FRANCHISE DISCLOSURE DOCUMENT

The Snip-its Franchise Company, LLC
a Massachusetts limited liability company
211 S. River Ridge Circle, Suite 100
Burnsville, Minnesota 55337
(952) 288-2222
sales@snipits.com
www.snipits.com

Snip-its Salon businesses provide full-service hair care salons for children along with branded entertainment ("Snip-its Salon Business(es)"). We offer the option to purchase both single franchise and multiple franchises (a "Multi-3" franchise, a "Multi-5" franchise, or a "Multi-5 Plus" franchise).

The total investment necessary to begin operation of a single Snip-its Salon franchised business is between $212,515 and $327,027. This includes between $36,980 and $40,590 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of three Snip-its Salon Businesses under a Multi-3 franchise is between $607,545 and $951,081. This includes between $80,940 and $91,770 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of five Snip-its Salon Businesses under a Multi-5 franchise is between $987,575 and $1,560,135 This includes between $109,900 and $127,950 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of a franchise under a Multi-5 Plus Franchise varies depending on the number of franchised businesses purchased.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement 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 Jason Bakker at 211 S. River Ridge Circle, Suite 100, Burnsville, Minnesota 55337, (952) 288-2222 or sales@snipits.com.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your 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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 28, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
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 B 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 Snip-its Salon 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(n) Snip-its Salon franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Minnesota. 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 Minnesota than in your own state.

2. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **Spousal Liability**. You 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.

4. **Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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
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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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

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

To simplify the language in this Franchise Disclosure Document, "SIF," "we," "us" and "our" means The Snip-its Franchise Company, LLC, the franchisor. "You," "your" and "Franchisee" means the person, and its owners if the Franchisee is a business entity, who buys the franchise from SIF.

The Franchisor

SIF is a Massachusetts limited liability company formed on January 29, 2003. We operate under our corporate name and the name Snip-its. Our principal business address is 211 S. River Ridge Circle, Suite 100, Burnsville, Minnesota 55337. We offer franchises ("Snip-its Salon Franchise(s)" or "Franchise(s)") for Snip-its Salon Businesses and have done so since April 2003. We do not conduct business under any other name or in any other line of business and we do not offer franchises in any other line of business. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document.

Our agent for service of process in Massachusetts is Corporation Service Company, 84 State Street, Boston, Massachusetts 02109. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

Parents, Predecessors and Affiliates

We do not have any predecessors. We have one parent entity, FS Snip-its LLC ("FSS") that owns and controls all of the intellectual property utilized by all of the Snip-its Salon Franchises and licenses it to us. FSS was incorporated in Minnesota on January 4, 2018, and acquired the previous parent, The Snip-its Corporation, on January 10, 2018. FSS shares our principal business address. FSS may offer and sell products (such as haircare products and video games, music, and other entertainment-oriented products) that will be used at, or sold at, the Snip-its Salons to franchisees (see Item 8 for details). FSS does not and has not in the past offered franchises in our or any other line of business. FSS directly and through the previous parents and their affiliates owned and operated Snip-its Salons from 1995 to 2022. We do not have any affiliates.

The Franchise

Snip-its Salon franchisees operate businesses providing haircare services for children along with branded entertainment ("Snip-its Salons" or "Salons"). Our operating system includes recognizable design, décor and color scheme; uniform standards, specifications, rules and procedures of operation; techniques; philosophies; quality and uniformity of products and services offered; and procedures ("System"). The distinguishing characteristics of the System include a specially-designed building or facility for hair care, spa services, and entertainment operations. The System also includes specially developed equipment, equipment layouts, signage, distinctive interior and exterior design, trade dress and accessories, unique proprietary animated cartoon characters ("Characters"), proprietary computer games developed by us from time to time, specialized proprietary hair care products, such as, shampoos, conditioners and styling aids ("Proprietary Products") and other non-proprietary products. Our System also incorporates specific procedures for operations, quality and uniformity of products and services offered, procedures for management and inventory control, a third-party point-of-sale, management and marketing computer system, training and assistance, and advertising and promotional programs. We grant franchises to operate

Snip-its Salon Businesses using the System and our trade names, trademarks, service marks, emblems, logos, slogans and copyrights ("Marks") as authorized by us from an approved retail location.

The Proprietary Products include a complete line of premium quality haircare items designed and formulated specifically for children. Each product is made to be ultra-gentle on children's sensitive hair, eyes and skin, utilizing naturally-based renewable ingredients and botanical extracts. The Proprietary Products are generally tear-free, irritant and alcohol-free, and avoid commonly known allergens. Where possible, ingredients that help counter the sun's damaging rays are included. We feature shampoo and body washes for daily cleansing, specialty shampoos, conditioners and styling aids, in a variety of kid-friendly fragrances also pleasing to adults. The Proprietary Products also include branded animation, music, an interactive magic prize box and other entertainment-oriented products.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C ("Franchise Agreement"). You may operate one Snip-its Salon Business for each Franchise Agreement you sign.

We also offer the opportunity to select qualified persons to acquire the right to develop multiple Snip-its Salon Businesses by signing our "Multi-Franchise Addendum," attached to this Franchise Disclosure Document in Exhibit G-7. Prior to opening each additional Snip-its Salon Business under the Multi-Franchise Addendum, you must sign the then-current Snip-its Salon Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

We offer: (i) Multi-3 franchises which allow a franchisee to develop up to three Snip-its Salons; (ii) Multi-5 franchises which allow a franchisee to develop up to five Snip-its Salons; and (iii) Multi-5 Plus franchises, which allow a franchisee to develop more than five Snip-its Salons. See Item 5 for additional information about the fees associated with signing a Multi-Franchise Addendum.

Market and Competition

The primary market for the products and services offered by the Snip-its Salon Business is the general public. The products and services offered by Snip-its Salon Businesses are not seasonal. The retail market, as a whole, is well-developed and highly competitive and includes retail units and kiosks selling various types of products and services. You may have to compete with numerous other independent and chain-affiliated businesses, some of which may be franchised. Many retail franchise systems, in particular, have already established national and international brand recognition.

Industry-Specific Laws

You must obtain all required licenses, permits, and approvals to operate your Snip-its Salon Business. Some states and local jurisdictions may have enacted or may in the future enact laws, rules, regulations, and ordinances which may apply to the Snip-its Salon Business. You must comply with all local, state, and federal laws that apply to your Salon operations, including for example health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, etc. You must obtain real estate permits (*e.g.*, zoning), real estate licenses, and operational licenses. In some states, there are also regulations promulgated or enforced by a cosmetology board or similar entity that pertain to hair cutting and other activities in connection with the operation of the Salon. You and your hair stylists and other employees must comply with all such cosmetology laws and similar laws and regulations, as well as applicable federal, state, and local laws and regulations in connection with the operation of your Salon.

You should consult with your attorney concerning those and other local laws and ordinances that may affect your Salon's operation.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer: Jason Bakker

Mr. Bakker has been our Chief Executive Officer in Burnsville, Minnesota since January 2020. Prior to that, Mr. Bakker was the head of U.S. Media Strategy for Alexander Mann Solutions in Cleveland, Ohio from February 2019 to January 2020. Prior to that, Mr. Bakker was the Chief Operating Officer and Vice President of Marketing & Advertising for Campus Media Group (now known as College Marketing Group) in Bloomington, Minnesota from October 2003 to February 2019.

Managing Director: Matthew Paschke

Mr. Paschke has been our Managing Director in Burnsville, Minnesota since January 2018. Mr. Paschke has also been the Owner and Managing Director of FSS in Burnsville, Minnesota since January 2018. He has also been the Portfolio Manager for Park State Bank in Minneapolis, Minnesota since March 2021. Mr. Paschke is also a Limited Partner of Farnam Special Ops in Minneapolis, Minnesota and has been since December 2016. He has also been self-employed as the Owner and Director of Hebron LLC since December 2010, Haran LLC since June 2011, FS Health LLC since December 2016, and LMC1 LLC since May 2021, all located in Prior Lake, Minnesota. Mr. Paschke has been the Partner at Leuthold Group LLC since December 2003 and Owner of 70th Street Properties LLC since December 2021, both in Minneapolis, Minnesota. He is also the Owner and Director of HM Homeworks LLC in Savage, Minnesota and has been since December 2019. Previously, he was the Owner of Havilah LLC from November 2006 to December 2021 and Managing Director at Roaming Lifestyle LLC from December 2016 to December 2020, both in Prior Lake, Minnesota, and the Owner of HMTHPL LLC in Savage, Minnesota from September 2020 to December 2021.

Controller: Craig Voss

Mr. Voss has been our Controller in Burnsville, Minnesota since October 2008.

Field Financial Analyst: Jason Blom

Mr. Blom has been our Field Financial Analyst in Burnsville, Minnesota since March 2007.

Director of Artistic Education: Marsha Cole

Ms. Cole has been our Director of Artistic Education in Burnsville, Minnesota since September 2008.

