privacy, data security, and the processing and protection of confidential personal information, including without limitation the Payment Card Industry Data Security Standards and all other standards applicable to electronic payments that may be published from time to time by payment card companies.

L. Participation in Internet Web Site or Other On-line Communications. Knockouts may, upon 30 days prior written notice, require Franchisee, at Franchisee's expense, to participate in a KNOCKOUTS Web Site or other on-line communications ("Web Site"). Knockouts will, at its discretion, determine the content and use of the Web Site and will establish the rules under which Franchisee will participate in the Web Site or separately use the Internet or other on-line communications. Knockouts will retain all rights relating to the Web Site and its content and may alter or terminate the Web Site at its sole and absolute discretion. Franchisee's general conduct on the Web Site and specifically its use of the Marks or any advertising on the Web Site (including the domain name and any other Marks Knockouts may develop as a result of participation in the Web Site) will be subject to the provisions of this Agreement and the Operations Manual. Franchisee acknowledges that certain information obtained through its participation in the Web Site may be considered confidential or proprietary information, including access codes and identification codes. Franchisee's right to participate in the Web Site or otherwise use the Marks or System on the Internet or other on-line communications will terminate when this Agreement expires or terminates. Franchisee may not advertise or promote the Salon outside the Territory without Knockouts prior written consent. If the circulation base or broadcast area of the proposed advertising media will cross into another franchisee's territory, however, Knockouts may condition its consent on Franchisee allowing the affected franchisee to participate in the proposed advertising. Franchisee may not advertise, promote, post or list information relating the Salon on the Internet (through the creation of a website or otherwise).

M. Evaluations. For the purpose of making periodic evaluations to ascertain if the provisions of this Agreement are being observed by Franchisee, Knockouts or its authorized representative shall have the right to enter the Salon at all reasonable times to: (i) observe the operation of the Salon; (ii) inspect and evaluate Franchisee's products and services; and (iii) take photographs and video of the interior and exterior of the Salon. Franchisee must provide Knockouts or its authorized representative with access to all information, books, records, operational data and customer information relating to the Salon as Knockouts

may require. Knockouts may also contact suppliers and obtain information about Franchisee purchases and the status of its account. Upon termination or expiration, Knockouts can stop access to its proprietary products from any supplier or distributor.

N. Best Efforts; Confidentiality. Franchisee shall apply its best efforts to the management and development of the KNOCKOUTS Salon licensed hereunder. During and after the term of this Agreement, Franchisee shall not disclose, except to Franchisee's KNOCKOUTS employees, or use for any purpose other than operating the Salon and only as authorized by this Agreement, any trade secret, Confidential Information (as defined below), or proprietary aspect of the KNOCKOUTS System. Franchisee is further responsible for ensuring that Franchisee's employees maintain the same level of confidentiality. If Franchisee or Franchisee's employees learn about an unauthorized use of any trade secret or confidential or proprietary materials, Franchisee must promptly notify Knockouts. Knockouts is not obligated to take any action but will respond to the information as it deems appropriate. If Franchisee or an employee of Franchisee at any time conducts, owns, consults with, is employed by, or otherwise assists a similar or competitive business to that franchised hereunder, it is Franchisee's burden to prove that Franchisee is not in violation of this covenant. "Confidential Information" means all Knockouts trade secrets; all information concerning any customer for whom Franchisee or any other KNOCKOUTS business has provided services, including personal and financial information; the Standards and other elements of the System; Knockouts' proprietary standards and specifications for the Salons and the services provided; the contents of the Operations Manual and all other manuals; the contents of the Web Site and other on-line communications; all training materials and the training program; strategies and site evaluations, drawings, equipment, software, selection guidelines and techniques; all marketing materials, vendor and supplier information and pricing; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Salon which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of its operation under the terms of this Agreement; business plans; technology; all business, operational, and financial data created by or concerning Franchisee's Salon, any other salon in the KNOCKOUTS system or Knockouts; and any other information that Knockouts designates as "Confidential Information."

O. Non-Competition. To prevent a conflict of interest and unfair competition based upon Franchisee's knowledge and use of the KNOCKOUTS System and Marks, neither Franchisee nor its Controlling Principals shall without Knockouts' prior written consent (which may be withheld in Knockouts' sole discretion), directly or indirectly engage or participate in, consult with, or assist in any way, or participate in or share the earnings or profits of, any other business or activity that competes with the KNOCKOUTS business, any retail hair care or personal grooming business, or any business selling hair products or any of the other services provided under the System: (i) during the term of this Agreement, at any location; and (ii) for two years after the expiration, termination or assignment of this Agreement for any reason anywhere within 10 miles of the Location or of any other KNOCKOUTS salon. Neither Franchisee nor any of its Controlling Principals shall acquire or hold directly or indirectly any interest (other than one percent or less of the stock in a publicly-traded corporation) in another retail hair care or personal grooming business or hair care franchisor, without Knockouts' prior written consent.

Franchisee and its Controlling Principals acknowledge and agree that (i) the time, territory, and scope of the covenants provided in this Section 6.O. are reasonable and necessary for the protection of Knockouts' legitimate business interests and will not deprive Franchisee or its Controlling Principals of their livelihood; (ii) Franchisee and its Controlling Principals have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of these covenants would not impose undue hardship; and (iv) the restrictive time period shall be tolled during any period of Franchisee's noncompliance. To the extent that this Section 6.O. is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the covenant will be reduced accordingly and enforced to the fullest extent permissible. Franchisee

agrees that the existence of any claim it may have against Knockouts, whether or not arising from this Agreement, will not constitute a defense to Knockouts' enforcement of the covenants contained in this Section 6.O. Franchisee and the Controlling Principals acknowledge that any breach or threatened breach of this Section 6T.O. will cause Knockouts irreparable injury for which no adequate remedy at law is available, and Franchisee and the Controlling Principals consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section 7.O. Such injunctive relief will be in addition to any other remedies that Knockouts may have.

i) Disputed Enforceability. The parties have attempted in the above Section to limit Franchisee's right to compete only to the extent necessary to protect Knockouts from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the above provision is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify this Section to the extent it deems necessary to make supervision enforceable under applicable law. In addition, Knockouts reserves the right to reduce the scope of said provision with Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.

ii) Franchisee's Acknowledgement. Knockouts must be protected against the potential for unfair competition by Franchisee's use of Knockouts' training, assistance, Confidential Information, and in direct competition with Franchisor. Franchisee further acknowledges that Knockouts would not have entered into this Agreement or shared the Confidential Information, trade secrets, and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section. Franchisee acknowledges that as a franchisee of Knockouts, it will have access to Knockout's trade secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section will be deemed to threaten immediate and substantial irreparable injury to Knockouts. Accordingly, Franchisee agrees that Knockouts will have the right without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

P. Compliance Certification. Franchisee must also complete and execute the Franchisee Compliance Certification, which is attached as Exhibit I to the franchise disclosure document, and deliver it to Knockouts prior to the execution of this Agreement.

Q. Guaranty. Franchisee and each of Franchisee's shareholders or equity owners with a 10% or greater interest in the Franchisee shall, jointly and severally, guarantee Franchisee's performance of all of Franchisee's obligations, covenants and agreements hereunder pursuant to the terms and conditions of the guaranty attached hereto as Attachment C or otherwise provided by Knockouts, and shall otherwise bind themselves to the terms of this Agreement as stated herein.

R. Notice of Proceedings. Franchisee shall immediately deliver to Knockouts a copy of any notice of default received from any landlord, a copy of any notice or citation from any governmental agency or entity, or a copy of any notification of a legal proceeding commenced by or against Franchisee relating to Franchisee's KNOCKOUTS business. Franchisee shall keep Knockouts continuously advised of the status of the matter.

S. No Other Business. Neither Franchisee nor any of its Controlling Principals shall operate, directly or indirectly, nor allow the operation of, any other business within or in connection with the Location.

T. Continuous Operations. Franchisee shall, beginning on the date hereof and continuing during the remaining term of this Agreement, continuously operate a hair care business at the Location (except if prevented by an act of God or other cause beyond Franchisee's control as determined by Knockouts in its sole discretion), using its best efforts in the conduct of the business. Although Franchisee may hire a full-time manager to conduct the daily management of the Salon, the responsibility for the operation of the Salon remains with Franchisee.

U. Supplier Approval. If Franchisee wishes to use any item or service that Knockouts has not yet evaluated or, for items that Knockouts requires Franchisee to purchase from designated or approved suppliers, if Franchisee wishes to purchase or lease any such item from a supplier that Knockouts has not yet approved, Franchisee must submit a written request for approval to Knockouts. Franchisee cannot purchase or lease any such item unless the supplier has been approved in writing by Knockouts. Knockouts is not required to approve any particular supplier. Knockouts will have the right to require Franchisee to submit information, specifications and samples to Knockouts to enable Knockouts to determine whether the item complies with its standards and specifications and that the supplier meets Knockouts' criteria. Knockouts also has the right to send its representatives to inspect the supplier's facilities and to have samples from the supplier be delivered to Knockouts or to an independent laboratory designated by Knockouts for testing. We may charge a fee for testing, which will be the lesser of $1,000 or the actual cost of the inspection and test, plus reimbursement of our related travel, lodging, and salary costs for the individual(s) performing the inspection or testing. We have no obligation to evaluate a proposed supplier but if we agree to evaluate a supplier at your request. We are not obligated to approve any supplier, but we will notify you within 30 days after we complete the inspection and evaluation of our approval decision. We may revoke supplier approval if we subsequently determine that the supplier is not meeting our current standards and specifications. Franchisee must reimburse Knockouts for the cost of the inspection and of the test (including Knockouts' administrative expenses). Knockouts may condition its approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. Knockouts reserves the right to re-inspect from time to time the facilities and products of any approved supplier and to revoke its approval of the supplier if the supplier fails to continue to meet any of Knockouts' criteria. If Knockouts revokes its approval of any supplier, Franchisee agrees to promptly discontinue use of that supplier. **Knockouts makes no representation concerning, and expressly disclaims any liability arising out of or in connection with, the services rendered or products furnished by any supplier approved or designated by Knockouts. Knockouts' approval or consent to any services, goods, suppliers, or any other individual, entity or any item shall not create any liability to Knockouts.**

V. Social Media and Internet Listings. Franchisee shall follow Knockouts' mandatory specifications, standards, operating procedures, and rules for using Social Media in connection with the operation of the Salon and Franchisee agrees to comply with any Social Media policy Knockouts implements. Knockouts may, at its option, create and own all Social Media accounts used in operation of the Salon and shall allow Franchisee's access and use only in strict compliance with Knockouts' rules. Knockouts reserves its right to remove Franchisee's access to Social Media accounts at any time at its sole discretion. Upon termination of this Agreement for any reason, Franchisee's access to all Social Media accounts will terminate. The term "Social Media" includes, without limitation, personal blogs; common social networks such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, X, or YOUTUBE; internet listing sites such as WIKIPEDIA, GOOGLE, FOURSQUARE, and YELP; applications supported

by mobile platforms such as iOS and Android; virtual worlds; file, audio, and video-sharing sites; and other similar internet, social networking, or media sites, mobile platforms, or tools.

W. Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding the Salon or any particular incident or occurrence related to the Salon, without Knockouts' prior written approval.

X. Association with Causes. Franchisee shall not in the name of the Salon: (i) donate money, products, or services to any charitable, political, religious, social movement, or other organization, or (ii) act in support of any such organization or movement, without Knockouts' prior written approval.

Y. Solicitation. Franchisee is not prohibited from soliciting or hiring other KNOCKOUTS franchisee's employees. However, if Franchisee employs another KNOCKOUTS franchisee's employee within 12 months of such employee's hiring date and if such employee has attended Knockouts' training, then the hiring Franchisee shall pay to the other franchisee the then-current training fee plus franchisee's actual costs associated with sending its employee to training, including but not limited to, travel costs, lodging, wages, and food.

Z. Legal Compliance. In addition to complying with its obligations under this Agreement, Franchisee shall comply with all applicable federal, state, and local laws, rules, regulations, ordinances, and orders. Such laws, rules, regulations, ordinances, and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is Franchisee's sole responsibility to apprise itself of the existence and requirements of all such laws, rules, regulations, ordinances, and orders and to adhere to them at all times during the term of this Agreement. Failure to comply with applicable federal, state, and local laws, rules, regulations, ordinances, and orders is a material breach of this Agreement and Knockouts reserves the right to terminate this Agreement immediately for cause and without an opportunity to cure. Franchisee shall defend, indemnify, and hold Knockouts harmless from and against all claims arising out of or related to Franchisee's violation of the provisions of this Section 6.Z.

AA. Currency and Methods of Payment. Franchisee shall submit all fees and payments to Knockouts in U.S. dollars. Likewise, Franchisee shall only accept payments related to the Franchised Business in U.S. dollars. Franchisee is expressly prohibited from accepting as payment in any other currency, electronic or otherwise, including cryptocurrency and tokens such as Bitcoin, Ethereum, Litecoin, and other digital currencies or tokens. Franchisee is required to accept all forms and methods of payment that Knockouts requires, including debit cards, credit cards, stored value cards, or other non-cash systems (including, for example, APPLE PAY, and/or GOOGLE WALLET) that Knockouts specifies periodically to enable customers to purchase menu items and other authorized goods and services, and to install all hardware and/or software necessary to accept such payments. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of franchises operating under the Marks and System. Franchisee is solely responsible for its own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications. Franchisee shall defend, indemnify, and hold Knockouts harmless from and against all claims arising out of or related to Franchisee's violation of the provisions of this Section 6.AA.

BB. Upon the occurrence of a Crisis Management Event (as defined below), immediately inform Franchisor by telephone, or as set forth in this Agreement, of such event and to cooperate fully with Franchisor and with the appropriate authorities with respect to the investigation of the Crisis Management Event. In an effort to mitigate possible damages to the Marks and System, Franchisee must cooperate fully with Knockouts with respect to managing statements and other responses to the Crisis Management Event.

"Crisis Management Event" means any event that occurs at or about the Salon premises or in connection with the operation of the Salon that has or may cause harm or injury to customers or employees, such as unlicensed stylists, illegal or unsanctioned activities, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, data breaches whether real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

7. ADVERTISING

A. Advertising Programs. Knockouts may from time to time develop and create advertising and sales promotion programs including loyalty and reward programs (which may include development of proprietary stored value cards) and contests, sweepstakes and other prize promotions. Knockouts will communicate to Franchisee in writing the details of each such program or promotion, and Franchisee shall participate in each such program according to its terms and shall promptly display all point-of-sale advertising and promotion-related information at such places within the Salon as Knockouts may designate. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement, and choice of media, market areas and advertising agencies, the standards and specifications established by Knockouts shall be final and binding upon Franchisee. Knockouts shall own all photographs, video, and other media used in any advertising programs.

B. Brand Development Fee. Knockouts has established and administers a marketing program for the purpose of advertising the System on a regional or national basis (the "Brand Development Fee"). Franchisee agrees to pay each month 2% of the Gross Sales of each Salon, such fee to be paid to Knockouts in the same manner and timing of the Royalty Fee. Knockouts or its designee will have the right to direct all advertising programs and have sole discretion to approve the creative concepts, materials, and media used in the programs and their placement and allocation.

Knockouts will administer the Brand Development Fee monies as follows:

i. Knockouts will control the creative concepts and the materials and media to be used, and Knockouts will determine the placement and allocation of advertisements. Knockouts may use print, television, radio, Internet or other media for advertisements and promotions. Knockouts may engage in local, regional, or national advertising. Knockouts is not required to spend any particular amount on advertising in Franchisee's Territory.

ii. Knockouts may use the Brand Development Fee to meet or reimburse itself for any cost of conducting market research, producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures and other marketing materials to franchisees;). Knockouts will not use Brand Development Fee for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using Brand Development Fees (including Internet advertising) information concerning franchise opportunities. A portion of the Brand Development Fee may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by prospective franchise candidates.

iii. The Brand Development Fee account is not a trust or escrow, and neither we nor our Affiliates assume any fiduciary duty in administering the Brand Development Fee monies or for any other reason. The Brand Development Fee monies are not maintained separately. There is no

requirement that the Brand Development Fee monies be audited. Knockouts will have an accounting of the Brand Development Fee monies prepared each year and will provide Franchisee with a copy upon request.

C. Grand Opening. Franchisee shall conduct a grand opening at Franchisee's expense in the form, and using the advertising and promotional campaign and materials, reasonably designated or authorized by Knockouts. Franchisee shall be required to spend the then-current expenditure requirement for the grand opening, but not less than $10,000. The grand opening advertising campaign shall be conducted in the 60-day period comprising the 30 days prior to and 30 days following the Salon's opening. All advertisements proposed to be used in the grand opening advertising campaign are subject to Knockouts' review and approval at least four business days prior to use.

D. Pricing. With respect to the offer and sale of all Salon products and services, Knockouts may from time to time offer guidance with respect to the selling price for such products and services. Franchisee shall have the right to sell its products and provide services at any price that Franchisee may determine, except that Knockouts reserves the right to establish maximum, minimum, or other retail pricing requirements to the extent permitted by law. Franchisee shall execute any instruments or other writings required by Knockouts to facilitate the provision of such products and services. If Franchisee elects to sell any or all its products or merchandise at any price recommended by Knockouts, Franchisee acknowledges that Knockouts has made no guarantee or warranty that offering such products or merchandise at the recommended price will enhance Franchisee's sales or profits.

E. Pre-Approval. All advertising and promotion by Franchisee in any medium shall be conducted in a professional manner and shall conform to the standards and requirements of Knockouts as set forth in the Operations Manual or otherwise. Franchisee shall obtain Knockouts' approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by Knockouts or previously approved by Knockouts during the 12 months prior to their proposed use. Franchisee shall submit such unapproved plans and materials to Knockouts, and Knockouts shall approve or disapprove such plans and materials within 15 business days of Knockouts' receipt thereof. Franchisee shall not use such unapproved plans or materials until they have been approved by Knockouts, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Knockouts. Franchisee shall not advertise or use Knockouts' Marks in any fashion on the Internet or via other means of advertising through telecommunication without the written consent of Knockouts.

8. FINANCIAL STANDARDS

A. Records and Reports. Franchisee shall maintain and furnish to Knockouts upon request all computer data and computer-generated reports, whether stored electronically in Franchisee's computer system or by a third-party data warehousing service. Franchisee shall furnish to Knockouts all information, books and records relating to the Salon as Knockouts periodically may require, on forms designated by Knockouts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by Knockouts from time to time in the Operations Manual or otherwise in writing. Franchisee shall furnish its annual financial statements to Knockouts within 60 days after Franchisee's fiscal year end. All sales shall be recorded in a manner prescribed by Knockouts. All records shall be made available to Knockouts for at least three years following the end of Franchisee's fiscal year to which they pertain. Franchisee shall keep all such records where they are readily available to Knockouts and shall permit Knockouts to inspect,

copy, and audit them at any time. Franchisee hereby appoints Knockouts its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state and/or federal taxing authority pertaining to the Salon. This power of attorney shall survive the expiration or termination of this Agreement.