Marketing Manager: Mariah Whurr

Ms. Whurr has been our Marketing Manager in Burnsville, Minnesota since August 2019. Prior to that, Ms. Whurr was our Marketing Communications Coordinator from February 2016 until August 2019, in Burnsville, Minnesota.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

We offer four different Franchise packages depending on the number of Snip-its Salon Businesses you wish to purchase:

Franchise Type	Number of Snip-its Salon Businesses	"Initial Franchise Fee"
Single franchise	1	$35,000
Multi-3 franchise	Up to 3	$75,000
Multi-5 franchise	Up to 5	$100,000
Multi-5 Plus franchise	An agreed upon number	$100,000 plus $10,000 per additional Snip-its Salon Business above 5

If you purchase a Multi-3 franchise, Multi-5 franchise, or a Multi-5 Plus franchise, you will sign the Multi-Franchise Addendum. There is no development territory or development schedule to open additional Snip-its Salon Businesses under the Multi-Franchise Addendum. Under a Multi-5 Plus Franchise, we will mutually agree on the number of Snip-its Salons you are permitted to open, and you must pay us a non-refundable Initial Franchise Fee in the amount of $100,000 plus $10,000 per each additional Snip-its Salon Business beyond the initial five.

If you are an honorably discharged veteran who meets our qualifications for a Franchise, you will receive a one-time $3,500 discount on the Initial Franchise Fee, whether you purchase a single Snip-its Salon Business or multiple Snip-its Salon Businesses under a Multi-Franchise Addendum.

The Initial Franchise Fee is payment for all of our pre-opening assistance that we provide to allow you to open your Snip-its Salon Business and also offsets some of our franchisee recruitment expenses. The Initial Franchise Fee is uniform, fully earned by us once paid, payable when you sign your Franchise Agreement(s) and is non-refundable. During our last fiscal year ended December 31, 2022, we did not collect any Initial Franchise Fees.

Proprietary Products

You will purchase Proprietary Products from us or FSS at a cost of approximately $1,830 to $3,225 depending on the size of your Salon. These amounts are payable when you place your opening order of "Snip-its" branded Proprietary Products, which must be placed prior to opening your Salon. These amounts are uniform, fully earned once paid and non-refundable.

Initial Inventory and Salon Supplies

You have the option to purchase a portion of your initial inventory and salon supplies from us or FSS, but you may also purchase these and the remaining amount from other suppliers. For that reason, we estimate you may pay up to approximately $2,150 to us for certain initial inventory and salon supplies. These amounts are payable when you place your opening order initial inventory and salon supplies. Inventory and salon supplies purchased from us or FSS are non-refundable.

POS Software System Fee

You will begin paying our POS Software System Fee when the POS Software is activated, which is typically one month prior to the opening of your Snip-its Salon Business. Our current POS Software System Fee ranges between $150 and $215 per month. This fee is fully earned once paid and is non-refundable.

ITEM 6
OTHER FEES

Type of Fee[(1)]	Amount	Due Date	Remarks
Royalty[(2)]	5% of Gross Sales for the first year and then 6% of Gross Sales for the remainder of the term of the franchise agreement	Due on the fifth business day of each Accounting Period	The "Royalty" is based on "Gross Sales" during the previous Accounting Period (as defined in Note 2). Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Marketing Fund Contribution	1.5% Gross Sales for the first year and then 2% of Gross Sales for the remainder of the term of the franchise agreement	Same as Royalty	This "Marketing Fund Contribution" is used for a system-wide "Marketing Fund" for our use in promoting and building the Snip-its Salon brand. See Item 11 for more information.
Local Advertising Payment	The difference between the amount you spent on local advertising each year and your required local advertising expenditure ($7,500 per year)	Payable after receipt of invoice	If you fail to meet your required local advertising requirement on local advertising, you must pay the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Marketing Fund, or to us.

Type of Fee[1]	Amount	Due Date	Remarks
Local and Regional Advertising Cooperatives[3]	Established by cooperative members, between 1% and 2% of Gross Sales	Same as Royalty	We currently do not have a cooperative but reserve the right to require one to be established in the future. Each Snip-its Salon we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. We anticipate that each Snip-its Salon franchisee and each Snip-its Salon Business that we own will have one vote for each Snip-its Salon operated in the designated market. Item 11 contains more information Item 11 contains more information about advertising cooperatives.
Unauthorized Advertising Fee	$500 per occurrence	On demand	This fee is payable to the Marketing Fund or to us, if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Insurance	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.
Additional Training or Assistance Fees	The then-current fee (currently $500 per additional person for initial training and $500 per attendee per day for additional training)	Within ten days after invoicing	We provide initial training at no charge for up to three people. We may charge you for training additional persons, newly-hired personnel, refresher training courses, remedial training, advanced training courses, and additional or special assistance or training you need or request. You are responsible for any expenses incurred by you or your employees in connection with attending training, including transportation, lodging, meals, wages and other incidentals. If the training program is conducted at the premises of your Snip-its Salon Business, then you must reimburse us for the expenses we or our representatives incur in providing the training.
Technology Fee	The then-current fee (not currently charged)	Same as Royalty	This fee covers certain technologies used in the operation of your Snip-its Salon Business. This fee may include fees paid to third-party vendors and it may be adjusted to reflect upgrades, modifications, additional software and third party vendor price increases.

Type of Fee[(1)]	Amount	Due Date	Remarks
POS Software System Fee	The then-current fee (currently $150 to $200 per month)	On the first business day of every month	This fee covers the POS Software System used in the operation of your Snip-its Salon Business. This fee may include fees paid to third-party vendors and it may be adjusted to reflect upgrades, modifications, additional POS software and third party vendor price increases. You will begin paying this fee when the software is activated, which typically happens one month before you open your Snip-its Salon Business.
Convention Fee	The then-current fee (up to $500 for your Operating Partner and up to $300 for your staff member)	Upon receipt of written notice that such convention is being held	You, your "Operating Partner" or "Salon Manager," (both defined in Item 15) may be required to attend any national or regional conferences we hold. This fee defrays the cost of your attendance. It is due regardless of whether or not you attend.
Supplier Testing	The reasonable costs of inspection and the actual cost of any tests conducted	Within ten days after invoicing	Payable if we inspect or test a new product, service or proposed supplier nominated by you.
Customer Issue Resolution	The reasonable costs we incur for responding to a customer complaint	Within 5 days of receipt of invoice	Payable if a customer of your Snip-its Salon Business contacts us with a complaint and we provide a gift card, refund or other value to the customer as part of our addressing the issue.
Late Payment Fee	$100 per occurrence, plus the lesser of the daily equivalent of 1.5% per month simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us or our affiliate is not made by the due date. Interest accrues from the original due date until payment is received in full.
Non-Sufficient Funds Fee	$50 per occurrence	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment or any similar event.
Failure to Submit Required Report Fee	$100 per occurrence and $100 per week	Your bank account will be debited for failure to submit any requested report or financial statement when due	Payable if you fail to submit any required report or financial statement when due. You will continue to incur this fee until you submit the required report.

Type of Fee[1]	Amount	Due Date	Remarks
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting, legal and travel expenses	On demand	You will be required to pay this if: (i) an audit reveals that you understated weekly Gross Sales by more than 2%; (ii) you fail to submit required reports; or (iii) you fail to provide information we reasonably request within 30 days of our request.
Management Fee	1.5% of Gross Sales made during the time the interim manager manages the franchise business, plus costs and expenses.	If incurred, on or before the fifth business day of each month	Payable if we manage your Snip-its Salon Business after: (1) you cease to perform your responsibilities (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Operating Partner (defined in Item 15) within 30 days; (2) you are in material breach of this Franchise Agreement; or (3) upon a crisis management event.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal, accounting or other professional fees ("Professional Fees") that we incur as a result of any breach or termination of your Franchise Agreement or as a result of your indemnity obligations. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses, including Professional Fees, that we or our representatives incur related in any way to your Snip-its Salon Business or Franchise.
Renewal Fee	15% of the then-current Initial Franchise Fee	At the time you sign the successor franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. If we are not offering Franchises at the time of your renewal, the renewal fee will be 15% of the initial franchise fee listed in the most recent Franchise Disclosure Document.
De-Identification	All amounts incurred by us related to de-identification	As incurred	Payable if we must de-identify your Snip-its Salon Franchise upon its termination, relocation or expiration.

Type of Fee[(1)]	Amount	Due Date	Remarks
Transfer Fee	50% of the then-current Initial Franchise Fee plus any applicable broker/referral commission or fee	50% of the Transfer Fee is due as a non-refundable deposit at time of transfer application submittal and the remaining balance of fee at time of the approved transfer	Payable in connection with the transfer of your Snip-its Salon Business, a transfer of ownership of your legal entity, or the Franchise Agreement If we are not offering Franchises at the time of your transfer, the transfer fee will be 50% of the initial franchise fee listed in the most recent Franchise Disclosure Document. If your transfer is to a current Snip-its franchisee, the transfer fee will be 25% of the then-current Initial Franchise Fee.
Liquidated Damages[(4)]	Will vary under the circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause. Liquidated damages will not be owed by you if your lease expires through no fault of your own prior to the end of your term and you are unable to renew your lease despite using commercially reasonable efforts.
Non-Compliance Fee	$100 per day	On demand	We have the right to impose this fee if you are not in compliance with your Franchise Agreement or our standards and specifications. This fee will be contributed to the Marketing Fund and will be incurred each day from your receipt of written notice from us until the earlier of the date you bring your Snip-its Salon Business back into compliance or we terminate your Franchise Agreement according to the provisions of the Franchise Agreement. We may increase this fee upon 30 days' written notice to you, to up to $200 per day. This fee will not waive any right we have under the Franchise Agreement including the right to terminate.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees or similar charges	As incurred	If you transfer your Snip-its Salon Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges.

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer ("EFT") or other similar means. You are required to complete the ACH

authorization (in the form attached to this Franchise Disclosure Document in Exhibit G). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. If you enter into a Multi-Franchise Addendum to operate multiple Snip-its Salon Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each Snip-its Salon Business.

2. Royalty. "Gross Sales" means the total of all revenues, income and consideration from the sale of all Snip-its Salon merchandise, products and services to your customers whether or not sold or performed at or from the physical location of the Snip-its Salon Business, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. Gross Sales includes all proceeds from any business interruption insurance. If you offer any services, all receipts from these services are included in Gross Sales. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips and allowances you give in good faith to your customers. All barter or exchange transactions in which you furnish products or services in exchange for products or services provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the products or services so provided to you. Gross Sales will also include any insurance proceeds due to business interruption as a result of your Snip-its Salon Business being closed as a result of a casualty event or any other reason.

   We require that you pay your Royalties and Marketing Fund Contributions by electronic fund transfer by the fifth business day of each Accounting Period. The term "Accounting Period" means a two week period beginning on a Monday and ending on the second Sunday following that Monday, or such other period of time that we may designate. We will not designate more than 26 Accounting Periods during each calendar year. The first Accounting Period will also include any days from and including the day your Snip-its Salon opens for business, through the two-week period beginning on the first Monday following the day your Snip-its Salon opens for business.

3. Local and Regional Advertising Cooperatives. If a local or regional advertising cooperative is established, contribution amounts will be established by the cooperative members, subject to our approval. We anticipate that each Snip-its Salon franchisee and each Snip-its corporate salon that we own will have one vote for each Snip-its Salon Franchise operated in the designated market. Each Snip-its corporate salon we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.

4. Liquidated Damages. Liquidated damages are determined by multiplying the combined Accounting Period average of Royalties and Marketing Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open your Snip-its Salon Business through the date of early termination, multiplied by the lesser of: (i) 78; or (ii) the number of Accounting Periods remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than $30,000. Liquidated damages will not be owed by you if your lease expires through no fault of your own prior to the end of your term and you are unable to renew your lease despite using commercially reasonable efforts.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee[1]	$35,000	$35,000	Lump Sum	Upon signing Franchise Agreement	Us
Security Deposit and Rent[2]	$7,500	$20,000	As incurred	As incurred	Third parties
Staff Recruiting	$500	$3,500	As incurred	During training	Third parties
Initial Training[3]	$1,000	$3,000	As incurred	As incurred	Third parties
Staff Wages During Training[4]	$2,500	$3,000	As incurred	As incurred	Your employees
Construction Project Management[5]	$27,500	$29,562	As incurred	As incurred	Approved contractors
Base Construction and Leasehold Improvements[6]	$43,680	$91,600	As incurred	As incurred	Contractors
Millwork[7]	$26,900	$29,100	As incurred	Half upon order and the remainder upon shipping	Approved millwork suppliers
"Snipification" of Salon[8]	$18,800	$21,000	As incurred	As incurred	Approved suppliers
Computer Hardware/POS System[9]	$2,600	$4,000	Lump sum	As incurred	Suppliers
POS Software System Fee[9]	$150	$215	As incurred	As incurred	Us, parent or any affiliate
Exterior Signage[10]	$4,300	$6,450	Lump sum	At time order is placed	Suppliers
Furniture, Fixtures, Equipment and Decor[11]	$7,525	$9,100	Lump sum	As incurred	Suppliers
Audio visual equipment[12]	$1,830	$2,150	Installments	As incurred	Suppliers
Proprietary Products[13]	$1,830	$3,225	Lump Sum	Upon delivery	Us, parent or any affiliate
Other Initial Inventory and Salon Supplies[14]	$3,550	$7,525	As incurred	As incurred	Us, suppliers or carriers
Shipping[15]	$4,900	$14,000	As incurred	As incurred	Suppliers or carriers
Insurance[16]	$1,500	$2,500	As incurred	As incurred	Insurance carrier(s)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Professional Fees[17]	$500	$6,500	As incurred	As incurred	Attorneys, accountants and other professionals
Grand Opening Program[18]	$15,000	$15,000	As incurred	As incurred	Advertising suppliers
Additional Funds (3 Months)[19]	$5,450	$20,600	As incurred	As incurred	Suppliers, employees and other creditors
TOTAL ESTIMATED INITIAL INVESTMENT[20]	$212,515	$327,027			
Multi-3 Franchise	If you purchase a Multi-3 franchise, you will incur all of the costs listed above for each Snip-its Salon Business you open except that the Initial Franchise Fee will total $75,000 and allow you to open up to three Snip-its Salon Businesses. If you were to open three Snip-its Salon Businesses, using the same estimated initial expenses above, we estimate this total cost to range between $607,545 and $951,081.				
Multi-5 Franchise	If you purchase a Multi-5 franchise, you will incur all of the costs listed above for each Snip-its Salon Business you open except that the Initial Franchise Fee will total $100,000 and allow you to open up to five Snip-its Salon Businesses. If you were to open five Snip-its Salon Businesses, using the same estimated initial expenses above, we estimate this total cost to range between $987,575 and $1,560,135.				
Multi-5 Plus Franchise	If you purchase a Multi-5 Plus franchise, you will incur all of the costs listed above for each Snip-its Salon Business you open except that the Initial Franchise Fee will total $100,000 plus an additional $10,000 per each Snip-its Salon Business beyond the first five.				

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Snip-its Salon Business. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments. We have included sales tax in the amount of 7.5% in the estimates of those items to which sales tax would apply. Sales tax rates may vary where your Snip-its Salon Business is located.

1. Initial Franchise Fee. See Item 5 for additional information about your Initial Franchise Fee.

2. Security Deposit and Rent. This estimate includes security deposits required by the landlord. This estimate also covers three months of pre-opening rent. Your actual rent payments may vary depending upon your location and your market's retail lease rates. Snip-its Salons will typically be 900 to 1,200 square feet in size. Snip-its Salons are typically located in free standing outlets, shopping malls and strip malls. If you purchase instead of lease the premises for your Snip-its Salon, then the purchase price, down payment, interest rates and other financing terms will determine your monthly mortgage payments.

3. Initial Training. We provide training at our training center in Burnsville, Minnesota or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging and incidental expenses for all initial training program attendees. Initial training is provided at no charge for up to three people, one of which must be an operating partner;

provided all individuals attend the same initial training program. If additional initial training is required, or more people must be trained, an additional fee will be assessed. The low end of this estimate includes the estimated cost for one person attending initial training, and the high end estimates the cost for three people to attend initial training.

4. Staff Wages During Training. We provide training to your staff, either virtually or at your Salon, for the first two Salons you open, but you are responsible for wages and any other compensation for your staff who attend the training. This estimate is based on five to six employees earning approximately $16 to $17 per hour and additional costs for payroll taxes.

5. Construction Project Management. You will be required to utilize our designated construction project manager. This estimate includes pre-construction services, general contractor selection services and construction project management. This estimate does not include change orders or a la carte services provided by the vendor. You may also encounter additional requirements by local municipalities. This estimate assumes a sales tax of 7.5%, but the sales tax or other taxes in your jurisdiction could be higher. We will provide prototypical drawings for your Salon, but you will need to commission additional drawings from an approved contractor to meet the specifications of your location.

6. Base Construction and Leasehold Improvements. This estimate does not include any construction allowances that may be offered by your landlord. This estimate includes setup expenses you will incur in building out your Salon, including all costs required to set up the equipment. This estimate assumes a sales tax of 7.5%, but the sales tax or other taxes in your jurisdiction could be higher. Building and construction costs will vary depending upon the condition and size of the premises for your Snip-its Salon and local construction costs.

7. Millwork. This estimate includes items you will need to purchase from our designated millwork supplier, including but not limited to, cutting stations, reception desks, reception corner tables, retail displays, wash stations, credenzas and cabinets.

8. "Snipification" of Salon. The "Snipification" of Salon refers to the major creative, trademarked and copyrighted decorative elements (including the Characters) of a Snip-its Salon that you must purchase from our designated vendor.

9. Computer Hardware/POS System/POS Software System Fee. You are required to purchase a computer and POS system from suppliers. See Item 11 for additional information about the required hardware and software. This estimate includes $200 for the POS System Fee for the month prior to opening your Snip-its Salon. These estimates do not include any applicable sales tax.

10. Exterior Signage. We require you to purchase an illuminated Snip-its sign for the exterior of the Salon. The estimate in the chart is based on the cost of our prototype exterior sign. However, the specific location and/or shopping center where the Salon will be located may have different requirements and regulations dictating the size, layout and illumination of the exterior signage for the Salon. You will be required to follow these regulations and as a result may experience higher or lower costs for your exterior signage. This estimate does not include any other signage beyond our single prototype.