B. Financial Management. Franchisee shall make available sufficient working capital to permit operation of the Salon in compliance with this Agreement. Franchisee shall pay the debts of, and taxes and assessments against, the Salon. Franchisee shall discharge any encumbrance against the Salon (except those incurred in connection with Franchisee's long-term financing of the Salon) within 30 days of its creation.

C. Monthly Marketing Report. Franchisee shall submit to Knockouts by the 10th day of the month a monthly marketing report (the "Monthly Marketing Report") printed from the Salon's computer system, certified by Franchisee, showing such information pertaining to Franchisee's operation hereunder as Knockouts periodically may require. The Monthly Marketing Report shall show the computation of the Royalty Fee and any other recurring fees and shall be accompanied by payment in full of all amounts owed. Franchisee understands and agrees that the receipt or acceptance by Knockouts of any of the statements furnished or royalties paid to Knockouts (or the cashing of any royalty checks or processing of any electronic fund transfers) shall not preclude Knockouts from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by Franchisee and the appropriate payment shall be made by Franchisee.

D. Right to Conduct Audit or Review. Knockouts or its authorized representative shall at all times be entitled to conduct an audit or review of Franchisee's books and records. Audits will be conducted during normal business hours at the Location or at Franchisee's normal place of business. If such an audit or review reveals a misstatement of 5% or greater in any data reported by Franchisee, or an underpayment of 2% or more of any fees due to Knockouts, Franchisee shall, in addition to other remedies, promptly reimburse Knockouts' cost of conducting the audit or review, including reasonable professional fees. Franchisee shall pay additional amounts found due within 10 days after Franchisee is notified. If no underpayment or misstatement as described in this Section is found to exist, Knockouts will pay the costs associated with the audit or review.

i) A representative of Franchisor may make visits to the Franchised Business to ensure compliance with all required standards, specifications and procedures. Franchisor's representative will be allowed to inspect the condition and operation of the Franchised Business and all areas of the Franchised Business at any time during normal business hours. Such inspections may include without limitations, conducting any type of audit or review necessary to evaluate the compliance with all required payments, standards, specifications or procedures. Franchisor may from time to time, make suggestions and give mandatory instructions with respect to the operation of the Franchised Business, as Franchisor deem necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System. Franchisee expressly agree that these visits will not imply that Franchisee is in compliance with its obligations under this Agreement or under the law or that Franchisor waives their right to require strict compliance with the terms of this Agreement or the Operations Manual. Furthermore, such visits will not create any responsibility or liability for Franchisor. If Franchisee requests that Franchisor make additional visits to the Franchised Business, Franchisee will pay the fees established by Franchisor for such visits. Franchisee will also allow Franchisor to visit the Franchised Business with prospective franchisees during normal business hours.

E. Records Defined. As used in this Section 8, the terms "records" shall include, but not be limited to, cash register recordings, purchase records, bank statements, sales journals, payroll tax returns,

sales receipts, employment records, financial statements, and other records normally maintained by such business.

F. Authorized Disclosure. Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which Franchisee does business to disclose to Knockouts any requested financial information in their possession relating to Franchisee or the Salon. Franchisee authorizes Knockouts to disclose data from Franchisee's reports, if Knockouts determines, in its sole discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

9. INSURANCE

A. Coverages Required by Law. Franchisee shall, at its sole cost and expense, maintain all insurance required by state or federal law, including workers' compensation or other insurance required for its employees, and including all insurance required under the lease for the Location and the operation of the KNOCKOUTS business.

B. Coverages Required by Knockouts. In addition to the foregoing coverages, Franchisee shall purchase and maintain in full force and effect during the term of this Agreement:

i) Commercial general liability insurance including product liability and professional liability in a minimum amount of $2,000,000 combined single limit per occurrence and $3,000,000 aggregate, or such greater limits as Knockouts may reasonably prescribe;

ii) "All Risk" or special property coverage of not less than the current replacement cost of the glass, equipment, fixtures and leasehold improvements at the Location sufficient in amount to restore the Salon promptly to full operations;

iii) Business interruption insurance;

iv) Workers' compensation insurance as may be required by law, and

v) Other insurance required by state or locality in which the Salon is located and operated.

C. Additional Requirements. All insurance policies procured and maintained by Franchisee pursuant to this Agreement shall:

i) Name Knockouts and its Affiliates and officers, directors, managers and partners as additional insureds;

ii) Contain a waiver of subrogation in favor of Knockouts; and

iii) Undertake to notify Knockouts 30 days in advance of any cancellation or material change in the policy.

D. In connection with any construction, leasehold improvements, renovation, refurbishment, or remodeling of the premises of the Franchised Business, the designated project management provider or general contractor shall maintain with a reputable insurer comprehensive general liability insurance (with

comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability, and independent contractors' coverage) in at least the amount of $1,000,000. Each insurance policy shall be written by an insurance company satisfactory to Knockouts, shall name as additional named insureds Knockouts and its Affiliates and their respective officers, directors, partners, and employees, and shall include a statement by Franchisee's insurer that the policy may be canceled or materially altered only upon 30 days' written notice to Knockouts. Franchisee shall provide to Knockouts a copy of its insurance certificate, evidencing required coverages, at least 30 days before construction begins.

Franchisee acknowledges that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect Franchisee from losses in connection with the Salon. Nothing in this Agreement prevents or restricts Franchisee from acquiring and maintaining insurance with higher policy limits or lower deductibles than Knockouts requires.

If Franchisee fails to obtain or maintain the insurance described herein, Knockouts shall have the right, but not the obligation, to procure such insurance, and in such event, Franchisee shall immediately reimburse Knockouts for the costs of such insurance. All general liability and property damage insurance policies shall contain a provision that Franchisees' insurance coverage shall be primary to any coverage Knockouts maintains. Immediately upon execution of the lease for the Location, and thereafter, at least 60 days prior to the expiration of any policy, Franchisee shall deliver to Knockouts certificates of insurance, and if requested, copies of all applicable policies which evidence the proper coverage required by this Agreement.

Franchisee's obligation to obtain and maintain insurance is not limited in any way by reason of any insurance maintained by Knockouts, and Franchisee's compliance with the minimum insurance requirements will not relieve Franchisee of the indemnification obligations under Section 10.

10. INDEMNIFICATION OBLIGATIONS

A. Indemnification. Franchisee shall, at all times, indemnify and hold harmless to the fullest extent permitted by law, Knockouts, its successors and assigns, their respective partners and Affiliates and the officers, directors, shareholders, partners, managers, agents, representatives, independent contractors, servants, and employees of each of them ("Indemnities"), from all "losses and expenses" (as defined in Section 10.C. below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

i) The infringement, alleged infringement or any other violation or alleged violation by Franchisee of any patent, mark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder);

ii) The violation, breach, or asserted violation or breach by Franchisee of any federal, state, or local law, regulation, ruling, standard, directive, or any industry standard;

iii) Libel, slander or any other form of defamation of Knockouts, the System or any developer or franchisee operating under the System, by Franchisee;

iv) The violation or breach by Franchisee of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between Franchisee or any of its Affiliates and

Knockouts, or the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of any of them;

v) The failure of Franchisee, its Controlling Principals, its employees or its contractors to properly perform the services contemplated hereunder; and

vi) Acts, errors, or omissions of Franchisee, any of Franchisee's Affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, and employees of Franchisee and its Affiliates in connection with the establishment and operation of the Salon, including, but not limited to, any acts, errors, or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that Knockouts cannot and does not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, Franchisee or any employee, agent or independent contractor of Franchisee and that the safe operation of any motor vehicle is, therefore, Franchisee's responsibility.

B. Notice and Defense of Claims. Franchisee agrees to give Knockouts prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of Franchisee, Knockouts may elect to assume (but under no circumstance is obligated to undertake) or associate counsel of its own choosing with respect to the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Knockouts shall, in no manner or form, diminish the obligation of Franchisee to indemnify the Indemnities and to hold them harmless.

C. Losses and Expenses Defined. As used in this Section 10, the phrase "losses and expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to Knockouts' reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described. All losses and expenses incurred under this Section 10 shall be chargeable to and paid by Franchisee pursuant to its obligations of indemnity under this Section 10, regardless of any actions, activity or defense undertaken by Knockouts or the subsequent success or failure of such actions, activity, or defense.

D. Survival. Franchisee expressly agrees that the terms of this Section 10 shall survive the termination, expiration, or transfer of this Agreement or any interest herein.

11. KNOCKOUTS' RIGHT OF FIRST REFUSAL

A. Definitions. For purposes of this Section 11, the following words and phrases will have these definitions:

i) "Assignment" — includes Franchisee's assignment, transfer, sale, gift, or other disposition of any interest in: (i) this Agreement; (ii) the Franchisee entity; (iii) the Salon governed by this Agreement; or (iv) the assets or a substantial portion of the assets of the Salon.

ii) "Controlling Interest" — a person will be deemed to have a controlling interest in Franchisee if that person has the possession, directly or indirectly, of the power to direct or cause the direction of the management of Franchisee, whether through ownership, voting rights, by contract, or otherwise.

iii) "Franchisee" — includes all persons and entities with a direct or indirect ownership interest in this Agreement.

B. Offer to Knockouts. If Franchisee desires to make an Assignment or otherwise dispose of all or any part of Franchisee's interest in this Agreement, Franchisee shall first offer the proposed transaction to Knockouts.

C. Exclusions. Notwithstanding the terms of Section 11.B., the right of first refusal shall not apply if the assignee, transferee, or beneficiary is: (i) the spouse or child of Franchisee; (ii) a corporation or other entity owned and controlled solely by Franchisee; or (iii) already a shareholder or equity owner and the transaction does not result in a change in Controlling Interest. Franchisee must obtain Knockouts' prior written approval to the Assignment and must comply with all of the terms and conditions of Section 11 of this Agreement.

D. Documentation Required. In the event of a proposed Assignment, Franchisee shall provide the following information to Knockouts:

i) A purchase agreement or letter of intent signed by the proposed assignee or other party to the transaction and by Franchisee, specifying all the material terms and conditions of the offer including price and payment terms;

ii) A copy of the Salon's most recent income statement and the income statement from the Salon's last fiscal year end;

iii) A copy of the lease for the Location;

iv) Current financial statements of the proposed assignee; and

v) Any other information or documents as reasonably requested by Knockouts.

E. Notice to Franchisee. Knockouts will have 30 days from receipt of all of the above materials to accept the offer, by written notice to Franchisee, on the price and payment terms (or pay to Franchisee the cash equivalent of the price and payment terms) of the third-party offer. If the proposed transaction includes assets not related to the operation of the Salon, Knockouts may choose to purchase only the assets related to the operation of the Salon. In the event that Knockouts does not exercise its right of first refusal and the offer changes in any way, or another offer is made to Franchisee, this new offer must also be presented to Knockouts. Knockouts will have 30 days to accept the new offer, by written notice to Franchisee, on the price and terms (or pay to Franchisee the cash equivalent of the price and payment terms) of the third-party offer. Any offer that Knockouts does not match must be consummated within 120 days from the date that Knockouts informs Franchisee of its intent not to exercise its right of first refusal. If the transaction is not consummated within 120 days, Knockouts will have the right to re-evaluate and match the offer if it elects to do so by notice to Franchisee.

F. Cash Equivalent Offer. Knockouts will have the right to replace the price and payment terms in the original purchase offer with a cash offer ("cash equivalent"). If Knockouts exercises its right of first refusal by making a cash equivalent offer and there is any dispute concerning whether Knockouts' offer is equivalent to the price and payment terms then the following dispute resolution procedure shall be used. Franchisee will have seven days after the receipt of Knockouts' cash equivalent offer to notify Knockouts that it claims that Knockouts' offer is not of equivalent value to the price and payment terms of the transaction. If, within seven additional days, Knockouts and Franchisee cannot resolve the dispute

through negotiation, then Knockouts and Franchisee will each appoint a separate national certified public accounting firm to make an independent determination of what the cash equivalent of the price and payment terms of the transaction would be. Knockouts and Franchisee will each bear their own costs of the work of the separate national certified public accounting firm appointed by each of them to perform this task. The accounting firms appointed to resolve this matter will finish their work within 30 days of appointment. The final amount that will be used as the cash equivalent will be the average of the amounts determined by each of the accounting firms. Upon that determination, Knockouts will have the option of proceeding with its right of first refusal, using the cash equivalent amount determined by this process. This dispute resolution mechanism will be final, binding, and non-appealable as a fully arbitrated resolution of this matter. The mandatory use of this dispute resolution mechanism to determine the cash equivalency of the transaction terms for this right of first refusal will constitute an exception to any other mechanism for the resolution of disputes as set forth in Section 13.E. of this Agreement.

12. ASSIGNMENT OF FRANCHISE

A. Assignment by Knockouts. Knockouts shall have the right, without the need for Franchisee's consent, to assign, transfer, sell or delegate any or all of its rights or obligations under this Agreement to any person, partnership, corporation or other legal entity, provided that the transferee agrees in writing to assume all obligations undertaken by Knockouts herein and Franchisee receives a statement from both Knockouts and its transferee to that effect. Upon such assignment and assumption, Knockouts shall be under no further obligation hereunder, except for accrued liabilities, if any. Franchisee further agrees and affirms that Knockouts may go public; may engage in a private placement of some or all of its securities; may merge, acquire other business entities, or be acquired by another business entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above dispositions, Franchisee expressly and specifically waives any claims, demands, or damages arising from or related to the loss of Knockouts' name, Marks (or any variation thereof) and System and/or the loss of association with or identification of Knockouts as the franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing dispositions.

Franchisee agrees that Knockouts has the right, now or in the future, to purchase, merge, acquire or affiliate with other competitive or non-competitive businesses regardless of the location of that business' facilities, and to operate, franchise or license those businesses as KNOCKOUTS salons operating under the Marks or any other marks following Knockouts' purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Franchisee acknowledges may be within its Territory, proximate thereto, or proximate to any of Franchisee's locations). If Knockouts assigns its rights in this Agreement, nothing herein shall be deemed to require Knockouts to remain in the hair care business or to offer or sell any products or services to Franchisee.

B. Assignment by Franchisee. The rights granted to Franchisee pursuant to this Agreement may be assigned or transferred by Franchisee only with the prior written consent of Knockouts. Whether Franchisee is an individual, group of individuals, partnership, corporation, limited liability company or other entity, any assignment (or new issuance), directly or indirectly, occurring as a result of a single transaction or a series of transactions that alters the Percentage of Ownership Interest reflected in Section 17.C. of this Agreement is an "assignment" within the meaning of this Section and must be consented to by Knockouts. Franchisee must apply for consent to an assignment on Knockouts' forms, accompanied by the Transfer Fee described in Section 12.F. and proposed purchase agreement or other agreement signed by the Franchisee and the proposed assignee. Any unauthorized assignment is a breach of this Agreement, void, and of no effect.

C. Restrictions. Franchisee may not assign more than a 50% interest in this Agreement to any person, persons, or entity who is not currently a party to this Agreement if the Salon is not yet operational. Franchisee may not assign any interest whatsoever in this Agreement if the Salon is temporarily closed due to a pending relocation, as authorized by Knockouts under Section 6.C., Franchisee may not include any of the Marks licensed under this Agreement when advertising the sale of its KNOCKOUTS business in newspapers, magazines, journals, via electronic media, or in any other public forum.

D. Conditions to Approval of Assignment. If Knockouts declines to exercise its right of first refusal set forth in Section 11 and Franchisee wishes to transfer all or part of its interest in the Salon or this Agreement, or if Franchisee or a Controlling Principal wishes to transfer any ownership interest in Franchisee (including the sale or transfer of all or substantially all of the assets of the Salon) transferor and the proposed transferee shall apply to Knockouts for its consent. Knockouts shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, in the Salon or in this Agreement. Knockouts may, in its sole discretion, require any or all of the following as conditions of its approval:

i) All of the accrued monetary obligations of Franchisee or any of its Affiliates and all other outstanding obligations to Knockouts arising under this Agreement or any other agreement shall have been satisfied in a timely manner and Franchisee shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

ii) Franchisee and its Affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its Affiliates and Knockouts, and Franchisee shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

iii) The transferor and its principals (if applicable) shall have executed general release and covenant not to sue, in a form prescribed by Knockouts, of any and all claims against Knockouts and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising;

iv) The transferee shall demonstrate to Knockouts' reasonable satisfaction that transferee meets the criteria considered by Knockouts when reviewing a prospective franchisee's application for a license, including, but not limited to, Knockouts' educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); transferee's financial resources and capital for operation of the business; and the geographic proximity and number of other salons owned or operated by transferee;

v) The transferee shall enter into a written agreement, in a form satisfactory to Knockouts, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements;

vi) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal terms as may be provided by this Agreement, the then-current form of franchise agreement and other ancillary agreements as Knockouts may require for the Salon, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of

which agreements may differ from the terms of this Agreement, including, without limitation, the then-current system wide Royalty Fee and other recurring fees; provided, however, that the transferee shall not be required to pay any initial franchise fee; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements;

vii) The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Salon to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the system wide standards within the time period reasonably specified by Knockouts;

viii) The transferor shall remain liable for all of the obligations to Knockouts in connection with the Salon incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Knockouts to evidence such liability;

ix) At the transferee's expense, the transferee, the transferee's operating principal, general manager (as applicable) and/or any other applicable Salon personnel shall complete any training programs then in effect for franchisees of Salons upon such terms and conditions as Knockouts may reasonably require;

x) The transferee shall have completed and executed the Franchisee Disclosure Questionnaire, which is attached to the franchise disclosure document as Exhibit I; and

xi) The Transfer Fee set forth in Section 12.F. shall have been paid to Knockouts.

E. Execution of Assignment. If the assignee is approved by Knockouts, the assignee will execute and deliver to Knockouts the then-current standard form of Knockouts Franchise Agreement which may be materially different than this Agreement. The assignee and each of the assignee's shareholders or equity owners that will have a 10% or greater interest in the Franchise Agreement shall personally guaranty performance of the Franchise Agreement on Knockouts' form of Guaranty, the form of which is attached hereto as Attachment C. Notwithstanding the execution by the assignee of the then-current form of Franchise Agreement, the assignee will assume the balance remaining of the term of this Agreement with the attendant renewal provisions. The assignee shall not be required to pay an Initial Franchise Fee for the then-current Franchise Agreement.

F. Transfer Fee. Franchisee shall pay to Knockouts, a Transfer Fee which shall be $12,000. The Transfer Fee shall be paid upon Franchisee's request for consent to the proposed assignment. If Knockouts declines its consent to a proposed assignment, Knockouts shall refund the Transfer Fee without interest, less its costs in connection with the proposed assignment. The Transfer Fee is otherwise non-refundable.