11. Furniture, Fixtures, Equipment and Decor. This estimate involves the furniture, fixtures, equipment and décor (other than the Snipification expenses) you will need to open a Snip-its Salon Business. Some of these expenses will depend on Snip-its Salon Store size, shipping distances, supplier chosen and your credit history.

12. Audio Visual Equipment. The upfront cost estimate in the chart above is for the audio visual needs of the salon which includes the computer game tablets at each haircutting station.

13. Proprietary Products. The estimate includes the Proprietary Products you must purchase from us or FSS, including shipping. See Item 5 for more information.

14. Other Initial Inventory and Salon Supplies. This estimate is for the supply of products and supplies during the initial phase of operation of the Salon, including shipping, of which $0 to approximately $2,150 may be paid to us or FSS (see Item 5 for more information). These items will include retail items such as beauty supplies, as well as miscellaneous Salon supplies for stylists, the front desk and back room. We, or FSS, may offer some of the products and supplies for sale to franchisees, but you are not required to purchase these products and supplies through us or FSS. Start-up inventory of products and supplies will vary based on expected volume of business and size of storage areas in the building.

15. Shipping. This estimate is for the cost of shipping items needed for the Snip-its Salon, such as furniture, fixtures and the Snipification items. This expense may be higher depending on location and shipping method.

16. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. If you have had prior issues or claims from previous operations unrelated to the operation of a Snip-its Salon Business, your rates may be significantly higher than those estimated above.

17. Professional Fees. We recommend that you hire a lawyer, accountant or other professional to advise you on this Franchise offering and to assist you in setting up your Snip-its Salon Business. Rates for professionals can vary significantly based on area and experience.

18. Grand Opening Program. You must spend at least $15,000 on your grand opening advertising campaign. See Item 11 for more information on the Grand Opening Program.

19. Additional Funds (3 Months). These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your Snip-its Salon Business. They include payroll, administrative, maintenance, cable and utility deposits and payments, software license fees, working capital and other items. They also include POS System Fees of $150-$200 per month for the first three months of operations that is paid to us. These figures do not include standard pre-opening expenses, Royalties, or advertising fees payable under the Franchise Agreement or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Snip-its Salon Business opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Snip-its Salon Business. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Snip-its Salon Franchises.

20. This is an estimate of your initial startup expenses for one Snip-its Salon Business. We relied on the experience of the existing Snip-its Salons when preparing these figures. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Snip-its Salon Business according to our System and specifications. This includes purchasing or leasing all products, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the Snip-its Salon Franchise under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates. You must not deviate from these methods, standards and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the System. If you deviate (or propose to deviate) from our System, whether or not we have approved, the deviation will become our exclusive property.

Our confidential operations manual ("Confidential Operating Manual") states our standards, specifications and guidelines for all products and services we require you to obtain in establishing and operating your Snip-its Salon Franchise and approved vendors for these products and services. We will notify you of new or modified standards, specifications and guidelines through periodic amendments or supplements to the Confidential Operating Manual or through other written communication (including electronic communication such as email or through a system-wide intranet).

You must purchase, install, maintain in sufficient supply and only use fixtures, furnishings, equipment, signs and supplies that conform to the standards and specifications described in the Confidential Operating Manual or otherwise in writing.

We are currently the only approved supplier of Proprietary Products that will be used at, or sold at, the Snip-its Salons. While it does not currently do so, FSS may become an approved supplier of Proprietary Products in the future. You also are required to use our approved POS Software System, which is currently Zenoti (see Item 11). You shall pay us or FSS directly for your use of the POS Software System, which we use to pay the POS Software System supplier. Some of our officers own an interest in SIF and FSS.

You must use our designated vendor for construction project management and millwork services. You must also use our designated vendor for the "Snipification" of your Salon.

You must use the computer hardware and software, including the point-of-sale system that we periodically designate to operate your Snip-its Salon Business. You must obtain the computer hardware, software licenses, maintenance and support services and other related services that meet our specifications from the suppliers we specify. You may be required to use approved suppliers for certain technology business solutions at your expense that will support your business efficiencies, which may include phone systems, security systems, scheduling software, employee shift/task management software, inventory solutions and any other solutions we may require from time to time in the Confidential Operating Manual.

We currently require our franchisees maintain the following insurance coverages for their Snip-its Salon Business: (i) minimum of $1,000,000 per occurrence of general liability coverage and $2,000,000 in the aggregate; (ii) minimum of $1,000,000 per occurrence of business automobile liability insurance for both bodily injury and property damage; (iii) minimum of $1,000,000 workers' compensation and employer's liability coverage; (iv) minimum of $2,000,000 commercial umbrella liability coverage; and (v) minimum of $1,000,000 per occurrence for product liability coverage and $2,000,000 in the aggregate.

The insurance company must be authorized to do business in the state where your Snip-its Salon Business is located, and must be approved by us. We will provide a list of approved insurance agencies upon your request. It must also be rated "A" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or

additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. Your policy must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days' prior written notice. If you fail to maintain any required insurance coverage, we have the right, but not the obligation, to obtain the coverage on your behalf, and you must promptly sign all applications and other forms required to obtain the insurance and reimburse us for all costs and premiums we incur on your behalf, plus a 20% administrative surcharge.

We will provide you with a list of our designated and approved suppliers. We currently sell some salon inventory items and supplies to franchisees, but franchisees are not required to purchase such items and supplies through us. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications and samples we request. We will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We reserve the right to charge a fee to evaluate the proposed product, service or supplier. We apply the following general criteria in approving a proposed supplier: (1) quality of services; (2) production and delivery capability; (3) proximity to Snip-its Salon Franchises to ensure timely deliveries of the products or services; (4) the dependability of the supplier; and (5) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product or service. We do not provide material benefits to you based solely on your use of designated or approved sources.

We estimate that approximately 75% to 90% of purchases required to open your Snip-its Salon Business and 75% to 90% of purchases required to operate your Snip-its Salon Business will be from us or from other approved suppliers or under our specifications. We and our affiliates may receive rebates from some suppliers based on your purchase of products and services and we have no obligation to pass them on to our franchisees or use them in any particular manner. During our last fiscal year ended December 31, 2022, we received $165,426 in total revenue from the sale of products or services to franchisees, which is 19.46% of our total revenue of $850,228. Of this total revenue from the sale of products and services, we received $47,958 in net product revenue (i.e., revenue from products less the cost of the product to us and various shipping, logistic and product development costs (collectively, "Product Costs")), which is 6.954% of our net revenue (i.e., total revenue less our Product Costs) of $689,739. During the last fiscal year ended December, 31, 2022, our parent FSS did not receive any revenue from the sale of products or services to franchisees.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the Snip-its Salons in our system. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or our franchisees.

We may negotiate purchase arrangements with suppliers and distributors for the benefit of our franchisees, and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you and we have no obligation to pass them on to our franchisees or use them in any particular manner. We may procure or order products on your behalf under our purchase arrangements. We currently do not have any purchasing or distribution cooperatives.

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	Disclosure Document Item
a. Site selection and acquisition/lease	FA Section 7	Items 7 and 11
b. Pre-opening purchases/leases	FA Sections 7 and 19	Items 7, 8 and 11
c. Site development and other pre-opening requirements	FA Sections 7 and 19	Items 7 and 11
d. Initial and ongoing training	FA Section 8	Items 6, 7 and 11
e. Opening	FA Sections 7 and 12	Items 6, 7, 9 and 11
f. Fees	FA Sections 5, 6, 7, 8, 10, 12, 14, 16 and 20	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	FA Sections 9, 12 and 13	Items 8, 11, 12, 14 and Exhibit E
h. Trademarks and proprietary information	FA Sections 9, 14 and 17	Items 13 and 14
i. Restrictions on products/services offered	FA Section 13	Items 8 and 16
j. Warranty and customer service requirements	FA Section 13	Items 1 and 11
k. Territorial development and sales quotas	FA Section 4	Items 1, 11 and 12
l. Ongoing product/service purchases	FA Section 13	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	FA Section 13	Items 7, 8 and 11
n. Insurance	FA Section 19	Items 6, 7 and 8
o. Advertising	FA Section 12	Items 11, 13 and 14
p. Indemnification	FA Section 22	Not Applicable
q. Owner's participation/management and staffing	FA Section 10	Items 11, 15 and 17
r. Records and reports	FA Section 20	Item 11
s. Inspections and audits	FA Section 21	Items 6 and 11
t. Transfer	FA Sections 15 and 16	Item 17
u. Renewal	FA Section 5	Item 17
v. Post-termination obligations	FA Sections 18 and 26	Item 17
w. Non-competition covenants	FA Section 18	Item 17 and Exhibit G-2
x. Dispute resolution	FA Section 28	Item 17

ITEM 10
FINANCING

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

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

Except as listed below, SIF is not obligated to provide you with any assistance.

Pre-opening Obligations

Before you open your Snip-its Salon Business, we (or our designee) will provide the following assistance and services to you:

1. Provide an initial training program (See Franchise Agreement - Section 8.1), and, if it is your first or second Snip-its Salon Business, provide training for your initial Salon staff (See Franchise Agreement – Section 8.2). Other than the staff training, we will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the System and brand standards to your key employees. You will be responsible for hiring, training, directing, scheduling and supervising your employees and independent contractors in the day-to-day operations of your Snip-its Salon Business.