G. Assignment to Controlled Entity. Knockouts shall consent to Franchisee's assignment of this Agreement to a corporation or other business entity whose shares are wholly-owned and controlled by Franchisee provided that: (i) Franchisee provides a copy of Franchisee's Articles of Incorporation, partnership documents or a copy of the fully-executed legal documents that reflect the formation of such entity, including evidence of distribution of ownership; (ii) Franchisee applies for Knockouts' consent on Knockouts' form; (iii) Franchisee and each of Franchisee's shareholders or equity owners with a 10% or greater interest in this Agreement sign a personal Guaranty and agree to be bound by the provisions of the Franchise Agreement; (iv) Franchisee and each of Franchisee's shareholders or equity owners with a 10%

or greater interest in this Agreement sign a general release in favor of Knockouts, and (v) Franchisee pays the Transfer Fee.

H. Death or Disability. In the event of the death, disability or incapacity of any individual franchisee or a Controlling Principal, the transferee, assignee or beneficiary must apply for Knockouts' consent to assignment of the Franchise Agreement. The assignment shall not be valid or effective until Knockouts has received the properly executed legal documents which it deems necessary to properly and legally document the transfer, assignment or bequest of this Agreement, and until the transferee, assignee or beneficiary agrees to be unconditionally bound by the terms and conditions of this Agreement and to personally guarantee the performance of Franchisees' obligations under this Agreement. The transferee, assignee, or beneficiary will be required to comply with all of the terms and conditions of Sections 11 and 12 of this Agreement including the payment of the Transfer Fee owed under Section 12.F.

13. GOVERNING LAW, VENUE, AND REMEDIES

A. Governing Law. This Agreement, after review by Knockouts, was accepted in the State of Texas and shall be interpreted, construed and governed according to the internal laws, and not the laws pertaining to choice or conflict of laws, thereof, except that:

i) The laws of the state in which the Franchised Business is to be located which govern the offer, sale and registration of franchises, including, without limitation, any so-called "Little FTC Act" of such state, shall apply to the offer, sale, and registration of the KNOCKOUTS franchise granted by this Agreement and not such laws of the State of Texas (unless the Franchised Business is to be located in Texas); and

ii) The laws of the jurisdiction in which any action to enforce any covenants not to compete provided or referenced herein shall govern such covenants not to compete, without giving effect to the principles pertaining to choice or conflict of laws thereof.

B. Remedies. No right or remedy herein conferred upon or reserved to Knockouts is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every right or remedy.

C. Attorneys' Fees and Costs of Enforcement. In the event Knockouts is required to pursue the enforcement of this Agreement, either in litigation or otherwise, Franchisee shall reimburse Knockouts for all costs incurred in the enforcement of this Agreement, including but not limited to administrative, supervisory, or training costs; reasonably attorneys' and expert fees; costs of travel; costs of public relations; costs of audit and inspections or investigations; and other costs associated with the enforcement of this Agreement or to resolve non-compliance matters or other defaults.

D. Mediation. Franchisee agrees that as a condition precedent to its bringing of any mediation action to enforce any rights hereunder or to assert a claim for damages in connection herewith, that Franchisee will give Knockouts 10 days prior written notice of Franchisee's intent to bring such action and, upon Knockouts election to require mediation as provided herein (which election shall be made by written notice given within 10 days of receipt of Franchisee's written notice), Franchisee agrees to submit to non-binding mediation in accordance with Sections 154.001 et seq. of the Texas Civil Practice & Remedies Code in Plano, Texas. Franchisee's failure to give the notice required by this Section shall be grounds for the staying of any such legal action pending submission to such non-binding mediation. Claims related to Franchisee's nonpayment of any fees under this Agreement to Knockouts, and termination of this Agreement by either party for any reason are specifically excluded from this Section 13.D. Neither illness,

covid, inconvenience, weather, or any other reason shall serve to excuse Franchisee's personal appearance for mediation.

E. Arbitration. Except as expressly set forth herein, all disputes, claims and controversies arising out of or relating to this Agreement or any other agreement between the parties hereto or a breach thereof shall be settled totally and finally by arbitration in Plano, Texas or such other location as the parties prescribe in accordance with this Agreement and the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"). Except as expressly set forth herein, arbitration shall be the exclusive method available for resolution of such claims and disputes.

i) Such arbitration shall be conducted before a single arbitrator selected by the mutual agreement of the parties. If the parties cannot agree upon a single arbitrator within 30 days after written demand for arbitration, the arbitrator will be selected pursuant to the Rules. All arbitrators shall be knowledgeable and have experience in the franchise industry and be selected from the panel which the American Arbitration Association provides. Each party to the arbitration shall be responsible for their own cost and expenses of arbitration, including legal and filing fees. In the arbitration, any and all pretrial discovery methods, including, but not limited to, the taking of depositions of witnesses, written interrogatories, request for production, inspection and copying and documents shall be available to the parties subject to the reasonable limitations set forth by the arbitrator. The presentations of the parties and the arbitration proceedings shall be commenced and completed within 60 days after selection of the arbitrator and the arbitrator shall render its decision in writing within 30 days after completion of such presentations. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. At the request of any party, the arbitrator shall make and provide to the parties, written findings of facts and conclusions of law. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

ii) Furthermore, notwithstanding the foregoing, the arbitrator shall have no jurisdiction over disputes relating to the ownership, validity, use, or registration of any Mark, copyright or proprietary or Confidential Information of Knockouts, without Knockouts' prior written consent. Knockouts may seek any applicable remedy in any applicable forum with respect to these disputes. In addition to obtaining monetary damages, Knockouts may obtain injunctive relief against misuse of Knockouts' Marks, copyrights, or Confidential Information.

iii) Notwithstanding the foregoing, nothing contained herein shall be construed to limit or prevent Knockouts from terminating this Agreement or applying to and obtaining from any court, having jurisdiction a writ of attachment, a temporary injunction, a preliminary injunction or any other injunctive or emergency relief available to safeguard and protect Knockouts' interests prior to the filing of or during or following any arbitration or other proceeding or pending the handing down of a decision or award in connection with any arbitration or other proceeding.

iv) Nothing contained herein shall be deemed to give the arbitrators any authority, power, or right to alter, change, amend or modify, add to or subtract from any provisions of this Agreement.

v) Arbitration will be conducted on an individual, and not a class-wide basis, and the arbitration may not be joined or consolidated with any other proceeding.

Claims related to Franchisee's nonpayment of any fees under this Agreement to Knockouts are specifically excluded from this Section 13.E.

vi) Neither illness, covid, inconvenience, weather, or any other reason shall serve to excuse Franchisee's personal appearance for depositions or evidentiary hearings.

F. Injunctive Relief. If Knockouts shall desire to seek specific performance or other extraordinary relief including, but not limited to, injunctive relief under this Agreement and any amendments thereto, or to collect monies due, then any such action shall not be subject to arbitration and Knockouts shall have the right to bring such action as described in Section 13.G.

G. Venue. With respect to any claims, controversies or disputes which are not finally resolved through arbitration as otherwise provided above, Franchisee hereby irrevocably submits to the jurisdiction of the state or federal court serving the judicial district in Collin County, Texas. Franchisee hereby waives all questions of personal jurisdiction for the purpose of carrying out this provision. Franchisee further agrees that venue for any proceeding relating to or arising out of this Agreement shall be brought and maintained exclusively in the state or federal court serving the judicial district in Collin County, Texas; provided, however, with respect to any action for monies owed or for injunctive or other extraordinary relief, Knockouts may bring such action in any state or federal district court which has jurisdiction.

G. Contractual Limitations Period. No legal action or proceeding may be brought against Knockouts or its officers, directors, agents, or employees, for any claim or cause of action (whether sounding in contract, tort, or otherwise) unless such action or proceeding is instituted within two years and one day from the date the claim or cause of action accrued. This provision is intended to shorten any applicable statute of limitations to the extent permitted by law.

H. WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

I. WAIVER OF PUNITIVE DAMAGES. WITH THE EXCEPTION OF KNOCKOUTS' RIGHT TO SEEK INDEMNIFICATION FOR THIRD PARTY CLAIMS AS SET FORTH IN THIS AGREEMENT AND ITS RIGHT TO SEEK RECOVERY OF LOST FUTURE PROFITS, INCLUDING LIQUIDATED DAMAGES AS SET FORTH IN SECTION 15.L., IN THE EVENT OF FRANCHISEE'S BREACH OF THIS AGREEMENT THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

J. WAIVER OF CLASS ACTION. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY CLAIM, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY PARTY.

K. ADA Certification. At its sole expense, Franchisee shall furnish evidence satisfactory to Knockouts that the Franchised Business and Salon are designed, constructed, and altered in compliance, at all times, with the requirements of the Americans With Disabilities Act of 1990, the regulations now or hereafter adopted pursuant thereto, and any and all applicable state or local laws, statutes, ordinances, rules and regulations concerning public accommodations for disabled persons now or hereafter in effect. Franchisee acknowledges that it is an independent contractor and the requirement of this certification which is hereby provided by Franchisee does not constitute ownership, control, leasing or operation of the

Franchised Business by Knockouts. Franchisee acknowledges that Knockouts has relied upon the information contained in this certification. Furthermore, Franchisee acknowledges its obligation under this Franchise Agreement to indemnify Knockouts and the officers, members, managers, and employees of Knockouts in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified parties as a result of any matters associated with Franchisee's required compliance with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same. Franchisee shall indemnify, defend, and hold harmless the Knockouts from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, reasonable attorney's fees and disbursements) arising from Franchisee's failure to comply with this Section 14.L. obligation.

14. TERMINATION

A. Automatic Termination. This Agreement will terminate automatically, without notice and without an opportunity to cure if (i) Franchisee files a voluntary petition under federal bankruptcy law or under any similar law or statute of the United States or any state thereof; (ii) if Franchisee is determined to be insolvent within the meaning of any state or federal law or becomes a party to any bankruptcy proceedings; or (iii) if Franchisee makes an assignment for the benefit of creditors or enters into an arrangement for the disposition of its assets for the benefit of creditors.

B. Immediate Termination. Knockouts will have the absolute right and privilege, unless prohibited by applicable law, to immediately terminate this Agreement if:

i) Franchisee does not execute a lease for the Salon within six months of the date of this Agreement;

ii) Franchisee fails to open the Salon within 12 months after the date of this Agreement;

iii) Franchisee fails to complete the training program to Knockouts' satisfaction;

iv) Any act or practice by Franchisee impairs or imminently threatens to impair the goodwill associated with the Marks or System;

v) Franchisee at any time ceases to operate or otherwise abandons the KNOCKOUTS business, or loses the right to possession of the premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Salon is located; provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, fire or other catastrophe or other forces beyond Franchisee's control), if through no fault of Franchisee, the premises are damaged or destroyed by an event as described above, provided that Franchisee applies within 30 days after such event, for Knockouts' approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation;

vi) Franchisee is convicted of, or has entered a plea of nolo contendere to, a felony, a crime involving moral turpitude, that Knockouts believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Knockouts' interests therein;

vii) Franchisee operates the Salon or sells any products or services authorized by Knockouts for sale at the Salon at a location which has not been approved by Knockouts;

viii) A threat or danger to public health or safety results from the construction, maintenance, or operation of the Knockouts business;

ix) Franchisee purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or the Salon to any third party without Knockouts' prior written consent or without offering Knockouts a right of first refusal with respect to such transfer, contrary to the terms of Section 11 of this Agreement;

x) Franchisee knowingly maintains false books or records, or submits any false reports to Knockouts;

xi) Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Knockout's rights therein; provided that, notwithstanding the above, Franchisee shall be entitled to notice of such event of default and shall have twenty-four hours to cure such default; or

xii) Franchisee commits three material events of default under this Agreement or any other agreement between Franchisee and Knockouts or any of its Affiliates, within any 12-month period, (or failure to comply on two or more separate noticed occasions) whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Franchisee after notice by Knockouts; or

xiii) Franchisee fails to comply with notification requirements set forth in Section 6.BB. concerning investigations, certain occurrences, and Crisis Management Events.

If this Agreement is terminated pursuant to this Section, Knockouts will give Franchisee written notice that this Agreement is terminated. Unless applicable law applies to the contrary, the effective date of termination of this Agreement will be the day written notice is given to Franchisee.

C. Grounds for Termination. Either party may terminate this Agreement for "good cause." Good cause for termination by either party is a material breach of this Agreement or any other Franchise Agreement Franchisee has entered into with Knockouts for a Knockouts salon, or intentional, repeated, or continuous breach of any provision of this Franchise Agreement or any other Agreement. Good cause for termination of this Agreement by Knockouts also includes:

i) Franchisee's failure to comply with the System and standards of uniformity and quality established by Knockouts;

ii) Franchisee's failure to make when due any payment pursuant to any Franchise Agreement, promissory note, other contract or other obligation payable by Franchisee to Knockouts;

iii) Franchisee's failure to pay its obligations owing to suppliers, landlord, bank, other creditors or any federal, state, and municipal government, including federal and state taxes;

iv) Franchisee commits a breach not otherwise provided for in Section 14.A. or 14.B. of this Agreement and fails to cure such breach with 30 days after notice thereof; and

v) Franchisee's understatement of Gross Sales.

D. Notice of Breach. Unless terminated in accordance with Section 14.A. or B., the party who seeks to terminate this Agreement shall give the other party written notice stating the grounds relied upon for termination. If the stated grounds for termination are for nonpayment of amounts due or the understatement of Gross Sales, Franchisee will have seven days after the notice to cure the alleged breach. If applicable law does not specify a time period to cure an alleged breach, then the party will have 30 days after the notice to cure the alleged breach. However, if the breach is not corrected within the cure period, the termination will then become effective upon expiration of the cure period.

E. Step In Rights. To prevent any interruption of the business of the Salon, Franchisee hereby authorizes Knockouts, and Knockouts shall have the right, but not the obligation, to operate the Salon on its behalf for as long as Knockouts deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement, in the event that: (a) Franchisee's Manager is absent or incapacitated by reason of illness, death or disability and, therefore, in Knockouts' sole determination, Franchisee is not able to operate the Salon in full compliance with this Agreement, or (b) any allegation or claim is made against Franchisee or any of its owners, or the operation of the Salon, involving or relating to fraudulent, deceptive or illegal practices or activities. If Knockouts undertakes to operate the Salon pursuant to this Section 14.E., Knockouts shall have the right to collect and pay from the revenues of the Salon all operating expenses including, without limitation, Royalty Fees, Brand Development Fees, and employee salaries, and further shall be entitled to collect, as compensation for its efforts, a reasonable management fee not to exceed 10% of Gross Sales. Franchisee shall indemnify and hold harmless Knockouts from any and all claims arising from the alleged acts and omissions of Franchisor and its representatives.

F. Default or Pre-Termination Rights. Prior to the termination of this Agreement, if Franchisee fails to pay any amounts owed to us or our Affiliates, fail to comply with any term of this Agreement or notify Knockouts that the Franchised Business is closing, then in addition to Knockouts' right to terminate this Agreement or to bring a claim for damages, Knockouts has the option to:

i) Remove the listing of Franchisee's Salon from all advertising published or approved by us;

ii) Cease listing Franchisee's Salon on any technology platforms;

iii) Prohibit Franchisee from attending any meetings or programs held or sponsored by us;

iv) Terminate Franchisee's access to any computer system or software Knockouts owns, maintains or licenses to Franchisee (whether licensed by us or by one of our Affiliates);

v) Suspend all services Knockouts or our Affiliates provide to you under this Agreement or otherwise;

vi) Contact Franchisee's landlord, lenders, suppliers, and member regarding the status of Franchisee's operations, and provide copies of any default or other notices to Franchisee's landlords, lenders and suppliers; and/or

vii) In addition, if Franchisee notifies Knockouts that Franchisee is closing the Salon or otherwise communicate to others that Franchisee closing its Salon, Franchisee agrees that its billing processor may withhold up to one-half (1/2) of monies that

would otherwise be payable to Franchisee to cover any post-termination obligations Franchisee may have.

Our actions as outlined in Section 15 may continue until Franchisee has brought its accounts current, cured any default and complied with our requirements, and we have acknowledged the same in writing. The taking of any of the actions permitted in this Section will not suspend or release Franchisee from any obligation that would otherwise be owed to us or our Affiliates under the terms of this Agreement or otherwise.

15. POST-TERMINATION OBLIGATIONS

Upon the termination, expiration, or non-renewal of this Agreement:

A. Franchisee shall immediately cease to operate the KNOCKOUTS business under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Knockouts.

B. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any Confidential Information or methods, computer software, procedures, and techniques associated with the System; the Marks; and all other distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove Knockout's distinctive boxing ring décor and all other proprietary or non-proprietary design items and otherwise de-identify the Salon as may be necessary to distinguish the appearance of the Salon from that of other KNOCKOUTS salons, and shall make such specific additional changes as Knockouts may reasonably request for that purpose.

C. Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the marks "Knockouts" and "KO" or any other service mark or trademark of Knockouts, and Franchisee shall furnish Knockouts with evidence satisfactory to Knockouts of compliance with this obligation within five days after termination or expiration of this Agreement.

D. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which may cause confusion, mistake or deception, or which is likely to dilute Knockouts' rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Knockouts constituting unfair competition.

E. Franchisee and its Affiliates shall promptly pay all sums owing to Knockouts. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Knockouts as a result of any default by Franchisee, which obligation shall give rise to and remain, until paid in full, a lien in favor of Knockouts against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default.

F. Franchisee and its Affiliates shall pay to Knockouts all damages, costs and expenses, including reasonable attorneys' fees, incurred by Knockouts in connection with obtaining any remedy available to Knockouts for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Section 15.

G. Franchisee shall immediately deliver to Knockouts the Operations Manual, software licensed by Knockouts, if any, records, files, instructions, correspondence, all materials related to operating the Salon, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Salon in Franchisee's possession or control, and all copies thereof (all of which are acknowledged to be Knockouts' property), and shall retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement, and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

H. Franchisee and its Affiliates shall comply with the restrictions on Confidential Information contained in Section 6.N. of this Agreement and shall also comply with the non-competition covenants contained in Section 6.O.

I. Franchisee shall also immediately furnish Knockouts an itemized list of all advertising and sales promotion materials bearing the Marks or any of Knockouts' distinctive markings, designs, labels, or other marks thereon, whether located on Franchisee's premises or under Franchisee's control at any other location. Knockouts shall have the right to inspect these materials. Knockouts shall have the option, exercisable within 30 days after such inspection, to purchase any or all of the materials at Franchisee's cost, or to require Franchisee to destroy and properly dispose of such materials. Materials not purchased by Knockouts shall not be utilized by Franchisee or any other party for any purpose unless authorized in writing by Knockouts.

J. Upon execution of this Agreement, in partial consideration of the rights granted hereunder, Franchisee acknowledges and agrees that all right, title and interest in the signs and advertising materials used at the Salon are owned by and are hereby assigned to Knockouts, and that upon termination or expiration of this Agreement, neither Franchisee nor any lien holder of Franchisee shall have any further interest therein.

K. Franchisee shall assign to Knockouts the telephone and fax number used in the operation of the Salon, and Knockouts may direct that an intercept be placed on the Salon's telephone number.

L. Liquidated Damages. If Franchisee prematurely closes or abandons the Salon, or if Knockouts terminates this Agreement because of Franchisee's material default (which includes failure to pay any amounts owing to Knockouts and failure to pay trade creditors as required by this Agreement), Franchisee shall pay to Knockouts, as liquidated damages and not as a penalty, damages in an amount equal to the average monthly Royalty Fee for the 12-month period immediately preceding termination, multiplied by the number of months remaining in the current term, discounted to present value using a discount factor of 6%. If the Salon was closed during any part of such 12-month period, then the Royalty Fee for any month or partial month in which the Salon was closed will be presumed to be the highest monthly Royalty Fee payable during the 12-month period. The parties agree that this discount factor accounts for risk and other variables and is reasonable. Notwithstanding the foregoing, Knockouts may permit Franchisee to close the Salon and waive its right to collect liquidated damages and lost future profit damages based on premature closure of the Salon if: (1) Franchisee delivers to Knockouts written notice of the proposed closure at least 60 days prior to the closure, (2) the notice includes profit and loss statements for the previous six-month period, prepared according to the accounting method Franchisee uses to prepare Federal income tax reports, (3) the profit and loss statements demonstrate to Knockouts' reasonable satisfaction that the Salon sustained a net cumulative loss during the six-month period despite Franchisee's compliance with this Agreement and Knockouts' standards, and despite that Franchisee's operating expenses were reasonable in Knockouts' sole judgment, and (4) Franchisee and each person who has guaranteed Franchisee's obligations under this Agreement signs a termination agreement and general release of all claims against Knockouts in a form Knockouts prescribes.

16. TRANSFER OF SALON PREMISES AND EQUIPMENT

A. Assignment of Lease. If Franchisee operates the Salon under a lease for the Salon with a third party or, with respect to any lease for equipment used in the operation of the franchised business, then, Franchisee shall, at Knockouts' option, assign to Knockouts any interest which Franchisee has in any lease or sublease for the premises of the Salon or any equipment related thereto. Knockouts may exercise such option at or within 30 days after either termination or (subject to any existing right to renew) expiration of this Agreement. In the event Knockouts does not elect to exercise its option to acquire the lease or sublease for the Salon premises or does not have such option, Franchisee shall make such modifications or alterations to the Salon as are necessary to distinguish the appearance of the Salon from that of other salons operating under the System and shall make such specific additional changes as Knockouts may reasonably request. If Franchisee fails or refuses to comply with the requirements of this Section 16, Knockouts shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. Notwithstanding the provisions of this Section 16 to the contrary, in the event the lease is assigned to Knockouts, Knockouts hereby indemnifies and hold harmless Franchisee and any guarantors under said lease, for any breach by Knockouts or its successors or assigns from any liability arising out of the lease for the Salon premises from and after the date of the assignment of the lease.

B. Equipment. Except as otherwise provided below, Knockouts shall have the option, to be exercised within 30 days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any electronic cash register or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of Franchisee related to the operation of the Salon, for a purchase price equal to the lesser of Franchisee's cost or the then-current liquidation value, to be determined by a qualified independent third-party of Knockouts' choosing. Knockouts shall be purchasing Franchisee's assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Knockouts elects to exercise any option to purchase herein provided, it shall have the right to set off all fees for any such independent appraiser due from Franchisee, all amounts due from Franchisee to Knockouts and any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash.

i) In addition to the options described above and if Franchisee owns the Salon premises, then Knockouts shall have the option, to be exercised at or within 30 days after termination or expiration of this Agreement, to purchase the Salon premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at Franchisee's cost or fair market value, whichever is less. Knockouts shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If Franchisee does not own the land on which the Salon is operated and Knockouts exercises its option for an assignment of the lease, Knockouts may exercise this option for the purpose of purchasing the building if owned by Franchisee and related assets as described above. If the parties cannot agree on fair market value within 30 days of Knockouts' exercise of its option, fair market value shall be determined in accordance with appraisal procedure described above.

ii) With respect to the options described in Section 16, Franchisee shall deliver to Knockouts in a form satisfactory to Knockouts, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which Knockouts deems necessary in order to perfect Knockouts' title and possession in and to the properties being purchased or assigned and to meet

the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Knockouts may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

iii) The time for closing of the purchase and sale of the properties described in Section 16 shall be a date not later than 30 days after the purchase price is determined by the parties or the determination of the appraisers, or such date Knockouts receives and obtains all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in this Section 16 shall be a date no later than 10 days after Knockouts' exercise of its option thereunder unless Knockouts is exercising its options under either Sections 16.A. or B., in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at Knockouts' corporate offices or at such other location as the parties may agree.

C. Assets. Notwithstanding anything to the contrary contained herein, if Franchisee operates the Salon from a premises that is subleased to Franchisee by Knockouts, upon termination (or expiration if Franchisee does not renew) of this Agreement, Knockouts shall have the right to take immediate possession of the assets of the Salon, including, any or all of the furnishings, equipment (including any electronic cash register or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of Franchisee related to the operation of the Salon. Knockouts shall have a lien against all such assets in the amount of any amounts due to Knockouts under this Agreement or any other agreement. Knockouts shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to Franchisee (or to any lender of Franchisee who has a lien holder interest in the assets) the difference between the appraised value and the amounts owed to Knockouts by Franchisee at the time of termination. If the lien on the assets from Franchisee's lender has priority over any lien of Knockouts, and the amount of the lien is in excess of the appraised value of such assets, Knockouts shall have the right to deal directly with Franchisee's lien holder, and to pay any amounts due to Franchisee directly to the lien holder. Franchisee agrees to provide all further assurances, and to execute all documents required by Knockouts or by law to lawfully effect such transfer, and to perfect Knockouts' security interest. Knockouts shall have the right to take such action without the execution of any further documents by Franchisee if Franchisee fails or refuses to comply with these further assurances.

D. Assignment; Power of Attorney. Knockouts shall be entitled to assign any and all of its options in this Section to any other party, without the consent of Franchisee. Franchisee, at the option of Knockouts, shall assign to Knockouts all rights to the telephone numbers of the Salon and any related listing or other business listings and execute all forms and documents required by Knockouts and any telephone company at any time to transfer such service and numbers to Knockouts. Further, Franchisee shall assign to Knockouts all Internet listings, domain names, Internet accounts, advertising on the Internet, websites, listings with search engines, e-mail addresses or any other similar listing or usage related to the KNOCKOUTS business. Franchisee hereby appoints Knockouts its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

17. MISCELLANEOUS PROVISIONS

A. Designation of Responsible Parties. Franchisee shall list below and certify to Knockouts: (a) the name, mailing address and equity interest of each person holding any shares or other form of

ownership, or security or other interest convertible into an equity interest, in Franchisee, showing percentage of ownership held by each; and (b) the name and mailing address of the individual(s) who will be the principal operator(s) (the "Controlling Principals") of the business franchised hereunder. The Controlling Principals (there may be up to two such individuals but only one address to which Knockouts communicates in regards to the franchise) named is responsible for the day-to-day management of the Salon and has the authority to act for Franchisee in all matters regarding the Salon, including voting responsibilities. Franchisee shall promptly notify Knockouts of any change in any such information. Any change in the Controlling Principals or in the shareholder information is subject to Sections 11 and 12 of this Agreement. The term "Controlling Principals" shall include, collectively and individually, any person who has been designated by Knockouts as a Controlling Principal hereunder.

B. Disavowal of Oral Representations. Franchisee and Franchisor acknowledge that they want all terms of their business relationship to be defined in this written agreement and that neither of Franchisee nor Franchisor wants to enter into a business relationship with the other where any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, Franchisee and Franchisor agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between Franchisee and Franchisor. Franchisee and Franchisor each agree that Franchisee and Franchisor have placed and will place no reliance on any such discussions. Franchisee agrees that no representations have been made to it concerning this Agreement or the Franchised Business other than contained in this Agreement and in the franchise disclosure document it received before it signed this Agreement. Franchisee agrees that no claims, representations, warranties, or guarantees express or implied regarding actual or potential earnings sales profits or success of its Franchised Business have been made to it other than as set forth in Item 19 of the FDD.

C. Other Franchisees. Franchisee `acknowledges that other franchises have or will be granted to franchisees at different times and in different situations and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement. Franchisee also acknowledges that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to other of our franchise (whether franchised or centers that we or our Affiliates operate) and Franchisee will not be entitled require us to grant similar variations or privileges to it.

Franchisee is (i) **[Insert Name]** a **[Insert Type of Entity]**, organized under the laws of **[Insert State]**, or (ii) **[Insert Name]** an individual or group of individuals, and hereby represents and warrants that the information stated below is true and accurate as of the date set forth below:

Shareholder, Partner or Individual Name and Address	Percentage of Ownership Interest
_____	____%
_____	____%
_____	____%

Controlling Principal(s):

_____

_____

_____

Address:

_____

_____

_____

D. Entire Agreement. This Agreement, the documents referred to herein, and the attachments hereto, constitute the entire, full and complete agreement between Knockouts and Franchisee and the Controlling Principals concerning the subject matter hereof and shall supersede all prior related agreements between Knockouts and Franchisee and the Controlling Principals. No other representation has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise; provided that nothing in this Agreement is intended to or shall disclaim any representation contained in Knockouts' franchise disclosure document delivered to Franchisee in connection with this Agreement. Except for those changes permitted to be made unilaterally by Knockouts hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

E. Severability. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

F. Notice. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by prepaid facsimile or email (provided that the sender confirms the facsimile or email by sending an original confirmation copy by certified or registered mail or expedited delivery service within three business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Knockouts: Knockouts Holdings, LLC
210 North Hurst Rd.
Burleson, TX 76028
Attention: Chief Executive Officer
Facsimile: (972) 714-9339

Notices to Franchisee: _____
_____
_____
_____
Facsimile: _____
Email: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile or email, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three business days after the date and time of mailing.

G. Relationship. Knockouts and Franchisee stand solely in the business relationship of licensor and licensee and vendor and vendee. Franchisee is not and shall not act or represent itself as the employee, agent, partner, or joint venturer of Knockouts. Franchisee shall incur no debt, liability, or obligation on behalf of Knockouts. No fiduciary duties or relationship of special trust and confidence exist between the parties. Franchisee is liable for all taxes, fees and other benefits and assessments regarding the business for itself, its employees, and contractors.

H. Parties Affected. This Agreement binds the parties and their respective executors, administrators, successors and assigns. No person may acquire from Franchisee any interest in this Agreement except in accordance with Section 12. If Franchisee consists of more than one person, all are jointly and severally liable hereunder.

I. Waiver. No delay, waiver, omission or forbearance on the part of Knockouts to exercise any right, option, duty or power arising out of any breach or default by Franchisee under this Agreement shall constitute a waiver by Knockouts to enforce any such right, option, duty or power against Franchisee, or as to a subsequent breach or default by Franchisee. Acceptance by Knockouts of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by Knockouts of any preceding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement.

J. Consent. Whenever this Agreement requires the prior approval or consent of Knockouts, Franchisee shall make a timely written request to Knockouts, and such approval or consent shall be obtained in writing.

K. Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

L. Captions. The captions and section headings used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions and section headings shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions or section headings otherwise be given any legal effect.

M. Survival. Any obligation of Franchisee that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee therein, shall be deemed to survive such termination, expiration, or transfer.

N. Cumulative Rights. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its Affiliates and Knockouts. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time.

O. System Changes. Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of Knockouts, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Knockouts may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which Franchisee's Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, decor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving, modifying or substituting the Marks. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions, and alterations; provided, however, that such changes shall not materially and unreasonably increase Franchisee's obligations hereunder. Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed. Knockouts shall not be liable to Franchisee for any expenses, losses, or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Knockouts or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including.

P. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

Q. Business Judgment. Notwithstanding any contrary provisions contained in this Agreement, the parties acknowledge and agree that: (i) this Agreement (and the relationship of the parties which arises from this Agreement) grants Knockouts the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's explicit rights and obligations hereunder that may affect favorably or adversely Franchisee's interests; (ii) Knockouts will use its business judgment in exercising such discretion based on Knockouts' assessment of Knockouts' own interests and balancing those interests against the interests, promotion and benefit of the System and salons generally (including Knockouts, and

its Affiliates and other franchisees), and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and salons generally include, without limitation, enhancing the value of the Marks and/or the KNOCKOUTS brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); (iii) Knockouts will have no liability to Franchisee for the exercise of its discretion in this manner; and (iv) even if Knockouts has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Knockouts' judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF KNOCKOUTS TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT KNOCKOUTS' RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

R. Timing. Time is of the essence with respect to all provisions in this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the Effective Date.

KNOCKOUTS HOLDINGS, LLC	FRANCHISEE:
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

(the "Effective Date")

Attachment A

To Knockouts Holdings, LLC Franchise Agreement

Description of Location and Territory

1. The Location will be as described below:

_____

_____

_____

_____

_____

2. The Territory will be as described below:

_____

_____

_____

_____

_____

excluding any airport, or travel plaza, malls, theme parks, hospitals, cafeterias, military bases, commissaries, schools, hotels, stadiums, arenas, ballparks, festivals, fairs, and other mass gathering locations or events (which are referred to as "Reserved Areas" for all purposes in the Franchise Agreement).

Initials:_____ Initials:_____

Attachment B

To Knockouts Holdings, LLC Franchise Agreement

Confirmation of Opening Form

Re: Franchise Agreement dated as of _____

by and between Knockouts Holdings, LLC and _____

Congratulations on your new Salon opening!

Pursuant to Section 3 of the above-referenced Franchise Agreement (the "Franchise Agreement"), this letter serves to confirm the address for the Location.

Your KNOCKOUTS Salon (the "Salon") is located at:

_____

_____

The Salon was fully operational and open for business on:_____. Accordingly, the initial term of the Franchise Agreement expires at the close of business on _____ _____.

Except as specifically set forth in this letter, the Franchise Agreement shall remain in full force and effect in accordance with its terms.

Sincerely,

KNOCKOUTS HOLDINGS, LLC

By:_____
Name:_____
Title:_____

Date Approved: _____

Initials:_____ Initials:_____

Attachment C

To Knockouts Holdings, LLC Franchise Agreement

Guaranty

In order to induce Knockouts Holdings, LLC, a Texas limited liability company ("Franchisor"), to either enter into or continue the Franchise Agreement dated as of _____ (the "Agreement") between Franchisor and _____ (the "Franchisee"), the undersigned guarantors (individually, a "Guarantor" and collectively "Guarantors") hereby jointly and severally, unconditionally and irrevocably guarantee to Franchisor, and its successors and assigns, the performance of all of Franchisee's obligations, arising from or created under the Agreement, including, without limitation, the obligation to pay all amounts due under the Agreement and any other agreement to which Franchisor and Franchisee are parties.

Upon default by Franchisee or upon notice by Franchisor, each of the Guarantors immediately shall make each payment and perform each obligation required of Franchisee under the Agreement.

The Guarantors hereby waive notice of acceptance of this Guaranty, notice of presentment, notice of default, demand for payment or performance and all other demands or notices required or customarily given under like circumstances and agree that no extension, compromise, arrangement, alternative in time or method of performance or release or partial release of any party or security, and no other act or omission by Franchisor shall release or relieve any of the Guarantors.

Franchisor may pursue its rights against any of Guarantors without first exhausting its remedies against Franchisee and without joining any other Guarantor. No delay on Franchisor's part in the exercise of any right or remedy shall operate as a waiver of the right or remedy, and Franchisor's single or partial exercise of any right or remedy shall not preclude the further exercise of any right or remedy. Upon Franchisor's receipt of notice of the death of any of the Guarantors, the estate of the deceased shall be bound by this Guaranty, but only for defaults and obligations under the Agreement existing at the time of death and, in the event of death, the obligations of the remaining Guarantors shall continue in full force and effect.

Each of the Guarantors hereby agrees to indemnify Franchisor against all liability, loss, harm, damage, costs and expenses (including legal fees) which Franchisor shall suffer, incur or sustain by reason of the failure of Franchisee to observe or perform its obligations under the Agreement. The Guarantors also hereby, jointly and severally, agree to reimburse Franchisor, and its successors and assigns, for all expenses, collection charges, court costs and attorneys' fees incurred in endeavoring to collect, enforce or defend any of the foregoing against the Guarantors.

Without affecting the obligations of any of the Guarantors, Franchisor may, without notice to any of the Guarantors, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims that Franchisor has against Franchisee. The liabilities and obligations of each of the Guarantors shall not be released, discharged or in any way be affected by any compromise, arrangement or plan of reorganization affecting Franchisee, or by the bankruptcy or insolvency of Franchisee, or by any other act or proceeding in relation to Franchisee or the Agreement whereby any of the Guarantors might otherwise be released. The liabilities and obligations of each of the Guarantors pursuant to this Guaranty shall be continuing in nature and a fresh cause of action shall be deemed to arise in respect of each default on the part of Franchisee giving rise to a liability of any of the Guarantors.

If any portion of this Guaranty is deemed to be invalid and inoperative for any reason, that part shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, then severed, and the remainder of the Guaranty shall continue to be in full force and effect.

Each Guarantor has read the terms and conditions of the Agreement and acknowledges that the execution of this Guaranty is in partial consideration for the granting of the franchise, and that Franchisor would not have granted the franchise without the execution of the Guaranty and the undertakings by each of the Guarantors.

Signed _____, 20____.

GUARANTORS:

_____

Name:_____, Individually

Address:

Ownership Percentage:

_____

Name:_____, Individually

Address:

Ownership Percentage:

Attachment D

To Knockouts Holdings, LLC Franchise Agreement

Lease Rider

THIS AGREEMENT is made and entered into this _____ day of _____, 20____, by and among Knockouts Holdings, LLC, a Texas limited liability company (hereinafter referred to as "Franchisor"), _____ (hereinafter referred to as "Landlord"), with its principal offices at _____ _____ _____, and (hereinafter referred to as "Tenant"), with its principal offices at _____.