2. Loan you one copy of the Confidential Operating Manual. The Confidential Operating Manual contains approximately 113 pages. The table of contents for the Confidential Operating Manual is attached to this Franchise Disclosure Document as Exhibit E (See Franchise Agreement - Section 9.1).

3. Provide you with advice in identifying a suitable location for your Snip-its Salon Business if you request assistance (See Franchise Agreement - Section 7). We do not currently have a required site selection vendor, but reserve the right to require you to use an approved site selection vendor in the future to advise and counsel you on site selection for your Snip-its Salon Business. We must approve the site before you sign the lease or acquire the location. In evaluating a proposed premises, we consider such factors as general location and neighborhood, traffic patterns, parking, size, lease terms, income per capita, existence of competitors, and other physical characteristics. Before leasing or purchasing the site for your Snip-its Salon Business, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. We will use our best efforts to accept or reject a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. If you do not locate a site that is acceptable to us within 90 days of signing the Franchise Agreement, we may terminate the Franchise Agreement. We do not typically own the premises that are leased to franchisees for the operation of Salons.

4. Once you have an approved premises for your Snip-its Salon Business, we will designate a territory (See Franchise Agreement - Section 4).

5. We will provide prototype plans and specifications for the construction of the Snip-its Salon Business and for the exterior and interior design and layout, fixtures, equipment, furnishings, and signs. We reserve the right to require you to use a designated architectural or design company for design of the Snip-its Salon Business, for which you will be required to pay a fee to the design company. You must, at your sole expense, purchase (or lease) and install the equipment, fixtures, furnishings, signs and other items we require in our Confidential Operating Manual. You are also responsible for compliance with all local and other requirements relating to the plans, including for example, zoning, code, and compliance with the Americans with Disabilities Act. You must submit your final design to us for our review and approval before you begin construction of the premises for your Snip-its Salon Business. You are responsible for the costs of construction and remodeling (Franchise Agreement - Section 7.4).

6. We reserve the right to inspect the Snip-its Salon Business prior to opening, but are under no obligation to do so. You may not commence operation of the Salon without our prior written approval. (See Franchise Agreement – Sections 7.1 and 7.4)

7. Provide you with materials and consultation in connection with the Grand Opening Program for your Snip-its Salon Business (See Franchise Agreement - Section 12.5).

8. Provide you with Proprietary Products (See Franchise Agreement – Section 13.2).

9. We may, but are not required to sell you a portion of your opening inventory and salon supplies.

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing Snip-its Salon Businesses.

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of your Snip-its Salon Business can vary from four to six months. Some factors which may affect this timing are your ability to acquire a location through lease or purchase negotiations; your ability to secure any necessary financing; your ability to comply with local zoning and other ordinances; your ability to obtain any necessary permits and certifications; the timing of the delivery of equipment, tools and inventory; and the time to convert, renovate or build out the premises for your Snip-its Salon Business.

You must submit at least one location for our approval within 45 days after signing the Franchise Agreement, and sign a lease or acquire an approved location within 90 days after signing the Franchise Agreement. You must open your Snip-its Salon Business to the public within nine months of signing the Franchise Agreement or we may terminate the Franchise Agreement.

If you sign a Multi-Franchise Addendum, the Snip-its Salon Businesses you develop under that agreement must be opened according to the terms of their individual Franchise Agreements. The site selection and approval process for each Snip-its Salon Business under a Multi-Franchise Addendum is the same as that for a single Snip-its Salon Business and will be governed by the Franchise Agreement signed for that location.

Continuing Obligations

During the operation of your Snip-its Salon Business, we (or our designee) will provide the following assistance and services to you:

1. Inform you of mandatory standards, specifications and procedures for the operation of your Snip-its Salon Business (See Franchise Agreement - Sections 5.2, 7.4, 9, 12.1, 13, and 17).

2. Upon reasonable request, provide advice regarding your Snip-its Salon Business's operation based on reports or inspections. Advice will be given during our regular business hours and through written materials, electronic media, telephone or other methods in our discretion (See Franchise Agreement - Section 9.2).

3. Provide additional training to you for newly-hired personnel on the Snip-its Salon brand and System guidelines, refresher training courses and additional training or assistance that, in our discretion, you need or request. You may be required to pay additional fees for this training or assistance (See Franchise Agreement - Section 8).

4. Allow you to continue to use confidential materials, including the Confidential Operating Manual and the Marks (See Franchise Agreement - Sections 9.1, 12.1, 12.2, 14.2 and 17).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new menu items, new equipment or new techniques.

2. Make periodic visits to the Snip-its Salon Business for the purpose of assisting in all aspects of the operation and management of the Snip-its Salon Business, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Snip-its Salon Business, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.

3. Maintain and administer a Marketing Fund. We may dissolve the Marketing Fund upon written notice (See Franchise Agreement - Section 11).

4. Hold periodic national or regional conferences to discuss business and operational issues affecting Snip-its Salon franchisees.

5. We may, but are not required to, provide a representative to be present at the opening of the Snip-its Salon Business. We will provide such additional on-site and pre-opening and opening supervision and assistance as we deem advisable. (Franchise Agreement, Section 7.1).

6.Establish minimum and maximum resale prices for use with advertising, promotional and marketing programs. (Franchise Agreement, Section 12.6).

Advertising

Marketing Fund

The Marketing Fund is for marketing, developing, and promoting the System, the Marks and Snip-its Salon Franchises. During the first year of your franchise agreement, you must pay 1.5% of your Gross Sales for each Accounting Period to the Marketing Fund, and this amount increases to 2% after the first year of your franchise agreement ("Marketing Fund Contribution"). Your Marketing Fund Contribution will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Marketing Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Currently, Snip-its Salon Businesses owned by us will contribute to the Marketing Fund on the same basis as franchisees.

The Marketing Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. Sources for advertising materials may include preparation in-house, as well as national and/or regional advertising agencies. The Marketing Fund will be held in a separate bank account, commercial account or savings account. Although the Marketing Fund is intended to be of perpetual duration, we maintain the right to terminate the Marketing Fund. The Marketing Fund will not be terminated, however, until all monies in the Marketing Fund have been spent for marketing or promotional purposes.

We have complete discretion on how the Marketing Fund will be utilized. We may use the Marketing Fund for local, regional or national marketing, or any expenditure that we, in our sole discretion, deem necessary or appropriate to promote or improve the System or the Snip-its Salon brand. For example, we may use the Marketing Fund for: (i) developing, maintaining, administering, directing, preparing or reviewing advertising and marketing materials, promotions and programs, including social media management; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) general promotion of career and job opportunities with the Snip-its System and brand; (vi) research and development of technology, products and services; (vii) website development (including social media) and search engine optimization; (viii) development and implementation of quality control programs; (ix) conducting market research; (x) changes and improvements to the System; (xi) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xii) collecting and accounting for Marketing Fund Contributions; (xiii) preparing and distributing financial accountings of the Marketing Fund; (xiv) conducting quality assurance programs and other reputation management functions; (xv) providing rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, that we have approved in advance (we will have the right to determine which products, services, or improvements will appropriately promote general public awareness and favorable support for the System); and (xvi) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities.

We do not guarantee that advertising expenditures from the Marketing Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Marketing Fund Contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Marketing Fund or to maintain, direct or administer the Marketing Fund. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Marketing Fund on any terms we deem reasonable.

The Marketing Fund is not audited. Upon your written request, we will make available an annual accounting for the Marketing Fund that shows how the Marketing Fund proceeds have been spent for the previous year. During our last fiscal year ended on December 31, 2022, the Marketing Fund was spent as follows: 21.89% on media/remarketing; 12.51% on agency fees/software; 5.18% on SEO; 21.95% on social media initiatives; 1.02% on contests; 1.62% on graphics/printed materials; 14.72% on customer email campaigns; and 21.11% on marketing coordination and administration.

Cooperatives

You may be required to participate in any local or regional advertising cooperative for Snip-its Salon Businesses that is established (a "Cooperative"). We do not currently have any advertising cooperatives, but we reserve the right to create local or regional advertising cooperatives in the future. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each Cooperative will contribute an amount to the cooperative of up to 2% of Gross Sales for each Accounting Period of each Snip-its Salon Business that the franchisee owns that exists within the Cooperative's area. We will determine the specific amount of your contribution to the Cooperative, but the cooperative may vote, by agreement of the majority of its members, to raise the required contribution (including Franchisee's contribution) to the Cooperative (although the Cooperative may not vote to eliminate funding to the Cooperative). This contribution will count towards your Local Advertising

Requirement, as defined below. Each Snip-its Salon Business that we or our affiliate owns that exists within the Cooperative's area will contribute to the Cooperative on the same basis as franchisees. Cooperatives will be established, organized, and governed in the form and manner that we have approved in advance. Any disputes arising among or between you, other members of the Cooperative, and/or the Cooperative, will be resolved according to the rules and procedures described in the Cooperative's governing documents. Each Cooperative must prepare annual unaudited financial statements, and such statements will be provided for review upon reasonable request by a member. Cooperatives may not use advertising, marketing, or promotional plans or materials without our prior written consent. We reserve the right to form, change, dissolve, or merge any advertising cooperative formed in the future. If we elect to form such Cooperatives, or if such Cooperatives already exist near your territory, you will be required to participate in compliance with the provisions of the Confidential Operating Manual, which we may periodically modify in our discretion.