WITNESSETH:

WHEREAS, Landlord and Tenant have executed a lease agreement dated _____, 20___ (the "Lease") for the premises located at _____ (the "Leased Premises") for use by Tenant as a business to be opened pursuant to Franchisor's proprietary marks and system in connection with a Franchise Agreement dated _____, by and between Franchisor and Tenant (the "Franchise Agreement");

WHEREAS, a condition to the approval of Tenant's specific location by Franchisor is that the Lease for the Leased Premises designated for the operation of a KNOCKOUTS salon (hereinafter the "Franchised Business") contain the agreements set forth herein;

WHEREAS, Landlord acknowledges that Franchisor requires the modifications to the Lease set forth herein as a condition to its approving the Leased Premises as a site for the Franchised Business, and that Landlord agrees to modify and amend the Lease in accordance with the terms and conditions contained herein; and

WHEREAS, according to Section 6.B. of the Franchise Agreement, all rights, title and interest in and to the Lease must be assigned to Franchisor, at Franchisor's option, upon the termination of the Franchise Agreement;

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. Use Clause. The Leased Premises shall be used solely for the operation of a KNOCKOUTS salon and identified by the mark KNOCKOUTS or any other name specified by Franchisor. Landlord acknowledges that such use shall not violate any then-existing exclusives granted to any existing tenant of Landlord. Landlord consents to Tenant's use of Franchisor's marks and signs, décor items, color schemes and related components of Franchisor's proprietary system. Landlord further acknowledges that during the term of this Lease or any extension thereof, Landlord will not lease space to a business similar to Tenant's within the same shopping center or office building in which the Franchised Business is located.

2. Notices. Landlord shall mail to Franchisor copies of any letters and notices it gives to Tenant related to the Lease or the Leased Premises concurrently with giving such letters and notices to Tenant. If Tenant fails to cure any default within the period provided in the Lease, if any, Landlord shall give Franchisor immediate written notice of such failure to cure.

3. Termination of the Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease or any extension thereof, Tenant, upon the written request of Franchisor, shall assign to Franchisor all of its rights, title and interest in and to the Lease, and Franchisor or any Affiliate designated by Franchisor will agree to assume from the date of assignment all of Tenant's obligations remaining under the Lease, and will assume Tenant's occupancy rights, and the right to sublease the premises, for the remainder of the term of the Lease. If Franchisor elects to accept the assignment of the Lease from Tenant, it shall give Tenant and Landlord written notice of its election to acquire the leasehold interest. Landlord hereby consents to the assignment of the Lease from Tenant to Franchisor, and shall not charge any fee or accelerate rent under the Lease. Alternatively, in the event of a termination of the Franchise Agreement, Franchisor may elect to enter into a new lease with Landlord containing terms and conditions no less favorable than the Lease. Upon Landlord's receipt of written notice from Franchisor advising Landlord that Franchisor elects to enter into a new lease, Landlord shall execute and deliver such new lease to Franchisor for its acceptance. Landlord and Tenant shall deliver possession of the Leased Premises to Franchisor, free and clear of all rights of Tenant or third parties, subject to Franchisor's executing an acceptance of the assignment of Lease or new lease, as the case may be.

4. Tenant's Agreement to Vacate Leased Premises. Tenant agrees to peaceably and promptly vacate the Leased Premises and (subject to Franchisor's right to acquire any such property pursuant to its Franchise Agreement with Tenant) to remove its personal property therefrom upon the termination of the Franchise Agreement. Any property not removed or otherwise disposed of by Tenant shall be deemed abandoned.

5. Delivery of Possession. If Landlord may not legally obtain possession of the Leased Premises or if Landlord is unable to deliver the Leased Premises to Franchisor within six (6) months from the date Franchisor notifies Landlord of its election to continue the use of the Leased Premises, then Franchisor shall have the right at any time thereafter to rescind its election to acquire a leasehold interest in the Leased Premises and to terminate the Lease or any new lease between it and Landlord for the Leased Premises, and Landlord shall release Franchisor from all of its obligations under the Lease or any new lease.

6. Entry. Franchisor may enter the Leased Premises without the consent of Landlord or Tenant to make any modification necessary to protect Franchisor's system or marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort.

7. Amendment of Lease. Landlord and Tenant agree not to amend the Lease in any respect, except with the prior written consent of Franchisor.

8. Franchisor Not a Guarantor. Landlord acknowledges and agrees that notwithstanding any terms or conditions contained in this Agreement or any other agreement, Franchisor shall in no way be construed as a guarantor or surety of Tenant's obligations under the Lease. Notwithstanding the foregoing, in the event Franchisor becomes the tenant by assignment of the Lease in accordance with the terms hereof or enters into a new lease with Landlord, then Franchisor shall be liable for all of the obligations of Tenant on its part to be performed or observed under the Lease or a new lease.

9. Document to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Addendum and the Lease, the terms of the Addendum shall prevail.

10. Waiver. Failure of Franchisor to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

11. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.

12. Notices. All notices shall be by certified mail to Franchisor at 210 North Hurst Rd, Burleson, TX 76028, and to the other parties as designated in the heading of this Agreement or to such other addresses as the parties hereto may, by written notice, designate.

13. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns, and legal representatives.

14. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.

15. Remedies. The rights and remedies created herein shall be deemed cumulative and no one of such rights or remedies shall be exclusive at law or in equity of the rights and remedies which Franchisor may have under this or any other agreement to which Franchisor and Tenant are parties.

16. Attorneys' Fees. If any action is instituted by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover all attorneys' fees and costs incurred in connection therewith.

17. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State in which the Leased Premises are located.

18. Certain Acknowledgments. Landlord and Tenant acknowledge and agree that all interior and exterior signage and related items (collectively the "Leased/Licensed Assets") are the sole property of Franchisor. Tenant shall have no rights to pledge in any manner the Leased/Licensed Assets and Landlord shall have no rights to place any liens on or make any claims to the Leased/Licensed Assets.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

Landlord:

By:_____
Name:_____
Title:_____

Franchisee (Tenant):

By:_____
Name:_____
Title:_____

Franchisor:

KNOCKOUTS HOLDINGS, LLC

By:_____
Name:_____
Title:_____

Attachment E

ACH Authorization

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Please complete and sign this form.

FRANCHISEE INFORMATION

Franchisee Name or Legal Entity

_____

Knockouts Salon Number & Location

_____

Name and Email of Person to Receive ACH Debit Advice

AUTHORIZATION AGREEMENT

I (we) hereby authorize Knockout Holdings, LLC ("Company") to make ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event shall such notice period be less than 30 days.

PAYOR/FRANCHISEE ACCOUNT INFORMATION

Name of Financial Instutition:_____

ABA Routing Number _____

Account Number:_____Checking ____ Savings_____

PAYOR/FRANCHISEE SIGNATURE

Authorized Signature (Primary): _____ Date:_____

Authorized Signature (Joint)_____Date:_____

Account holder(s), please sign here: (Joint accounts require the signature of all persons having authority over the account).

Please attach a voided check at right, fax and mail to:

Knockouts Holdings, LLC
210 North Hurst Rd
Burleson, TX 76028
Attention: Chief Executive Officer

EXHIBIT B

MULTI-UNIT DEVELOPMENT AGREEMENT

MULTI-UNIT DEVELOPMENT AGREEMENT
KNOCKOUTS LLC

_____

Developer

_____

Date

KNOCKOUTS HOLDINGS, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

SUMMARY PAGES

EFFECTIVE DATE: _____

DEVELOPER: _____

ADDRESS FOR NOTICES: _____

TELEPHONE NUMBER: _____

E-MAIL ADDRESS: _____

DEVELOPMENT AREA: _____

NUMBER OF SALONS
TO BE DEVELOPED: _____

INITIAL FRANCHISE FEE FOR
THE FIRST SALON TO
BE DEVELOPED: $40,000

DEVELOPMENT FEE: $_____ (____ total Salons to be developed)

TRANSFER FEE: $12,000

FRANCHISOR: Knockouts Holdings, LLC
210 North Hurst Rd
Burleson, TX 76028
Attn: CEO

_____ _____
Franchisor Initial Developer Initial

KNOCKOUTS MULTI-UNIT DEVELOPMENT AGREEMENT

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KNOCKOUTS
MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (the "Agreement") is made and entered into by and between Knockouts Holdings, LLC, a Texas limited liability company, having its principal place of business at 210 North Hurst Rd, Burleson, TX 76028 ("Knockouts" or "Franchisor") and _____, a _____, having its principal place of business at _____ ("Developer"), on the date this Agreement is executed by Knockouts below (the "Effective Date").

W I T N E S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, Knockouts has developed and owns a unique and distinctive system (the "System") relating to the establishment and operation of salons specializing in the hair care and other personal service needs according to Knockouts' standards and specifications;

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive signage, interior and exterior design, décor, color scheme, furnishings and fixtures; distinctive products and services; standards, specifications and procedures for operations; quality and uniformity of products and services offered; procedures, management and financial controls; training and assistance; advertising and promotional programs; employee selection practices; and employee uniforms and dress codes; all of which may be changed, improved and further developed by Knockouts from time to time (collectively, "Standards");

WHEREAS, Knockouts identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks "Knockouts" and "KO" and such other trade names, service marks and trademarks as are now designated and may hereafter be designated by Knockouts in writing for use in connection with the System (the "Marks");

WHEREAS, Knockouts continues to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service; and

WHEREAS, Developer wishes to obtain certain development rights to operate salons (hereinafter "Salons" or "Franchised Businesses") under the System.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. GRANT

A. In reliance on the representations and warranties of Developer and the individual(s) who will be the principal operator(s) of the Franchised Businesses (the "Controlling Principals") and other owners of Developer (together with the Controlling Principals, the "Principals"), Knockouts hereby grants to Developer and Developer hereby accepts, pursuant to the terms and conditions of this Agreement, the right and obligation to develop the number of Salons set forth in Attachment A within the timeframe set forth in the development schedule in Section 3.B. of this Agreement (the "Development Schedule"). Developer shall be granted rights to develop additional Salons subject to Developer's full compliance with all conditions precedent to the grant of such rights outlined below, which rights shall be exercised according to Section 3.A. and according to the Development Schedule. Each Salon to be developed shall be developed

and operated pursuant to a separate Franchise Agreement to be entered into between Developer and Franchisor in accordance with Section 3.A.

B. Developer acknowledges and understands that no exclusive rights to any development area are granted to Developer.

C. Reserved for future provisions.

D. This Agreement is not a Franchise Agreement (as defined in Section 2 below) and does not grant to Developer any right or license to operate a Salon, distribute any goods or services or any right to use or license or interest in the Marks.

E. The development rights granted under this Agreement belong solely to Developer: Developer may not share them, divide them, sub-franchise or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

2. FEE

A. Upon execution of this Agreement, Developer shall pay to Franchisor a development fee in the total amount set forth in Attachment A ("Development Fee"). When each Franchise Agreement is signed, Franchisor will credit the applicable initial franchise fee due on Developer's behalf. The Development Fee is fully earned by Franchisor when paid and is not refundable, in whole or in part, under any circumstances.

B. For each Franchise Agreement signed under this Agreement, Developer shall pay to Knockouts an initial franchise fee of $40,000. When Developer signs a Franchise Agreement for the first Salon contemplated under this Agreement, Knockouts will credit $40,000 of the Development Fee payment to fully satisfy the initial franchise fee due thereunder. When Developer signs a Franchise Agreement for each additional Salon contemplated under this Agreement, Knockouts will credit the full amount of the Development Fee payment to satisfy the initial franchise fee due thereunder, and Franchisee shall pay the balance of the initial franchise fee upon signing the Franchise Agreement.

C. Developer shall not be entitled to withhold payments due Knockouts under this Agreement on grounds of alleged non-performance by Knockouts hereunder. Any payment not actually received by Knockouts on or before the date due shall be deemed overdue. Time is of the essence with respect to all payments to be made by Developer to Knockouts. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of (i) 18% per annum, or (ii) the maximum rate allowed by applicable law. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest is provided for herein, or shall be adjudicated to be so provided in this Agreement, the provisions of this Section 2.C. shall govern and prevail, and neither Developer nor its Controlling Principals shall be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

3. SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

A. Separate Franchise Agreements. Developer shall exercise the development rights granted hereunder only by entering into a separate Franchise Agreement with Knockouts for each Salon for which a development right is granted. Knockouts may, in its sole discretion, permit Developer to exercise such development rights through affiliated entities that are either wholly owned subsidiaries of Developer or commonly controlled entities with ownership determined by Developer after notice to and approval by Knockouts. The Franchise Agreement to be executed for the first Salon to be developed by Developer under this Agreement shall be executed and delivered to Knockouts concurrently with the execution and delivery of this Agreement and shall be in the form of the Franchise Agreement attached as Attachment C. All subsequent Salons developed under this Agreement shall be established and operated pursuant to our then-current form of Franchise Agreement which may include materially different terms than the form included herein. These franchise agreements shall also be included in the term "Franchise Agreement" as used in this Agreement.

B. Acknowledging that time is of the essence, and subject to the requirements of Section 4, Developer agrees to exercise its development rights according to Section 1.A. and according to the Development Schedule contained in Attachment A to this Agreement, which designates the number of Salons be established and in operation by Developer. Developer's failure to adhere to the Development Schedule is a default of Section 9 of this Agreement.

C. Development Schedule. Acknowledging that time is of the essence, you agree to exercise your development rights according to Section 3.C. and the Development Schedule reflected Attachment A. Developer may, subject to the terms and conditions of this Agreement and with Franchisor's prior written consent, which may be withheld in its sole discretion, develop more than the total minimum number of Salons which Developer is required to develop during any Development Period. Any Salon developed in excess of the minimum number of Salons required to be developed shall be applied to satisfy Developer's development obligation during the next succeeding Development Period, if any. Notwithstanding the above, Developer shall not open or operate more than the cumulative total number of Salons it is obligated to develop under the Development Schedule and Developer may not open its second Salon until it has been open and operating its first Salon for a minimum of 90 days.

i) If during the term of this Agreement, Developer ceases to operate any Salon developed under this Agreement for any reason, Developer shall develop a replacement Salon. The replacement Salon shall be developed within a reasonable time (not to exceed 120 days) after Developer ceases to operate the original Salon. If, during the term of this Agreement, Developer transfers its interest in a Salon in accordance with the terms of the applicable Franchise Agreement for the Salon, the transferred Salon shall continue to be counted in determining whether Developer has complied with the Development Schedule so long as it continues to be operated as a KNOCKOUTS Salon. If the transferred Salon ceases to be operated as a KNOCKOUTS Salon during the term of this Agreement, Developer shall develop a replacement Salon within a reasonable time (not to exceed 120 days) thereafter.

ii) Developer acknowledges and agrees that it has conducted an independent investigation of the business contemplated under this Agreement, that it fully understands its obligations under this Agreement, and that it recognizes and assumes all associated risks. In addition, it acknowledges that Franchisor makes no representation that Developer will find a sufficient number of acceptable locations to meet the number of Salons to be developed under the Development Schedule. Developer acknowledges that it has performed all related and necessary due diligence before its execution of this Agreement and that,

accordingly, it assumes the risk of identifying a sufficient number of acceptable locations and the economic risk of developing the number of Salons set forth in Attachment A.

D. Developer shall open each Salon developed hereunder and shall commence business according to the Development Schedule described in this Section 3, unless Developer obtains an extension of the development period, at the expiration of which Developer was to have had open and in operation a Salon. Developer may, subject to Knockouts' written approval, purchase from Knockouts an extension of such development period as may be necessary to complete construction and commence operation of such Salon. Each extension shall be for an additional 90-day period commencing upon the expiration of the applicable development period, including any previous extensions thereof ("Extension Date"). No more than two extensions of any development period will be permitted. No extension of any development period shall affect the duration of any other development period or any of Developer's other development obligations. If an extension is requested in the final development period, the term of this Agreement shall be extended to the Extension Date and thereafter, Developer shall have no further rights under this Agreement except as provided in Sections 6 and 7 hereof.

E. Developer shall notify Knockouts in writing at least 60 days prior to the projected opening date for a Salon that Developer will be unable to complete construction and commence operation of the Salon by the expiration date of the development period in which such Salon was to have been opened. In such notice Developer shall request Knockouts to consider its request for extension and include a description of the reasons for such failure to develop in a timely manner and the expected date of completion of construction and opening. At the same time Developer provides Knockouts with such notice, Developer shall pay an extension fee of $10,000 (the "Extension Fee"). If Knockouts does not consent to a proposed extension, Knockouts shall refund the Extension Fee without interest, less its costs in connection with the proposed extension. The Extension Fee is otherwise non-refundable.

F. Failure by Developer to adhere to the Development Schedule (including any extensions thereof approved by Knockouts in writing) shall constitute a material event of default under this Agreement, except when such failure is the result of an act of God, strikes, lockouts or other industrial disturbances, war, acts of terrorism, riot, epidemic, fire or other catastrophe or other forces beyond Developer's control.

G. Projected Opening Dates. Developer acknowledges that the Projected Opening Date for each Salon to be developed hereunder is reasonable. Subject to Developer's compliance with this Section 3, hereof, you shall execute a Franchise Agreement for each Salon at or prior to the applicable execution date set forth in the Attachment A, which shall be a date no later than 12 months prior to the Projected Opening Date for the applicable Salon.

i) No later than 13 months prior to expiration of a Development Period expiration date, Developer shall request to sign a Franchise Agreement for each Salon to be developed during the Development Period.

ii) Upon receiving Developer's request, Franchisor shall deliver to it its then-current form of the franchise disclosure document and execution copies of its then-current form of Franchise Agreement.

iii) No later than the Franchise Agreement Execution Date identified in the Development Schedule (but no sooner than as permitted by law), Developer shall sign and return a signed copy of the Franchise Agreement and payment of the initial franchise fee (less any applicable development fee credit) due thereunder.

H. Franchisor shall approve and countersign the Franchise Agreement if:

i) Developer is in compliance with this Agreement and all other agreements between Developer or its Affiliates (as defined in Section 4.B.(i)) and Franchisor including, without limitation, all Franchise Agreements signed under this Agreement. If this condition is not met, Franchisor may require Developer to cure any deficiencies before it approves and countersigns the Franchise Agreement.

ii) Developer has demonstrated to Franchisor, in Franchisor's sole discretion, its financial and other capacity to perform the obligations set forth in the proposed then-current Franchise Agreement.

iii) Developer, its Owners, each of its Affiliates, and their Owners who have a then-currently effective Franchise Agreement or Development Agreement with Franchisor have signed a general release, in a form prescribed by Franchisor, of any and all claims that the party has, had, or claims to have against Franchisor and/or its Affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, arising out of or relating to this Agreement, any Franchise Agreement, the relationship created by this Agreement or any Franchise Agreement, and the offer and sale of the KNOCKOUTS franchise opportunity.

4. PREREQUISITES TO OBTAINING FRANCHISES

A. Developer understands and agrees that this Agreement does not confer upon Developer a right or franchise to operate any Salon but is intended by the parties to set forth the terms and conditions which, if fully satisfied by Developer, shall entitle Developer to obtain the right to operate Salons.