Local Advertising

In addition to the Marketing Fund Contributions, you must spend $7,500 per year on local advertising ("Local Advertising Requirement"). Required contributions you make to a Cooperative will be considered local advertising and promotion. If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to the Marketing Fund or to us. The Local Advertising Requirement for the first year your Snip-its Salon Business is open will be covered by the Grand Opening Program, discussed below.

The term "local advertising" refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready advertising and point of sale materials), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of advertising and sales promotion in your local market or area. Local advertising also includes associated marketing agency fees and expenses, postage, shipping, telephone, and photocopying costs. Local advertising does not, however, include any of the following: (a) salaries, incentives or discounts offered to your employees, and your employees expenses, including salaries or expenses for attendance at advertising meetings or activities, or incentives provided or offered to such employees, including discount coupons; (b) charitable, political, or other contributions or donations, unless otherwise consented to; and (c) the value of discounts given to consumers.

If you wish to advertise online, you must follow any current online policy we have, which may be contained in our Confidential Operating Manual, or provided by us otherwise in writing. Our online policy may change as technology and the Internet changes. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

We may require you to order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, including your own website, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within ten days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must follow our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If you use unauthorized advertising materials, you must pay a fee of $500 per occurrence to the Marketing Fund, if established, or us.

You agree, at your sole cost and expense, to issue and offer such rebates, giveaways and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways and other promotions issued by other Snip-its Salon franchisees under any such program, so long as such compliance does not contravene any applicable law, rule or regulation. You will not create or issue any gift cards or certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Snip-its Salon Businesses, and you will not issue coupons or discounts of any type except as approved by us.

Grand Opening Program

You will spend a minimum of $15,000 on approved grand opening marketing, advertising and promotion for your Snip-its Salon Business during the period beginning 30 days before and ending 60 days after the opening of your Snip-its Salon Business ("Grand Opening Program"). All expenditures for the Grand Opening Program will be in addition to your other marketing, advertising and promotion obligations under the Franchise Agreement. All materials used in the Grand Opening Program will be subject to our prior written consent, as described above for local advertising and promotion. Your expenditures for the Grand Opening Program will be counted towards your Local Advertising Requirement for the first year your Salon is open. We will work with you to tailor your Grand Opening Program to your market.

System Website

We have established a website for Snip-its Salon Businesses ("System Website"). We intend that any franchisee website will be accessed only through our System Website. We have the right to use the Marketing Fund's assets to develop, maintain and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may modify, update or add to the System Website at any time.

We are only required to reference your Snip-its Salon Business on the System Website while you are in full compliance with your Franchise Agreement and all System standards.

Advisory Council

We currently have an advisory council ("Council") for the purpose of fostering communication among and between us and franchisees, and discussing various policies applicable to Snip-its Salon Businesses operating under the System. While the purpose of the Council is not solely or specifically for advertising and marketing, the Council may address advertising and marketing issues from time to time. The Council serves in an advisory capacity only. The Council is governed by bylaws. Members of the Council consist of both franchisees and corporate representatives. Members of the Council are selected by the voting method specified in the Council's bylaws. We have the power to form, change or dissolve the Council, in our sole discretion.

Computer System

You are required to purchase a computer system ("Computer System") that consists of the following hardware and software: (a) a computer, monitor, printer, cash drawer, credit card processor and two tablets; and (b) Zenoti POS software system. We estimate the cost of purchasing the Computer System will be between $2,200 to $3,500. The Computer System will manage the daily workflow of the Snip-its Salon Business, coordinate the customer ordering experience, track inventory, labor and other information. You must record all Gross Sales on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The

Computer System will generate reports on the Gross Sales of your Snip-its Salon Business. You must also maintain a high-speed Internet connection at the premises of the Snip-its Salon Business. In addition to offering and accepting Snip-its Salon gift cards and loyalty cards, you must accept all credit cards and debit cards that we determine.

We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the Computer System (Franchise Agreement - Section 14.1). You must arrange for installation, maintenance and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs or upgrades relating to the Computer System.

The cost of maintaining, updating, or upgrading the Computer System or its components will depend on your repair history, costs of computer maintenance services in your area, and technological advances. We estimate the annual cost will be approximately $100 to $500, but this could vary (as discussed above). We may revise our specifications for the Computer System periodically.

You must pay our then-current technology business solutions fees to approved suppliers for certain business solutions that will support your business efficiencies, which may include phone systems, security systems, scheduling software, employee shift/task management software, music subscription, inventory solutions and any other solutions we may require from time to time in the Confidential Operating Manual for your Snip-its Salon Business. We reserve the right to upgrade, modify and add new systems and software, which may result in additional initial and ongoing expenses that you will be responsible for. You will be responsible for any increase in fees that result from any upgrades, modifications or additional systems or software and for any increase in fees from third-party providers.

We (or our designee) have the right to independently access the electronic information and data relating to your Snip-its Salon Business and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Snip-its Salon Business or from other locations.

Training

Initial Training

You or your Operating Partner and any Salon Manager (defined in Item 15) or representative that we require must complete the initial training to our reasonable satisfaction, as determined by the specific program instructors, before you open your Snip-its Salon Business. We provide initial training at no cost for up to 3 people so long as everyone attends the initial training at the same time. You must pay a $500 fee for training each additional person.

We also provide "Staff Training" for the first Snip-its Salon Business and any second Snip-its Salon Business you open. We provide Staff Training to the full and part-time managers, hair stylists, and receptionists that are hired prior to the opening of your Snip-its Salons Business. The Staff Training may be conducted, virtually, at your Salon, or if neither previous option is available, at a separate designated location chosen by you, and approved by us. You are responsible for any costs incurred in obtaining the right to use any separate designated location for Staff Training. The principal instructional materials used during training are our training manuals. For the third Snip-its Salon Business and any additional Snip-its Salons Business you open afterwards, you shall be responsible for training your staff.

Initial training classes are held whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses. We plan to provide the training listed in the table below.

OWNER/OPERATING PARTNER AND SALON MANAGER INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction to Snip-its Concept	1	--	Burnsville, Minnesota or via webinar
Legendary Customer Service	2	--	Burnsville, Minnesota or via webinar
Snip-its Products and Services	2	--	Burnsville, Minnesota or via webinar
Salon Management and Leadership	3	--	Burnsville, Minnesota or via webinar
Salon Construction	2	--	Burnsville, Minnesota or via webinar
Managing the Front Desk	1	--	Burnsville, Minnesota or via webinar
Retail Operations	1	--	Burnsville, Minnesota or via webinar
Styling for Franchisees	1	--	Burnsville, Minnesota or via webinar
Salon Operations	5	--	Burnsville, Minnesota or via webinar
Human Resources: Recruiting, training, retention, management	2	--	Burnsville, Minnesota or via webinar
Marketing, Advertising & Public Relations	4	--	Burnsville, Minnesota or via webinar
Finance	2	--	Burnsville, Minnesota or via webinar
Portal & POS Training	2	--	Burnsville, Minnesota or via webinar
TOTAL	28	0	

STAFF INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction to Snip-its Concept	--	1	At Your Salon or an approved training location or via webinar
Legendary Customer Service	--	2	At Your Salon or an approved training location or via webinar

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Snip-its Services	--	1	At Your Salon or an approved training location or via webinar
Managing the Front Desk	--	1	At Your Salon or an approved training location or via webinar
POS Training	--	2	At Your Salon or an approved training location or via webinar
Autism Certification	--	1	At Your Salon or an approved training location or via webinar
Lice Certification	--	1	At Your Salon or an approved training location or via webinar
Basic Core Haircuts	--	8	At Your Salon or an approved training location or via webinar
Ear Piercing	--	2	At Your Salon or an approved training location or via webinar
Spa Services	--	2	At Your Salon or an approved training location or via webinar
Bonding with Children	--	1	At Your Salon or an approved training location or via webinar
Retail Product Knowledge	--	2	At Your Salon or an approved training location or via webinar
TOTAL	0	24	

Notes:

1. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program. We will use the Confidential Operating Manual as the primary instruction materials during the initial training program.

2. Jason Blom and Marsha Cole currently oversee our training program. Jason Blom has been our Field Financial Analyst since March 2007 and has more than 20 years of experience in the field, and Marsha Cole has been our Director of Artistic Education since September 2008 and has more than 35 years of experience in the field. We reserve the right to appoint and substitute other individuals to assist in providing training, but all of our training personnel will have at least two years of experience in a training capacity.

Ongoing Training

From time to time, we may require that you or your Operating Partner, Salon Managers and other employees attend system-wide refresher or additional training courses. Some of these courses may be

optional, while others may be required. If you appoint a new Operating Partner or transfer ownership, or if you hire a new Salon Manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Snip-its Salon Business. You may also request that we provide additional training (either at corporate headquarters or at your Snip-its Salon Business). You may be required to pay us up to $500 per attendee per day for additional training, and you must pay for airfare, meals, transportation costs, lodging and incidental expenses for all of your training program attendees. If we determine that you are not operating your Snip-its Salon Business in compliance with the Franchise Agreement or the Confidential Operating Manual, we may require that your Operating Partner, Salon Manager and other employees attend remedial training. You will be required to pay us the then-current training fee for any such training. If the training program is conducted at your Snip-its Salon Business, you must reimburse us for the expenses we or our representatives incur in providing the training.

In addition to participating in ongoing training, you will be required to attend any national or regional meeting or conference of franchisees. You are responsible for any conference fee and all travel and expenses for your attendees.

ITEM 12
TERRITORY

Franchise Agreement

You may operate your Snip-its Salon Business only at the approved location. The approved location for your Snip-its Salon Business will be listed in the Franchise Agreement. If you have not identified an approved location for your Snip-its Salon Business when you sign the Franchise Agreement, as is typically the case, you and we will agree on the approved location in writing and amend the Franchise Agreement after you select and we approve the approved location. You are not guaranteed any specific approved location, and you may not be able to obtain your top choice as your approved location. You may not conduct your Snip-its Salon Business from any other location.

The Territory is determined based on the geographic area and population properties within that area and other relevant demographic characteristics, and will typically be a two-mile radius for an urban location for the Snip-its Salon Business, and a five-mile radius for a suburban location for the Snip-its Salon Business, though this may vary. You are not prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Territory. If you renew your Franchise, your Territory may be modified depending on the then-current demographics of the Territory, and on our then-current standards for territories. You will receive a nonexclusive territory ("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.

We retain all territory rights (for ourselves and our affiliates) not expressly granted to you. We reserve the right to use the Marks or the System to sell any products or services similar to those which you will sell through any alternate channels of distribution or non-traditional locations within or outside of the Territory. This includes, but is not limited to, retail locations and other channels of distribution such as television, mail order, catalog sales, or the Internet. We and our affiliates have the right to operate, and to license others to operate, Snip-its Salon Businesses at any location outside the Territory, even if doing so will or might affect your operation of your Snip-its Salon Business. You are not granted any rights to use the Internet as a channel of distribution and may not independently market on the Internet or conduct e-commerce unless we have expressly allowed you to do so under our online policy in the Confidential Operating Manual.

We may use trademarks other than the Marks to sell any products or services similar to those which you will sell within or outside of the Territory. Although we reserve the rights described, neither we nor any affiliate, operates, franchises or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those offered by you or our other Franchises. We may purchase, be purchased by, merge or otherwise acquire competitive businesses within and outside the Territory. If such a situation occurs, the newly acquired businesses may not operate under the Marks in the Territory but may operate under the System. We may implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We have the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of our rights within your Territory. The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency (other than complying with the terms of the Franchise Agreement). We will not be required to pay any compensation for soliciting or accepting orders inside your Territory.

You may not relocate your Snip-its Salon Business without our prior written approval. We may approve a request to relocate your Snip-its Salon Business in accordance with the provisions of the Franchise Agreement that provide for the relocation of your Snip-its Salon Business, and our then-current site selection policies and procedures.

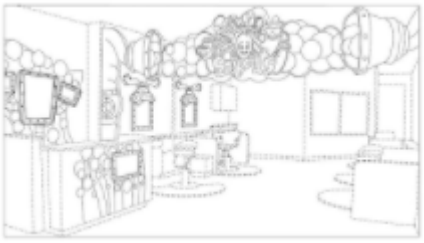
You do not receive the right to acquire additional Snip-its Salon Franchises unless you enter into a Multi-Franchise Addendum. You are not given a right of first refusal on the sale of existing Snip-its Salon Franchises.

If you wish to purchase an additional Snip-its Salon Franchise, you must apply to us, and we may, at our discretion, offer an additional Snip-its Salon Franchise to you. We consider a variety of factors when determining whether to grant additional Snip-its Salon Franchises. Among the factors we consider, in addition to the then-current requirements for new Snip-its Salon franchisees, are whether or not the franchisee is in compliance with the requirements under their current Franchise Agreement.

ITEM 13
TRADEMARKS

The Marks and the System are owned by FSS and are licensed exclusively to us. FSS has granted us an exclusive license ("Intellectual Property License") to use the Marks to franchise the System around the world. The Intellectual Property License is for an indefinite duration which began on October 4, 2021, and includes a subsequent amendment. Either we or FSS may terminate the Intellectual Property License upon notice to the other party. Except for the Intellectual Property License, no agreement significantly limits our right to use or license the Marks in any manner material to the Snip-its Salon Franchise. FSS has registrations with the United States Patent and Trademark Office ("USPTO") for the following Marks:

Trademark	Registration Number	Registration Date	Register
SNIP-ITS	2,271,330	August 24, 1999	Principal
SNIP-ITS	2,927,807	February 22, 2005	Principal
WE SPEAK KID	4,666,158	January 6, 2015	Principal
KIDS, HAIRCUTS, PARTIES AND OTHER THINGS TO SMILE ABOUT	4,628,267	October 28, 2014	Principal
KIDS. HAIRCUTS. PARTIES. FUN.	3,479,784	August 5, 2008	Principal

Trademark	Registration Number	Registration Date	Register
	5,834,752	August 13, 2019	Principal
	5,834,753	August 13, 2019	Principal
SNIP-ITS	5,834,754	August 13, 2019	Principal
SNIP-ITS	5,834,755	August 13, 2019	Principal
SNIP-ITS	5,834,756	August 13, 2019	Principal
	5,850,206	September 3, 2019	Principal
	5,850,207	September 3, 2019	Principal
	5,884,164	October 15, 2019	Principal

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. We are aware of one or more children's hair salons that operate generally in and around Chicago, Illinois, a hair salon located in Groton, Massachusetts, and a hair salon located in Greeley, Colorado, each of which utilize a mark similar to our principal trademark "Snip-its." We will take whatever action we deem appropriate in the future. You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement and with a conspicuous sign in the premises of your Snip-its Salon Business that you are an independently-owned and operated licensed franchisee of Snip-its Salon. You may not use the Marks in the sale of unauthorized

products or services or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Snip-its Salon Franchise, or any interest in the Snip-its Salon Franchise. All rights and goodwill from the use of the Marks accrue to us.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us within three business days if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within 30 days after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information in the Confidential Operating Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the ingredients and formula of our products and recipes, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Confidential Operating Manual, certain advertising materials, the content and format of our products or any other writings and recordings, we claim common law and federal copyrights in these items. In addition to the common law copyrights above, FSS has obtained federal copyright registration for the items or characters listed in the table below. We may grant you the right to use some or all of this proprietary and copyrighted information ("Copyrighted Works") for the operation of your Snip-its Salon Franchise, but such copyrights remain the sole property of FSS or us, as applicable.

Copyright	Registration Number	Registration Date
MONITOR BOX WITH HANDS (No. 2)	VA 1-637-256	November 28, 2007
MONITOR BOX WITH HANDS (No. 1)	VA 1-637-185	November 28, 2007
"SNIPS" CHARACTER ANIMATION FOR PRINT MATERIALS (No. 1)	Reg. No. VAu 963-617	November 28, 2007
SNIP-ITS ARCH FOR SALON (No.1)	VA 1-687-850	November 28, 2007
SNIP-ITS ARCH FOR SALON (No. 2)	VA1-690-279	November 28, 2007
MIRROR FRAME	VA 1-690-317	November 28, 2007

Copyright	Registration Number	Registration Date
"SNIPS" CHARACTER SCULPTURE	VA 1-690-311	November 28, 2007
"SNIPS" CHARACTER ANIMATION FOR PRINT MATERIALS (No. 2)	VA 1-690-310	November 28, 2007
MAGIC BOX TO DISPENSE PRIZE	VA 1-690-315	November 28, 2007
SNIP -ITS WEBSITE 1.0	VA0002161225	February 21, 2019
MONITOR BOX WITH HANDS (No. 2) (Copyright)	VA 1-637-256	November 28, 2007
CURLY	VA 780-396	November 9, 1995
FLYER JOE DRYER	VA 780-399	November 9, 1995
JEAN LUC LESPRITZ	VA 780-394	November 9, 1995
MARENGA	VA 780-398	November 9, 1995
MARLINE, CHARLENE	VA 780-397	November 9, 1995
SNIPS	VA 780-395	November 9, 1995

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

FSS has licensed to us the right to use, and to license others (you) to use, the Copyrighted Works above under the Intellectual Property License. The Intellectual Property License is of indefinite duration, and either we or FSS may terminate the Intellectual Property License upon notice to the other party.

Our Confidential Operating Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of Snip-its Salon Franchises, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Snip-its Salon Franchises and other related materials are proprietary and confidential ("Confidential Information") and are our property to be used by you only as described in the Franchise Agreement and the Confidential Operating Manual. Where appropriate, certain information has also been identified as trade secrets ("Trade Secrets"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Snip-its Salon Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the

information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Snip-its Salon Franchises during the term of the Franchise Agreement.

You must notify us within three business days after you learn about another's use of language, a visual image or a recording of any kind that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We will take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets.

No patents or patents pending are material to us at this time.