B. Before exercising any development right granted hereunder, Developer shall apply to Franchisor for a franchise to operate a Salon. If Franchisor, in its sole discretion, determines that Developer has met each of the following operational, financial, legal and ownership conditions, then Franchisor will grant Developer a franchise for each respective Salon:

i) Operational: Developer shall be in compliance with the Development Schedule and this Agreement. Developer and its Affiliates (defined as any entity that is controlled by, controlling or under common control with such other entity) are in compliance with any other development or franchise agreement between Developer, its Affiliates and Knockouts and/or its Affiliates. Developer is conducting the operation of its existing Salons, if any, and is capable of conducting the operation of the proposed Salon according to (a) the terms and conditions of this Agreement, (b) the provisions of the respective Franchise Agreements, and (c) the standards, specifications and procedures set forth and described in the Operations Manual (as defined in the Franchise Agreement), as may be amended from time to time.

ii) Financial: Developer and its Owners satisfy Franchisor's then-current financial criteria for developers and owners of KNOCKOUTS Salons. Developer and its Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. Developer is not in default, and has not been in default during the rolling 12 months preceding its request for financial approval, of any monetary obligations owed to Franchisor or its Affiliates under any Franchise Agreement or any other agreement between Developer or its Affiliates and Franchisor or its Affiliates. Developer acknowledges and agrees that it is vital to Franchisor's interest that each of its franchisees must be financially sound to avoid failure of a Salon and that such failure would adversely affect the reputation and good name of KNOCKOUTS and the System.

iii) Legal: Developer has submitted to Knockouts, in a timely manner and according to all applicable federal and state franchise disclosure laws, all information and documents requested by Knockouts prior to and as a basis for the issuance of individual franchises or pursuant to any right granted to Developer by this Agreement or by any Franchise Agreement between Developer and Knockouts, and has taken such additional actions in connection therewith as may be reasonably requested by Knockouts from time to time.

iv) Ownership: Neither Developer nor any of its Controlling Principals (as applicable) shall have transferred a majority of the equity interests in Developer. Developer and its Controlling Principals upon whom Knockouts has relied to perform the duties under this Agreement shall continue to own and exercise control over Developer. Neither Developer nor any of its Controlling Principals (as applicable) shall have transferred any interest in a Franchise Agreement prior to the completion and opening of the Salon for business to the public, without the written consent of Knockouts.

If Knockouts determines, in its sole discretion, that Developer and the Controlling Principals have met all of the conditions described above prior to the grant of the right to establish each additional Salon, then Knockouts shall grant to Developer the right to develop such additional Salon pursuant to the Development Schedule. The conditions described above shall survive the termination or expiration of this Agreement and shall apply with respect to any Franchise Agreement executed pursuant to this Agreement.

5. TERM

Unless sooner terminated according to this Agreement, the term of this Agreement and all rights granted by Knockouts under this Agreement shall expire on the earlier of the date on which Developer successfully completed the development obligations under this Agreement or 11:59 p.m. CST on the last day of the last period identified in the Development Schedule.

6. DEVELOPER'S REPRESENTATIONS AND ACKNOWLEDGMENTS

A. If Developer is a corporation, limited liability company, partnership or other legal entity, Developer represents and warrants to Knockouts as follows:

i) Developer is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with all requisite power and authority to own, operate and lease its assets (real or personal), to carry on its business, to enter into this Agreement and perform its obligations hereunder. Developer is duly qualified to do business and is in good standing in each jurisdiction in which its business or the ownership of its assets requires.

ii) The execution, delivery and performance by Developer of this Agreement and the applicable franchise agreement and all other agreements contemplated herein have been duly authorized by all requisite action and no further action is necessary to make this Agreement, any franchise agreement or any other agreement valid and binding upon it and enforceable against it in accordance with the respective terms. Neither the execution, delivery nor performance by Developer of this Agreement, any franchise agreement or any other agreements contemplated hereby will conflict with, or result in breach of any term or provision of Developer's articles of incorporation or organization, by-laws, partnership agreement, members agreement or other governing documents ("Governing Documents") or under any mortgage, deed of trust or other contract or agreement to which Developer is a party or by which it or any of its assets are bound, or breach any order, writ, injunction or decree of any court, administrative agency or governmental body.

iii) Certified copies of Developer's Governing Documents, and any amendments thereto, including board of directors, shareholders, partners, managers or members resolutions authorizing this Agreement, have been delivered to Knockouts.

iv) Developer's Governing Documents limit Transfers (as defined in Section 8.D.) and each current and future equity certificate representing an ownership interest in Developer shall bear the legend required therein.

v) Developer hereby warrants the accuracy of all financial and other information that has been provided to Knockouts as an inducement to entering into this Agreement and which is to be provided pursuant to this Agreement.

vi) Developer represents and warrants that it is obtaining the development rights granted herein for the purposes of developing Salons and that it has no present intention to attempt to sell or transfer its business.

B. Developer acknowledges as follows:

i) Developer acknowledges that the success of the business venture contemplated by this Agreement depends primarily upon the ability of Developer and its Controlling Principals as an independent business. Developer acknowledges that neither Knockouts nor any other person has guaranteed or warranted that Developer shall succeed in the operation of the development operations and franchised businesses contemplated under this Agreement or has provided any sales or income projections of any kind to Developer or represented that Knockouts will refund all or part of the fees paid herein or repurchase any of the products, equipment or supplies, if Developer is unsatisfied.

ii) Developer further acknowledges that there have been no representations, promises, guarantees or warranties of any kind made by Knockouts to induce Developer to execute this Agreement except as specifically set forth in the franchise disclosure document that has been delivered to Developer.

iii) Developer's representations and warranties are continuing representations and warranties, each of which shall survive the expiration or termination hereof.

C. Satisfaction of Development Schedule. Developer shall execute a Franchise Agreement for each Salon contemplated under this Agreement in accordance with Section 3.A. and the Development Schedule and shall establish and operate each Salon in accordance with the terms and conditions of the respective Franchise Agreement.

D. Compliance with Laws. Developer shall fully comply with all federal, state, and local laws, rules, and regulations when exercising your rights and fulfilling your obligations under this Agreement.

E. Developer May Not Exceed the Development Obligation. Unless Franchisor otherwise authorizes in writing, Developer may not construct, equip, open, and operate more than the total number of Knockouts Salons reflected on the Development Schedule.

7. NONCOMPETITION/NON-SOLICITATION

A. Developer agrees on behalf of itself and its Controlling Principals, that during the term of this Agreement and for two years following the expiration, termination or assignment of this Agreement,

whether voluntary or involuntary, and with or without cause, they shall not, without Knockouts' prior written consent (which may be withheld in Knockouts' sole discretion) (i) directly or indirectly engage or participate in, consult with, or assist in any way, or participate in or share the earnings or profits of, any other business or activity that competes with the KNOCKOUTS business, any retail hair care or personal grooming business, or any business selling hair products or any of the other services provided under the System or within 10 miles of any other KNOCKOUTS salon; (ii) induce or attempt to induce any of Knockouts' franchisees or developers to terminate their relationship with Knockouts; or (iii) contact, solicit, or divert or attempt to contact, solicit, or divert any customer of Knockouts or any of its franchisees or any Franchisor or Affiliate-owned KNOCKOUTS salon to any competitor, either as an owner, an independent contractor, partner, joint venturer or as a stockholder, officer, director, employee, agent, franchisor, sub-franchisor or franchisee for any person, firm, partnership, corporation or other entity. The restrictive time period shall be tolled during any period of Developer's or Controlling Principals' noncompliance.

Developer and its Controlling Principals acknowledge and agree that (i) the time, territory, and scope of the covenants provided in this Section 7.A. are reasonable and necessary for the protection of Knockouts' legitimate business interests and will not deprive Developer or its Controlling Principals of their livelihood; (ii) Developer and its Controlling Principals have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of these covenants would not impose undue hardship; and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which Developer is in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section 7.A. is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the covenant will be reduced accordingly and enforced to the fullest extent permissible. Developer agrees that the existence of any claim it may have against Knockouts, whether or not arising from this Agreement, will not constitute a defense to Knockouts' enforcement of the covenants contained in this Section 7.A. Developer and the Controlling Principals acknowledge that any breach or threatened breach of this Section 7.A. will cause Knockouts irreparable injury for which no adequate remedy at law is available, and Developer and the Controlling Principals consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section 7.A. Such injunctive relief will be in addition to any other remedies that Knockouts may have.

B. Developer's covenants and agreements herein are continuing covenants and agreements, each of which shall survive expiration or termination hereof.

C. If a court or arbitrator finds this Section or any portion of this Section to be unenforceable, the court or arbitrator is authorized and directed to reduce the scope or duration (or both) of the provision in issue to the extent necessary to render it enforceable and to enforce the provision as so revised.

8. TRANSFER, DEATH OR INCOMPETENCY

A. Transfer by Franchisor. Knockouts may assign this Agreement, or any of its rights or obligations herein, to any person or entity without Developer's or any of its Controlling Principals' consent. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Developer expressly affirms and agrees that Franchisor and/or its Affiliates may sell their assets, the Marks, copyrighted works or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a

refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands, or damages arising from or relating to the loss of Franchisor's name, the Marks (or any variation thereof), copyrighted works, and System and/or the loss of association with or identification of Knockouts Holdings, LLC as the franchisor under this Agreement. Developer specifically waives any and all other claims, demands, or damages arising from or related to the foregoing merger, acquisition, and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract, or breach of the implied covenant of good faith and fair dealing. Developer agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as a Knockouts salon operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Developer acknowledges may be proximate to any Knockouts Salon developed under this Agreement).

B. Transfer by Individual Developer to a Legal Entity for Convenience. If Developer is an individual, Developer may transfer his or her interest in this Agreement to a Legal Entity (as defined in Section 8.E.) for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if: (a) the Legal Entity is formed solely for purposes of continuing Developer's development rights and obligations; (b) Developer provides to Franchisor a copy of the Legal Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Legal Entity was formed; (c) Developer signs a general release in favor of Franchisor and in the form Franchisor requires; and (d) Developer pays to Franchisor the applicable transfer fee in the amount set forth in the Summary Pages.

C. Transfer Among Owners; Transfer of Non-Controlling Interest. If Developer is a Legal Entity, its Owners may transfer their ownership interests in the Legal Entity among each other, and may transfer up to a non-controlling interest in the Legal Entity to one or more third parties, if: (a) Developer has provided to Franchisor advance notice of the transfer; (b) Attachment B to this Agreement has been amended to reflect the new ownership; (c) each new Owner has signed a personal Guaranty in the form of Attachment C to the Franchise Agreement; (d) each previous and/or new Owner has signed a general release in favor of Franchisor and in the form Franchisor requires, and (d) Developer pays to Franchisor the applicable transfer fee in the amount set forth in the Summary Pages.

D. Developer and each Controlling Principal acknowledge that Developer's rights and obligations herein are personal to Developer and that Knockouts has entered into this Agreement and will enter into each Franchise Agreement relying upon the business skill, experience and aptitude, financial resources and reputation of Developer and each of its Controlling Principals. Therefore, except as set forth herein, neither Developer nor any Controlling Principal, their respective successors or permitted assigns, shall complete, or allow to be completed, any sale, assignment, conveyance, license, pledge, mortgage or encumbrance, directly or indirectly (a "Transfer"), of any interest in this Agreement, in any franchise or in Developer without the prior written consent of Knockouts. Any purported Transfer, by operation of law or otherwise, without Knockouts' prior written consent shall be null and void and constitute an event of default.

E. Private or Public Offering. If any of Developer's rights under this Agreement are, or become, the property of a corporation, partnership, limited liability company or other legal entity (the "Legal Entity"), then any issuance, redemption, or transfer of the equity or voting securities of the Legal Entity, the admission of a new shareholder, partner or member, or any disposition of the assets of or interest

in the Legal Entity in one transaction or in a series of transactions which, in the aggregate, result in the change of control of the Legal Entity, the change of a general partner or a managing member or more than a 25% change in the beneficial ownership of the Legal Entity, shall be deemed to be a Transfer in which case all requirements pertaining to Transfer of the franchise, including the written consent of Knockouts, shall apply. The governing documents of the Legal Entity and all equity certificates (the "Equity Certificates") evidencing ownership of the Legal Entity shall contain the following provision:

> "The transfer of Equity Certificates in this Legal Entity is subject to the restrictive provisions of the Multi-Unit Development Agreement with Knockouts Holdings, LLC. Reference is made to the Multi-Unit Development Agreement for all particulars."

Developer shall not amend its Governing Documents in any manner inconsistent with this Agreement.

F. Transfer of Agreement; Transfer of Interest. All Transfers (including any sale or transfer of Developer's interest in this Agreement, the sale or transfer of all or substantially of the assets of any Salon developed hereunder, and the sale of any ownership interest in Developer if it is a Legal Entity) require Franchisor's prior written consent. Knockouts shall not unreasonably withhold its consent to a transfer of any interest in Developer or in this Agreement. Knockouts may, however, in its sole discretion, require any or all of the following as conditions of its approval to any such Transfer:

i) Developer's written request for consent and delivery of a copy of the proposed Transfer agreements, including sale terms, provided at least 30 days prior to the proposed Transfer, and Franchisor has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post Transfer viability of any Franchised Business in operation at the time of Transfer.

ii) The transferee has demonstrated to Knockouts' satisfaction that the transferee meets Knockouts' then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate each Franchised Business; and has sufficient equity capital to operate each Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of each Franchised Business.

iii) All the accrued monetary obligations of Developer and its Affiliates and all other outstanding obligations to Knockouts arising under this Agreement or any Franchise Agreement or other agreement shall have been fully paid and satisfied in a timely manner and Developer shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner, and Developer must be in full compliance with this Agreement and any other agreements between it and Knockouts, its Affiliates and its suppliers;

iv) Developer or the transferee shall have agreed to refurbish each Salon premises identified by Franchisor so that it meets Knockouts' image requirements for new Knockouts' Salons;

v) The transferor and its principals, as applicable, shall have executed a general release, in a form satisfactory to Knockouts, of any and all claims, against Knockouts and its Affiliates and their respective officers, directors, managers, shareholders, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any Franchise Agreement and any other agreement between Developer and Knockouts or under federal, state or local

laws, rules, and regulations or orders; provided, however, that any release will not be inconsistent with any state law regulating franchising;

vi) Payment of the Transfer Fee in the amount set forth in the Summary Pages;

vii) The transferee shall execute the then-current form of multi-unit development agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different advertising obligations. The term of such development agreement shall be the remaining term of this Agreement at the time of Transfer;

viii) If the transferee is a Legal Entity, then the transferee's Owners each shall sign Knockouts' standard form of Guaranty;

ix) The transferee has complied with Franchisor's then-current initial training requirements for the operation of each then-existing Salon;

x) If Knockouts introduced the buyer to Developer, it has paid all fees due to Knockouts under its then-current franchise resale policy or program.

xi) The transferee shall enter into a written agreement, in a form prescribed by Knockouts, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the Transfer, all obligations, covenants and agreements of Developer in this Agreement;

xii) The transferor shall remain liable for all of the obligations to Knockouts in connection with this Agreement incurred prior to the effective date of the Transfer and shall execute any and all instruments reasonably requested by Knockouts to evidence such liability; and

xiii) Developer shall pay any fees due under the applicable Franchise Agreement; and Developer acknowledges and agrees that each condition which must be met by the transferee is reasonable and necessary to ensure such transferee's full performance of the obligations hereunder.

G. Transfer of Franchise Agreements. Notwithstanding Section 8.F. of this Agreement, Developer may, with Franchisor's prior written consent, execute and contemporaneously assign its right to enter into a Franchise Agreement, pursuant to this Agreement, to a Legal Entity under common control with Developer if: (a) such Legal Entity executes and complies with the terms and conditions of the Franchise Agreement; and (b) Developer pays Knockouts the Transfer Fee in the amount of $12,000.

H. Transfers Void. Any purported Transfer, by operation of law or otherwise, made without Knockouts' prior written consent will be considered null and void and will be considered a material breach of this Agreement.

I. Security Interest. Developer may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer Developer's interest in this Agreement or the franchise without Franchisor's consent.

J. Right of First Refusal.

i) If Developer wishes to Transfer all or part of its interest in this Agreement or if Developer or a Controlling Principal wishes to Transfer any ownership interest in Developer, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify Knockouts in writing of each such offer, and shall provide such information and documentation relating to the offer as Knockouts may require. Knockouts shall have the right and option, exercisable within 15 days after receipt of such notice and copies of all documentation required by Knockouts describing such offer, to send written notice to the transferor that Knockouts intends to purchase the transferor's interest on the same terms and conditions offered by the third party. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Knockouts as in the case of an initial offer. Failure or refusal of Knockouts to exercise the option afforded by this Section 8.J. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 8 relating to a proposed Transfer.

ii) If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Knockouts may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the non-cash portion of the offer, then such amount shall be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations shall be final and binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees. If Knockouts exercises its right of first refusal herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Developer hereunder, and (ii) all amounts due from Developer to Knockouts.

iii) Failure to comply with the provisions of this Section 8.J. prior to the Transfer of any interest in Developer or in this Agreement shall constitute a material event of default under this Agreement.

K. Transfer Upon Death or Incapacitation. Upon the death, disability or incompetency of Developer if Developer is an individual, or upon the death, disability or incompetency of the majority Controlling Principal of Developer if Developer is a Legal Entity, the spouse, adult children or the estate of the decedent shall have the right to participate in the ownership of the Franchised Business under the terms of this Agreement for a period of six months from the date of death, disability or incompetency. During this time, the spouse, adult children or the estate of the decedent must pay the Transfer Fee and either:

i) Satisfy all of the qualifications for a transferee or purchaser of a Knockouts' developer pursuant to this Agreement, except that no development fees shall be charged; or

ii) Transfer the development rights to a person who satisfies all of the qualifications for a developer.

If at the end of six months, none of the above events have occurred, Knockouts shall have the right to terminate this Agreement.

L. Non-Waiver of Claims. Knockouts' consent to a Transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Knockouts'

right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Knockouts' and the transferee are parties.

9. DEFAULT AND TERMINATION

A. Developer shall be deemed to be materially in default under this Agreement and all rights granted herein shall automatically terminate without notice to Developer if:

i) Termination in the Event of Bankruptcy or Insolvency. Developer shall be deemed to be in default under this Agreement, and all rights granted to it in this Agreement shall automatically terminate without notice, if Developer becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Developer or such a petition is filed against it and it does not oppose it; if Developer is adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for it or other custodian for its business or assets is filed and consented to by Developer; if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against Developer; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); if it is dissolved; if execution is levied against Developer's business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against any franchised location premises or assets or equipment is instituted against Developer and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

B. Termination with Notice and Without Opportunity to Cure. Developer shall be deemed to be materially in default, and Knockouts may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default except as provided below, effective immediately upon written notice to Developer, upon the occurrence of any of the following events of default:

i) Developer fails to comply with the Development Schedule (or any extension thereof approved by Knockouts in writing);

ii) Developer fails to execute each Franchise Agreement in accordance with Section 3.(a) (or any extension thereof approved by Knockouts in writing);

iii) Developer or any of its Controlling Principals is convicted of, or shall have entered a plea of nolo contendere to, a felony, a crime involving moral turpitude or any other crime or offense that Knockouts believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or Knockouts' interests therein;

iv) A threat or danger to public health or safety results from the construction, maintenance, or operation of any Salon developed under this Agreement, following a 24 hour notice from Knockouts;

v) Developer or any of its Controlling Principals breaches in any material respect any of the representations, warranties and covenants in Section 6.A.;

vi) Developer or any of the Controlling Principals Transfers or attempts to Transfer any rights or obligations under this Agreement or any interest in Developer to any third party without

Knockouts' prior written consent or without offering Knockouts a right of first refusal with respect to such transfer, contrary to the terms of Section 8;

vii) Developer misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or with the System or Knockouts' rights therein and does not cure such default within 24 hours following notice from Knockouts;

viii) Developer or any of its Affiliates fails, refuses or neglects promptly to pay when due any monetary obligation owing to Knockouts or vendors under this Agreement, any Franchise Agreement or any other agreement and does not cure such default within five days following notice from Knockouts (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five days, in which case the five-day cure period shall apply);

ix) Developer or any of its Affiliates is in default under any Franchise Agreement, Knockouts may provide notice (if applicable) and terminate this Agreement under the same terms that Knockouts may provide notice and terminate under the Franchise Agreement; and

x) Developer or any of the Controlling Principals commits three material events of default under this Agreement within any rolling 12-month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Developer after notice by Knockouts.

C. Except as provided above in Section 9.B., if Developer fails to comply with any other term or condition imposed by this Agreement, or any other development or franchise agreement between Developer and Knockouts, as such may from time to time be amended, Knockouts may terminate this Agreement only by giving written notice of termination stating the nature of such default to Developer at least 30 days prior to the effective date of termination; provided, however, that Developer may avoid termination by immediately initiating a remedy to cure such default and curing it to Knockouts' satisfaction within the 30-day period and by promptly providing proof thereof to Knockouts. If any such default is not cured within the specified time, or such longer period as applicable law may require, subject to Section 9.G., Developer's rights under this Agreement shall terminate without further notice to Developer effective immediately upon the expiration of the 30-day period or such longer period as applicable law may require.

D. Termination with 10-Day Cure Period. Knockouts has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if Developer fails to cure the following defaults within 10 days after delivery of written notice: (a) fails to obtain or maintain required insurance coverage; (b) fails to pay any amounts due to Franchisor; (c) fails to pay any amounts due to its trade creditors (unless such amount is subject to a bona fide dispute); or (d) fails to pay any amounts for which Franchisor has advanced funds for or on its behalf, or upon which Franchisor is acting as guarantor of Developer's obligations.

E. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 9, Knockouts has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if Developer fails to cure any curable default within 30 days after delivery of written notice.

F. Termination Related to Death or Permanent Incapacity. Knockouts has the right to terminate this Agreement if an approved Transfer as required by Section 8.K. is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

G. Upon default by Developer under Sections 9.B. or 9.C., Knockouts has the option, in its sole discretion, in addition to exercising its option to terminate this Agreement as provided in Sections 9.B. or 9.C., to do any one or more of the following:

i) Terminate or modify any territorial rights granted to Developer in Section 1.B.;

ii) Reduce the area of such territorial rights;

iii) Reduce the number of Salons which Developer may establish; and/or

iv) Pursue any other remedy Knockouts may have at law or in equity.

H. Upon the termination or expiration of this Agreement, Developer shall have no right to establish or operate any Salon for which a Franchise Agreement has not been executed by Knockouts and delivered to Developer at the time of termination or expiration.

I. If Knockouts elects to terminate the territorial rights granted to Developer in Section 1.A., modify such territorial rights or reduce the area of territorial rights as provided in Section 9.G. above, Developer shall continue to develop Salons according to the Development Schedule, to the extent that the number of Salons Developer is required to develop is reduced and/or the area in which such Salons are required to be developed is reduced by Knockouts pursuant to Sections 9.G.ii. and 9.G.iii.

J. Knockouts' exercise of any of its options under Section 9.G. shall not, in the event of a default, constitute a waiver by Knockouts to exercise its option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

10. CONFIDENTIAL INFORMATION

A. Neither Developer nor any of its Controlling Principals shall communicate or divulge to, or use for the benefit of any person, partnership, corporation or other entity, any Confidential Information (as defined below), knowledge or know-how concerning the methods of operation of the Salon or the System which may be communicated to Developer or any of Developer's Controlling Principals or which may be apprised by virtue of Developer's development of Salons under this Agreement. Developer and Developer's Controlling Principals shall divulge such Confidential Information only to those personnel of Developer who must have access to it in order to develop the Salons and then only on a need-to-know basis. Developer shall not at any time without Knockouts' prior written consent copy, duplicate, record or otherwise reproduce any of the Confidential Information, in whole or in part, or otherwise make it available to any unauthorized person. This covenant shall survive the expiration, termination, or transfer of this Agreement or any interest in this Agreement. "Confidential Information" means all Knockouts trade secrets; all information concerning any customer for Developer or any other KNOCKOUTS business has provided services, including personal and financial information; the Standards and other elements of the System; Knockouts' proprietary standards and specifications for the Salons and the services provided; the contents of the Operations Manual and all other manuals; the contents of the Web Site and other on-line communications; all training materials and the training program; strategies and site evaluations, drawings, equipment, software, selection guidelines and techniques; all marketing materials, vendor and supplier information and pricing; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Salon which may be communicated to Developer, or of which Developer may be apprised, by virtue of its operation under the terms of this Agreement; business plans; technology; all business, operational, and financial data created by or concerning its Salon, any other salon in the KNOCKOUTS system or Knockouts; and any other information that Knockouts designates as "Confidential Information."

B. Prior to disclosure of any Confidential Information, Developer shall advise all employees, representatives and Controlling Principals of Developer of the confidential and proprietary nature of the Confidential Information and ensure that Developer's employees, representatives and Controlling Principals maintain the confidentiality of the Confidential Information that they receive in connection with their relationship with Developer. Developer shall indemnify Knockouts from any related damages, costs, or expenses resulting from or related to disclosure or use of Confidential Information by Developer's Controlling Principals and/or employees.

C. If Developer, any Controlling Principal or any of Developer's employees develops any new concept, process, or improvement in the development of Salons, Developer shall promptly notify Knockouts and provide Knockouts with all necessary related information without compensation. These concepts, processes, and improvements shall become the property of Knockouts, and Knockouts may use or disclose the information to a related person or to other System developers or franchisees as it determines. Developer shall execute such documentation as shall be deemed necessary by Knockouts to grant exclusive ownership to Knockouts. Developer's use of any concept, process, or improvement in the development of Salons is contingent upon Developer obtaining Knockouts' prior written approval.

D. If Developer or Developer's Controlling Principals, employees, agents, consultants or contractors receive notice of any request, demand or order to transfer or disclose all or any portion of the Confidential Information, Developer shall immediately notify Knockouts thereof, and shall fully cooperate with and assist Knockouts in prohibiting or denying any such transfer or disclosure. Should such transfer or disclosure be required by a valid, final, non-appealable court order, Developer shall fully cooperate with and assist Knockouts in protecting the confidentiality of the Confidential Information to the maximum extent permitted by law.

E. Immediately upon any termination or expiration hereof, Developer and each Controlling Principal, representative, independent contractor and employee shall return to Knockouts the Confidential Information including, without limitation, that portion of the Confidential Information which consists of analyses, compilations, studies or other documents containing or referring to any part of the Confidential Information, prepared by Developer or such Controlling Principal, their agents, representatives or employees, and all copies thereof.

11. INDEMNIFICATION

A. Developer shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Knockouts, its successors and assigns, their respective partners and Affiliates and the officers, managers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them ("Indemnities"), from and against all losses, damages, fines, costs, expenses, lost profits, loss, damages, or liability (including attorneys' fees, court costs and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation, proceeding or inquiry, or any settlement thereof which arises from or is based upon:

i) Infringement, alleged infringement or any other violation or alleged violation by Developer of any patent, mark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted pursuant to a Franchise Agreement) or any misuse of the Confidential Information;

ii) Violation, breach or asserted violation or breach by Developer of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

iii) Violation or breach by Developer of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between Developer or any of its Affiliates and Knockouts, or the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of any of them; and

iv) Acts, errors, or omissions incurred in connection with or arising out of any Salon, including any negligent or intentional acts.

In addition, Developer shall indemnify Knockouts for any and all losses, compensatory damages, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, settlement amounts, judgments, damages to Knockouts' reputation and goodwill, costs of advertising material, media time and space and substituting and replacing the same, all costs of recall, refunds, compensation, all public notices and other such amounts which may result from any of the actions, commissions or items listed in this Section 11.

B. Developer agrees to give Knockouts prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of Developer, Knockouts may elect to assume (but under no circumstance is obligated to undertake) or associate counsel of its own choosing with respect to the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Knockouts shall, in no manner or form, diminish the obligation of Developer to indemnify the Indemnities and to hold them harmless.

12. INDEPENDENT CONTRACTOR, INSURANCE

A. Independent Contractor. The parties acknowledge and agree that developer is operating the business contemplated under this Agreement as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party has any fiduciary obligations to the other or will be liable for the debts or obligations of the other. Neither party has the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing by the parties. Developer shall conspicuously identify itself and the business contemplated under this Agreement in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership.

B. Insurance Obligations.

i) Developer shall maintain in full force and effect at all times during the term of this Agreement, at its expense, an insurance policy or policies protecting it, Franchisor and its Affiliates, and its parent company and its Affiliates, and their respective partners, shareholders, members, directors, regional directors, managers, agents, employees, successors and assigns ("Franchisor Insureds"), against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the business contemplated under this Agreement.

ii) Such policy or policies shall: (a) be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; (b) name Franchisor and Franchisor Insureds on a primary non-contributory basis; (c) the additional insured coverage must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable

wording acceptable to Franchisor); and (d) comply with Franchisor's written requirements at the time such policies are obtained, and provide at least the types and minimum amounts of coverage that Franchisor requires from time to time. Franchisor may unilaterally modify these insurance requirements, which modifications may include increasing minimum policy limits, by delivering to Developer written notice of the change.

iii) In connection with any and all insurance that Developer is required to maintain under this Section 12.B., it and its insurers shall agree to waive their rights of subrogation against Franchisor, and Developer shall provide evidence of such waiver in accordance with this Section 12.B.

iv) Developer's obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Developer's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 11 of this Agreement.

v) All public liability and property damage policies shall contain a provision that Franchisor and its Affiliates, although named as additional insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor, or its Affiliates, partners, shareholders, officers, directors, agents, or employees by reason of Developer's negligence.

vi) At least 10 days prior to the time Developer is first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, it shall deliver to Franchisor certificate of insurance evidencing its compliance with this Article 12. Each certificate of insurance shall expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

vii) If Developer fails to procure or maintain these minimum insurance requirements, Franchisor or its designee has the right (but is not required) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, Developer shall reimburse Franchisor the cost of the premium and pay a reasonable administrative fee not to exceed $500, upon demand.

13. GOVERNING LAW, VENUE, AND REMEDIES

A. Governing Law. This Agreement, after review by Knockouts, was accepted in the State of Texas and shall be interpreted, construed and governed according to the internal laws, and not the laws pertaining to choice or conflict of laws, thereof, except that the laws of the jurisdiction in which any action to enforce any covenants not to compete provided or referenced herein shall govern such covenants not to compete, without giving effect to the principles pertaining to choice or conflict of laws thereof.

B. Remedies. No right or remedy herein conferred upon or reserved to Knockouts is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every right or remedy.

C. Attorneys' Fees and Costs of Enforcement. In the event Knockouts is required to pursue the enforcement of this Agreement, either in litigation or otherwise, Developer shall reimburse Knockouts for all costs incurred in the enforcement of this Agreement, including but not limited to administrative, supervisory, or training costs; reasonably attorneys' and expert fees; costs of travel; costs of public relations; costs of audit and inspections or investigations; and other costs associated with the enforcement of this Agreement or to resolve non-compliance matters or other defaults.

D. Mediation. Developer agrees that as a condition precedent to its bringing of any arbitration action to enforce any rights hereunder or to assert a claim for damages in connection herewith, that Developer will give Knockouts 10 days prior written notice of Developer's intent to bring such action and, upon Knockouts election to require mediation as provided herein (which election shall be made by written notice given within 10 days of receipt of Developer's written notice), Developer agrees to submit to non-binding mediation in accordance with Sections 154.001 et seq. of the Texas Civil Practice & Remedies Code in Plano, Texas. Developer's failure to give the notice required by this Section shall be grounds for the staying of any such legal action pending submission to such non-binding mediation.

E. Arbitration. Except as expressly set forth herein, all disputes, claims and controversies arising out of or relating to this Agreement or any other agreement between the parties hereto or a breach thereof shall be settled totally and finally by arbitration in Plano, Texas or such other location as the parties prescribe in accordance with this Agreement and the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"). Except as expressly set forth herein, arbitration shall be the exclusive method available for resolution of such claims and disputes.

i) Such arbitration shall be conducted before a single arbitrator selected by the mutual agreement of the parties. If the parties cannot agree upon a single arbitrator within 30 days after written demand for arbitration, the arbitrator will be selected pursuant to the Rules. All arbitrators shall be knowledgeable and have experience in the franchise industry and be selected from the panel which the American Arbitration Association provides. Each party to the arbitration shall be responsible for their own cost and expenses of arbitration, including legal and filing fees. In the arbitration, any and all pretrial discovery methods, including, but not limited to, the taking of depositions of witnesses, written interrogatories, request for production, inspection and copying and documents shall be available to the parties subject to the reasonable limitations set forth by the arbitrator. The presentations of the parties and the arbitration proceedings shall be commenced and completed within 60 days after selection of the arbitrator and the arbitrator shall render its decision in writing within 30 days after completion of such presentations. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. At the request of any party, the arbitrator shall make and provide to the parties, written findings of facts and conclusions of law. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

ii) Furthermore, notwithstanding the foregoing, the arbitrator shall have no jurisdiction over disputes relating to the ownership, validity, use, or registration of any Mark, copyright or proprietary or confidential information of Knockouts, without Knockouts' prior written consent. Knockouts may seek any applicable remedy in any applicable forum with respect to these disputes. In addition to obtaining monetary damages, Knockouts may obtain injunctive relief against misuse of Knockouts' Marks, copyrights, or confidential information.

iii) Notwithstanding the foregoing, nothing contained herein shall be construed to limit or prevent Knockouts from terminating this Agreement or applying to and obtaining from any court, having jurisdiction a writ of attachment, a temporary injunction, a preliminary injunction or any other injunctive or emergency relief available to safeguard and protect Knockouts' interests prior to the filing of or during or following any arbitration or other proceeding or pending the handing down of a decision or award in connection with any arbitration or other proceeding.

iv) Nothing contained herein shall be deemed to give the arbitrators any authority, power, or right to alter, change, amend or modify, add to or subtract from any provisions of this Agreement.

v) Arbitration will be conducted on an individual, and not a class-wide basis, and the arbitration may not be joined or consolidated with any other proceeding.

F. Injunctive Relief. If Knockouts shall desire to seek specific performance or other extraordinary relief including, but not limited to, injunctive relief under this Agreement and any amendments thereto, or to collect monies due, then any such action shall not be subject to arbitration and Knockouts shall have the right to bring such action as described in Section 13.G.

G. Venue. With respect to any claims, controversies or disputes which are not finally resolved through arbitration as otherwise provided above, Developer hereby irrevocably submits to the jurisdiction of the state or federal court in Collin County, Texas. Developer hereby waives all questions of personal jurisdiction for the purpose of carrying out this provision. Developer further agrees that venue for any proceeding relating to or arising out of this Agreement shall be brought and maintained exclusively in the state or federal court serving the judicial district in Collin County, Texas; provided, however, with respect to any action for monies owed or for injunctive or other extraordinary relief, Knockouts may bring such action in any state or federal district court which has jurisdiction.

H. Contractual Limitations Period. No legal action or proceeding may be brought against Knockouts or its officers, directors, agents, or employees, for any claim or cause of action (whether sounding in contract, tort, or otherwise) unless such action or proceeding is instituted within two years and one day from the date the claim or cause of action accrued. This provision is intended to shorten any applicable statute of limitations to the extent permitted by law.

I. WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

J. WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

14. MISCELLANEOUS PROVISIONS

A. Entire Agreement. This Agreement, the documents referred to herein, and the exhibits hereto, constitute the entire, full and complete agreement between Knockouts and Developer concerning the subject matter hereof and shall supersede all prior related agreements between Knockouts and Developer other than any Franchise Agreement; provided that nothing in this Agreement is intended to or shall disclaim any representation contained in Knockouts' franchise disclosure document delivered to Franchisee in connection with this Agreement. Except for those permitted to be made unilaterally by Knockouts hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

B. Severability. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation

of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

C. Notice. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by prepaid facsimile or email (provided that the sender confirms the facsimile or email by sending an original confirmation copy by certified or registered mail or expedited delivery service within three business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Knockouts: Knockouts Holdings, LLC
210 North Hurst Rd.
Burleson, TX 76028
Attention: Chief Executive Officer
Facsimile: _____

Notices to Developer: _____
_____
_____
_____
Facsimile: _____
Email: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile or email, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three business days after the date and time of mailing.

D. Relationship. Knockouts and Developer stand solely in the business relationship of licensor and licensee and vendor and vendee. Developer is not and shall not act or represent itself as the employee, agent, partner, or joint venturer of Knockouts. Developer shall incur no debt, liability, or obligation on behalf of Knockouts. No fiduciary duties or relationship of special trust and confidence exist between the parties.

E. Parties Affected. This Agreement binds the parties and their respective executors, administrators, successors and assigns. No person may acquire from Developer any interest in this Agreement except in accordance with Section 8. If Developer consists of more than one person, all are jointly and severally liable hereunder.

F. Waiver. No delay, waiver, omission or forbearance on the part of Knockouts to exercise any right, option, duty or power arising out of any breach or default by Developer under this Agreement shall constitute a waiver by Knockouts to enforce any such right, option, duty or power against Developer, or as to a subsequent breach or default by Developer. Acceptance by Knockouts of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by

Knockouts of any preceding breach by Developer of any terms, provisions, covenants, or conditions of this Agreement.

G. Consent. Whenever this Agreement requires the prior approval or consent of Knockouts, Developer shall make a timely written request to Knockouts, and such approval or consent shall be obtained in writing.

H. Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

I. Captions. The captions and section headings used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions and section headings shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions or section headings otherwise be given any legal effect.

J. Survival. Any obligation of Developer that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Developer therein, shall be deemed to survive such termination, expiration, or transfer.

K. Cumulative Rights. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Developer or any of its Affiliates and Knockouts. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time.

L. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

M. Business Judgment. Notwithstanding any contrary provisions contained in this Agreement, the parties acknowledge and agree that: (i) this Agreement (and the relationship of the parties which arises from this Agreement) grants Knockouts the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Developer's explicit rights and obligations hereunder that may affect favorably or adversely Developer's interests; (ii) Knockouts will use its business judgment in exercising such discretion based on Knockouts' assessment of Knockouts' own interests and balancing those interests against the interests, promotion and benefit of the System and salons generally (including Knockouts, and its Affiliates and other developers and franchisees), and specifically without considering Developer's individual interests or the individual interests of any other particular developer or franchisee (examples of items that will promote or benefit the System and salons generally include, without limitation, enhancing the value of the Marks and/or the KNOCKOUTS brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); (iii) Knockouts will have no liability to Developer for the exercise

of its discretion in this manner; and (iv) even if Knockouts has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Knockouts' judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. **IF KNOCKOUTS TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT KNOCKOUTS' RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.**

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the Effective Date.

KNOCKOUTS HOLDINGS, LLC	DEVELOPER:
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Accepted On:_____	Date:_____

(the "Effective Date")

Attachment A

To Knockouts Holdings, LLC Multi-Unit Development Agreement

Development Schedule

The Multi-Unit Development Agreement authorizes and obliges Developer to establish and operate _____ KNOCKOUTS Salons pursuant to a Franchise Agreement for each KNOCKOUTS Salon. The following is Developer's Development Schedule:

Fees Paid Upon Signing:

Upon the execution of the Multi-Unit Development Agreement and Franchise Agreement, Developer is paying to Knockouts $_____; which represents fully paid franchise fees of $40,000 for the first location, $30,000 for a second location and $20,000 for each additional location.

Development Schedule:

1. The first Salon is scheduled to be opened within _____ months of the date of this Agreement.

2. The second Salon is scheduled to be opened within _____ months of the date of this Agreement.

3. The third Salon is scheduled to be opened within _____ months of the date of this Agreement.

4. The fourth Salon is scheduled to be opened within _____ months of the date of this Agreement.

5. The fifth Salon is scheduled to be opened within _____ months of the date of this Agreement.

6. _____ Salons will be opened per year for the next _____ years.

Franchise Agreement Execution Dates:

1.

2.

3.

4.

5.

IN WITNESS WHEREOF, each party hereby acknowledges having read this Development Schedule and understands and consents to be bound by all of its terms and agrees that it shall become effective the _____ day of _____ 20___.

DEVELOPER:

By:_____
Name:_____
Title:_____

KNOCKOUTS HOLDINGS, LLC

By:_____
Name:_____
Title:_____

Attachment B

Entity Information

If Developer is an entity, it represents and warrants that the following information is accurate and complete in all material respects as of _____.

(1) Developer is a_____ , formed under the laws of the state of _____.

(2) Developer shall provide to Franchisor concurrently with the execution hereof true and accurate copies of Developer's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) Developer promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.

(4) The name and address of each of Owner:

Name	Address	Number of Shares or Percentage Interest

(5) The address where the Developer's Financial Records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

FRANCHISOR

KNOCKOUTS HOLDINGS, LLC

By:_____
Name:_____
Title:_____

DEVELOPER

By:_____
Name:_____
Title:_____

Attachment C

To Knockouts Holdings, LLC Multi-Unit Development Agreement
Franchise Agreement

EXHIBIT C

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

ILLINOIS
Office of Attorney General
500 S. Second Street
Springfield, Illinois 62706

TEXAS
Nathan White – Registered Agent
210 North Hurst Rd
Burleson, TX 76028

MICHIGAN
Michigan Department of Labor & Economic Growth
Commercial Services & Corporations Bureau
611 West Ottawa Street
Lansing, Michigan 48909

EXHIBIT D

STATE ADMINISTRATORS

STATE ADMINISTRATORS

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

Hawaii
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Office of Attorney General
500 S. Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204
317-232-6681

Maryland
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Michigan
Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48913
(517) 373-7117

Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Fl
New York, New York 10005
(212) 416-8222

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue, Fifth Floor Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Division of Securities
1511 Pontiac Avenue, 69-1
Cranston, Rhode Island 02920
(401) 222-3048

South Dakota
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

Wisconsin
Division of Securities
Department of Financial Institutions
201 W. Washington Avenue
Madison, Wisconsin 53703
(608) 266-8559

EXHIBIT E

FINANCIAL STATEMENTS

EXHIBIT F

OPERATIONS MANUAL TABLE OF CONTENTS

Knockouts LLC

Operations Manual Index

Section One – Introduction and Timelines ..... 35 pages

Section Two – Legal, Licenses and Regulations ..... 46 pages

Section Three – Finances ..... 25 pages

Section Four – The Salon ..... 39 pages

Section Five – The Staff ..... 96 pages

Section Six – Products and Services ..... 39 pages

Section Seven – Marketing ..... 35 pages

Section Eight – Operations ..... 163 pages

Total pages ..... 478 pages

EXHIBIT G

LIST OF FRANCHISEES

KNOCKOUTS HOLDINGS, LLC
LIST OF CURRENT FRANCHISEES

Franchised Salons Open and Operating As of December 31, 2024

State	Franchisee Company Name	Franchisee Name	DMA	Salon Name	Address	Phone No.
Arkansas	Haymaker Group LLC	Matt Merrill; David Hadley	Arkansas	Fort Smith	5440 Phoenix Avenue Suite A Fort Smith, AR 72903	479-769-2391
Colorado	Mike and Stacey Snyder	Mike and Stacey Snyder	Colorado	Westminister	1005 W. 120th Ave., Suite 450A Westminister, CO 80234	303-452-1230
	Mike and Stacey Snyder	Mike and Stacey Snyder	Colorado	Centennial	6262 S. Parker Rd Ste 500, Centennial CO 80016	303-766-0159
Florida	Mark and Tammy Norton	Mark and Tammy Norton	Florida	Riverview	11345 US-301 Riverview, FL 33578	813-280-2963
Georgia	Matan Bayliss	Matan Bayliss	Georgia	Roswell	24 E. Crossville Road Roswell, GA 30075	678-373-3195
Idaho	Matt Dyson	Matt Dyson	Meridian	Meridian	4724 Greenville Ave Suite E Dallas, TX 75206	214-987-9935
Iowa	Mike and Stacey Snyder	Mike and Stacey Snyder	Iowa	Ankeny	2310 SE Delaware, Suite D Ankeny, IA 50021	515-865-7960
Louisiana	Trey Weil	Trey Weil	Gonzales	Gonzales	333 St Christopher Ave Suite D Gonzales, LA 70737	225-391-5661
Massachusetts	Mike and Stacey Snyder	Mike and Stacey Snyder	Massachusetts	Mansfield	287 School St. Building A, Unit 155 Mansfield, MA 02048	682-518-0604
	Mike and Stacey Snyder	Mike and Stacey Snyder	Massachusetts, Maine, Vermont, New Hampshire	Framingham	328 Worcester Road Framingham, MA 01702	508-405-2829
Michigan	Gary Laundroche	Gary Laundroche	Michigan	Hartland	10480 Highland Rd Hartland, MI 48353	810-991-1709
	Gary Laundroche	Gary Laundroche	Michigan	Canton	39725 Ford Rd Canton, MI 48187	734-404-5454

State	Franchisee Company Name	Franchisee Name	DMA	Salon Name	Address	Phone No.
Missouri	Mike and Stacey Snyder	Mike and Stacey Snyder	South Kansas City	North Kansas City	400 Armour Road, North Kansas City, MO 64116	817-426-5545
	J&L Drywall Supplies	Jeff Collins	St. Joseph, Missouri	St. Joseph, Missouri	1213 N. Belt Hwy., Suite C St. Joseph, MO 64506	816-749-4777
Nebraska	Amy Bracht	Amy Bracht	Nebraska	Bellevue	848 Cornhusker Rd Suite 104 Bellevue, NE 68005	531-213-2478
Ohio	Dwayne Moore and Laura Moore	Dwayne Moore and Laura Moore	New Albany	New Albany	9715 Johnston Road New Albany, OH 43054	614-245-8553
	Dwayne Moore and Laura Moore	Dwayne Moore and Laura Moore	Pickerington	Pickerington	1260 Hill Road N, Pickerington, OH 43147	614-762-2576
Oklahoma	Luv my Triplets	John Anderson	Oklahoma	Broken Arrow	1122 N. 9th Street Broken Arrow, OK 74012	918-251-0122
	Nate and Paden Huff	Nate and Paden Huff	Oklahoma	Edmond	2015 East 2nd Street Edmond, OK 73034	405-696-5655
	Iven Management, LLC	Wade Iven	Oklahoma	Lawton	5370 NW Cache Road, Suite 2 Lawton, OK 73505	580-699-3434
	Nate and Paden Huff	Nate and Paden Huff	Central Oklahoma	NW Oklahoma City	6401 Northwest Expwy, Ste. 110-AD Oklahoma City, OK 73132	405-722-5656
	Nate and Paden Huff	Nate and Paden Huff	Central Oklahoma	Memorial	3330 W. Memorial Road Oklahoma City, OK 73120	918-617-3621
	Luv my Triplets	John Anderseon	NE Oklahoma	Tulsa	6626 S. Memorial Dr Tulsa, OK 74133	918-286-1810
	Nate and Paden Huff	Nate and Paden Huff	Moore	Moore	825 SW 19th Street Moore, OK 73160	405-735-5656
	John Anderson	John Anderson	Tulsa	Tulsa	9521 S. Riverside Parkway Tulsa, OK 74237	918-701-2007

State	Franchisee Company Name	Franchisee Name	DMA	Salon Name	Address	Phone No.
Pennsylvania	Roki Ventures, LLC*	Scott Rogowicz; Ryan King	Pennsylvania	Castle Shannon	3607 Library Road Pittsburgh, PA 15234	412-254-4428
	Roki Ventures, LLC*	Scott Rogowicz; Ryan King	Pennsylvania	North Huntingdon	648 Mills Dr, Suite 2, North Huntingdon, PA 15642	724-590-0810
	Roki Ventures, LLC*	Scott Rogowicz; Ryan King	Pennsylvania	Greensburg	2500 Greengate Center Cir, Greensburg, PA 15601	724-216-5016
Texas	55 Royale, Inc.	Chris and Vikki Jurgens	Dallas - Ft. Worth	Addison	3753 Beltline Road Addison, TX 75001	972-243-7070
	RK Ventures	Kristy and Randy Arrelano	Dallas - Ft. Worth	Arlington	900 E. Copeland Dr., Suite 110 Arlington, TX 76011	817-548-7979
	TKO, LLC*	Nathan White	Dallas - Ft. Worth	Arlington I20 & Matlock	4520 Matlock Rd #500, Arlington, TX 76018	817-468-2855
	TKO, LLC*	Nathan White	Dallas - Ft. Worth	Burleson	1185 N. Burleson Blvd. Ste. 215 Burleson, TX 76028	817-426-5545
	Scott May	Scott May	Dallas-Ft. Worth	Coppell	120 South Denton Tap Road, Ste. 420 Coppell, TX 75019	972-393-9922
	Mike and Stacey Snyder	Mike and Stacey Snyder	Dallas – Ft. Worth/Houston	Central Dallas	4724 Greenville Ave., Suite E Dallas, TX 75206	214-987-9935
	Mike and Stacey Snyder	Mike and Stacey Snyder	Dallas-Ft. Worth	Centreport	4120 Highway 360 Suite 109 Fort Worth, TX 76155	817-358-9595
	TKO, LLC*	Nathan White	Dallas - Ft. Worth	Denton	1501 Loop 288, Suite 103 Denton, TX 76205	940-218-2019
Texas	Mike and Stacey Snyder	Mike and Stacey Snyder	Dallas - Ft. Worth	Downtown Ft. Worth	3008 W. 7th Street, Suite 228 Fort Worth, TX 76107	817-332-4141
	Strategic Savings Solutions	Ray Dittrich; Bonnie Dittrich	Hulen	City View	4487 Bryant Irvin Road Ft. Worth, TX 76132	817-292-4141
	Mike and Stacey Snyder	Mike and Stacey Snyder	Gattis Crossing	Gattis Crossing	21315 TX-130 Suite 140	512-540-4479

State	Franchisee Company Name	Franchisee Name	DMA	Salon Name	Address	Phone No.
Texas					Pflugerville, TX 7660	
	Pulse of the Spirit Enterprises, LLC	Timothy Johnson	Fort Worth (North)	North Ft. Worth	2901 Western Center Blvd., Suite 115, Fort Worth, TX 76248	817-232-9965
	TKO, LLC*	Nathan White	Mid-cities, Texas	Hurst	520 Grapevine Hwy, Suite 300, Hurst, TX 76054	817-656-2300
	Kody Walker	Kody Walker	Kyle	Kyle	18840 I-35 Suite 200 Kyle, TX 78640	512-268-9025
	TKO, LLC*	Nathan White	Dallas - Ft. Worth	Lake Worth	5932 Quebec St. Ste. 130 Lake Worth, TX 76135	817-238-7979
	TKO, LLC*	Nathan White	Dallas-Ft. Worth	Mansfield	101 W. Debbie Lane Suite 100 Mansfield, TX 76063	682-518-0604
	TKO, LLC*	Nathan White	New Braunfels	New Braunfels	312 FM 306, Unit 104, New Braunfels, TX 78130	830-627-9138
	Mike and Stacey Snyder	Mike and Stacey Snyder	Greater Austin Area	Palm Valley	2980 Joe Dimaggio Blvd Suite 110 Round Rock, TX 78665	512-999-7318
	55 Royale, Inc.	Chris and Vikki Jurgens	North Plano	Plano	8408 Preston Rd., Suite 304, Plano, TX 75024	972-731-8880
	TKO, LLC*	Nathan White	East Dallas County and Central Texas	Rockwall	2850 Ridge Rd., Suite 106 Rockwall, TX 75087	972-722-0005
	Mike and Stacey Snyder	Mike and Stacey Snyder	Greater Austin	Round Rock	117 Louis Henna Blvd., Suite 140-A Round Rock, TX 78664	512-248-2266
	Pulse of the Spirit LLC	Tim Johnson	Texas	Saginaw	1209 N. Saginaw Blvd. Saginaw, TX 76179	682-312-7313
	TKO, LLC*	Nathan White	San Antonio	Vineyard	1205 N FM West 1604, Suite 107, San Antonio, TX 78258	210-492-4400
	TKO, LLC*	Nathan White	Dallas-Ft. Worth	The Forum	8235 Agora Pkwy Suite 113 San Antonio, TX 78233	210-566-6044

State	Franchisee Company Name	Franchisee Name	DMA	Salon Name	Address	Phone No.
	TKO, LLC*	Nathan White	Dallas - Ft. Worth	Westpointe	8603 State Hwy 151, San Antonio, TX 76132	210-265-1017
	TKO, LLC*	Nathan White	Dallas - Ft. Worth	Weatherford	220 Adams Dr. Ste. 240 Weatherford, TX 75086	817-594-1448

*Multi-Unit Developer

Franchise Agreement Signed but
Salon not Open as of December 31, 2024

Franchisee	City	State	Phone No. or E-mail
The TBM Group, LLC Clarence and Nicole Elliott	Frisco	Texas	817-253-9466
Cinco Ninos Ventures, LLC J.T. and Sandy Manoushagian	Fort Worth	Texas	817-255-7935

*Multi-Unit Developer

LIST OF FORMER FRANCHISEES

Franchisees who were terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement as of December 31, 2024, or who have not communicated with us within the last 10 weeks.

Franchisee	City	ST	Telephone or E-mail
None			

EXHIBIT H

GENERAL RELEASE
(SAMPLE FORM)

KNOCKOUTS HOLDINGS, LLC

GENERAL RELEASE
(SAMPLE FORM)

To all to whom these Presents shall come or may concern, know that _____ **[a _____ organized under the laws of the State of _____][an individual domiciled in the State of _____]** as RELEASOR, in consideration of the consent of Knockouts Holdings, LLC and other good and valuable consideration, hereby releases and discharges Knockouts Holdings, LLC as RELEASEE; RELEASEE'S corporate parents, subsidiaries or affiliates and the respective officers, directors, managers, shareholders, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities), and RELEASEE'S heirs, executors, administrators, successors and assigns, from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the RELEASEE, the RELEASOR, RELEASOR'S heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require. This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) has executed this RELEASE, and (if a legal entity) has caused this RELEASE to be executed by a duly authorized officer as of the date indicated below.

RELEASEE:	RELEASOR:
Knockouts Holdings, LLC a Texas limited liability company	
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT I

FRANCHISEE DISCLOSURE QUESTIONNAIRE

KNOCKOUTS, LLC

FRANCHISEE DISCLOSURE QUESTIONNAIRE

You and Knockouts Holdings, LLC ("Knockouts") are preparing to enter into a Franchise Agreement for the establishment and operation of a KNOCKOUTS hair salon (the "Salon"). The purpose of this Franchisee Disclosure Questionnaire is to determine whether any statements or promises were made to you that Knockouts has not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. _____ I have received and personally reviewed our Disclosure Document that we provided to you.

Comments:_____
_____
_____
_____

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISE APPLICANT

By:_____
(Signed)

_____
(Printed Name)

Date: _____

EXHIBIT J

STATE SPECIFIC ADDENDUM

KNOCKOUTS, LLC

STATE SPECIFIC ADDENDA

None at this time

EXHIBIT K

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states require that the franchise disclosure document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This 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
Michigan	February 13, 2025

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L

RECEIPTS

Receipt

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 Knockouts Holdings, LLC 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. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business 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.

If Knockouts Holdings, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit D.

The franchisor is Knockouts Holdings, LLC, located at 210 North Hurst Rd, Burleson, TX 76028. Its telephone number is 817-203-4556.

Issuance Date: April 23, 2025

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number
Nathan White	210 North Hurst Rd, Burleson, TX 76028	817-203-4556

I have received a disclosure document dated April 23, 2025. State registration effective dates are listed on the State Effective Dates page. The disclosure document included the Exhibits:

A Franchise Agreement w/Attachments
B Multi-Unit Development Agreement w/Attachments
C Agents for Service of Process
D State Administrators
E Financial Statements
F Table of Contents of the Operations Manual
G List of Current and Former Franchisees
H Form of General Release
I Franchisee Disclosure Questionnaire
J SBA Addendum to Franchise Agreement
K State Specific Addendum
L State Effective Dates
M Receipts

_____
Signature

_____ _____
Print Name Date

If signing on behalf of a corporation or other entity, please complete the following:

_____ By:_____
Name of Entity Name:_____
Title:_____
Date:_____

[YOUR COPY]

Receipt

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 Knockouts Holdings, LLC 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. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business 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

If Knockouts Holdings, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit D.

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I Franchisee Disclosure Questionnaire
J SBA Addendum to Franchise Agreement
K State Specific Addendum
L State Effective Dates
M Receipts

_____

Signature

_____ _____

Print Name Date

If signing on behalf of a corporation or other entity, please complete the following:

_____ By:_____

Name of Entity Name:_____

Title:_____

Date:_____

[OUR COPY]