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

We require that you either directly operate your Snip-its Salon Business or designate a manager ("Salon Manager") who has been approved by us. The "Operating Partner" is an individual who will be principally responsible for communicating with us about the Snip-its Salon Business. The Operating Partner must have the authority and responsibility for the day-to-day operations of your Snip-its Salon Business. If you are an individual, you are the Operating Partner. If you are a legal entity, you must appoint an individual that has at least a 25% equity interest in the legal entity to be the Operating Partner. Your Operating Partner and your Salon Manager, if any, must successfully complete our training program (See Item 11). We do not require that the Salon Manager have an ownership interest in the legal entity of the Franchise owner. If you replace your Operating Partner or Salon Manager, the new Operating Partner or Salon Manager must satisfactorily complete our training program at your own expense.

If you are a legal entity, each owner holding a 25% ownership interest in you must sign a Franchise Owner Agreement, which is attached to the Franchise Agreement as Attachment D. We also require that the spouses of such Franchise owners sign the Franchise Owner Agreement. Any owner holding less than a 25% ownership interest in you, your Salon Manager and officers of your legal entity must sign the "System Protection Agreement," the form of which is attached to this Franchise Disclosure Document in Exhibit G (unless they already signed a Franchise Owner Agreement). All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit G.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only those products and services authorized by us, and which meet our standards and specifications. Authorized products may differ among our franchisees, and may vary depending on the geographic location of your Snip-its Salon Business or other factors. You must follow our policies, procedures, methods and techniques. You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services, at our discretion, with prior notice to you. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. There are no limitations on our rights to make changes to the required products and services offered by you. You must discontinue selling and offering for sale any products and services that we disapprove. We reserve the right to require our franchisees to participate in multi-area marketing programs and special promotions.

You may not establish an account or participate in any social networking sites or blogs or mention or discuss the Snip-its Salon Franchise, us or any of our affiliates without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. Otherwise, we place no restrictions upon your ability to serve customers, provided you do so from the location of your Snip-its Salon Business in accordance with our policies.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 5.1	10 years.
b. Renewal or extension	Section 5.1	If you are in good standing and you meet other requirements, you may add two successor terms of 5 years each.

Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 5.2	The term "renewal" refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires if you are in good standing and you meet other requirements. You must sign our then-current Franchise Agreement and ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g., higher royalty and advertising contributions) from the Franchise Agreement that covered your original term.
d. Termination by franchisee	Section 23	You may terminate the Franchise Agreement if you are in compliance with it, and we are in material breach, and we fail to cure that breach within 60 days of receiving written notice.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Section 24.2	We can terminate upon certain violations of the Franchise Agreement by you.
g. "Cause" defined - curable defaults	Section 24.3	You have 30 days to cure any other defaults not listed in Section 24.2.
h. "Cause" defined - non-curable defaults	Section 24.2	Non-curable defaults: the defaults listed in Section 24.2 of the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	Sections 5.3, 18.3, 25 and 26	Obligations include complete de-identification, payment of amounts due and return of Confidential Operating Manual, all Confidential Information, Trade Secrets and records.
j. Assignment of contract by franchisor	Section 15	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 16.1	Includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest or change of ownership in the Franchise Agreement, the Franchise or interest in the Franchise.
l. Franchisor approval of transfer by franchisee	Section 16.1	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 16.3	If you are in good standing and meet other requirements listed in Section 16.3, we may approve your transfer to a new owner.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 16.2	We have 30 days to match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 27	We may, but are not required to, purchase your Franchise, inventory or equipment at fair market value if your Franchise is terminated for any reason.

Provision	Section in Franchise Agreement	Summary
p. Death or disability of franchisee	Section 16.4	The franchise agreement must be transferred or assigned to a qualified party within 360 days of death or 180 days of disability, or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 240 calendar days of your death or 120 calendar days of your disability.
q. Non-competition covenants during the term of the franchise	Section 18.2	You may not participate in a diverting business, own an interest of more than 5% in a competitive business, induce any customer to transfer their business to you, or perform services for a competitive business anywhere. You may not interfere with our or our other franchisees' Snip-its Salon Franchises.
r. Non-competition covenants after the franchise is terminated or expires	Section 18.3	Owners may not have an interest in, own, manage, operate, finance, control or participate in any competitive business within a five-mile radius of the Snip-its Salon Business or any Snip-its Salon Business in operation or under construction, for two years. If you or your Operating Partner engages in any activities prohibited by the Franchise Agreement during the restricted period, then the restricted period applicable to you or the non-compliant Operating Partner shall be extended by the period of time during which you or the non-compliant Operating Partner, as applicable, engaged in the prohibited activities.
s. Modification of agreement	Sections 9.1 and 31.9	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Confidential Operating Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 31.9	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 28	Except for certain claims, all disputes must be mediated and litigated in the principal city closest to our principal place of business (currently Burnsville, Minnesota).
v. Choice of forum	Section 28.4	All disputes must be mediated, litigated, and if applicable, arbitrated in the principal city closest to our principal place of business (currently Burnsville, Minnesota), subject to applicable state law.

Provision	Section in Franchise Agreement	Summary
w. Choice of law	Section 31.1	The law of the state where your Snip-its Salon Business is located applies, subject to applicable state law.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATION

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.

As of December 31, 2022, 43 franchised Snip-its Salon Businesses ("Franchised Outlets") and no company owned outlets. This Item 19 provides financial information on these 43 Franchised Outlets ("Reporting Group"). Some of the Franchised Outlets in the Reporting Group experienced temporary cessations in business due to the COVID-19 pandemic. Tables 1 and 2 provide an overview of the Gross Sales (defined below) generated by the Reporting Group during calendar years 2020 through 2022. Table 3 provides Gross Sales data for the Reporting Group in the 2022 calendar year. Written substantiation of the data used in preparing the information in this Item is on file at our offices and will be made available to you upon reasonable request.

For purposes of this Item 19, "Gross Sales" means the total of all revenues, income and consideration from the sale of all Snip-its Salon merchandise, products and services to customers whether or not sold or performed at or from the physical location of the Snip-its Salon Business, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. Gross Sales includes all proceeds from any business interruption insurance. Gross Sales does not include: (i) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority; and (ii) any documented refunds, chargebacks, credits, charged tips and allowances provided in good faith to customers.

I. Quarterly Gross Sales

Table 1 provides historical data relating to quarterly Gross Sales of the Reporting Group for the calendar years 2020 through 2022.

Table 1
Quarterly Gross Sales for the Reporting Group
In Calendar Years 2020 - 2022

Quarter	Average	Number of Salons Exceeding Average	Percent of Salons Exceeding Average	High	Low	Median
Q1-2020	$46,971	22	51%	$90,662	$0	$47,813
Q2-2020	$16,242	18	42%	$47,218	$0	$15,299
Q3-2020	$34,307	20	47%	$67,282	$0	$33,726
Q4-2020	$35,755	20	47%	$67,369	$10,982	$34,370
Q1-2021	$43,738	18	42%	$93,001	$15,363	$41,956
Q2-2021	$49,667	19	44%	$99,719	$15,931	$48,212
Q3-2021	$57,199	18	42%	$113,268	$19,399	$51,009
Q4-2021	$52,824	18	42%	$103,160	$17,634	$48,874
Q1-2022	$57,315	16	37%	$105,991	$18,641	$55,135
Q2-2022	$59,391	17	40%	$104,466	$17,794	$55,876
Q3-2022	$63,397	18	42%	$105,716	$19,139	$58,343
Q4-2022	$58,377	17	40%	$100,235	$18,064	$53,463

Notes to Table 1

1. The average data was calculated by totaling the Gross Sales of the Reporting Group in each quarter and dividing by the number of locations in the Reporting Group. The median number was the Gross Sales of the 22nd highest grossing outlet in the Reporting Group.

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

II. Annual Gross Sales

Table 2 provides historical data relating to the average and median annual Gross Sales of the Reporting Group for the calendar years of 2020 through 2022 and includes the Gross Sales of the highest and lowest grossing outlets in the Reporting Group in each year.

Table 2
Annual Gross Sales of the Reporting Group
In Calendar Years 2020 to 2022

	Average	Number of Salons Exceeding Average	Percent of Salons Exceeding Average	High	Low	Median
2020	$133,274	20	47%	$249,104	$14,212	$128,742

2021	$203,428	18	42%	$402,116	$68,327	$187,899
2022	$238,480	17	40%	$391,316	$73,638	$220,165

Notes to Table 2:

1. The average data was calculated by totaling the Gross Sales of the Reporting Group in each calendar year and dividing by the number of outlets in the Reporting Group. The median number was the Gross Sales of 22nd highest grossing outlet of the 43 outlets in the Reporting Group in each calendar year.

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

III. Average and Median Gross Sales in 2022 by Gross Sales Range

Table 3 includes an overview of the average annual Gross Sales and medians within subsets of the Reporting Group that are based on the level of Gross Sales generated by the outlets in the Reporting Group. The subsets are based on the range of annual Gross Sales grossed by the outlets (the "Gross Sales"). We divide the Reporting Group into three subsets based on the range of annual Gross Sales grossed by the outlets in calendar year 2022 (the "Gross Sales Range"). The top subset includes nine Franchised Outlets that grossed over $330,000 in annual Gross Sales ("Top Tier"). The middle subset includes 25 Franchised Outlets that grossed between $170,000 - $329,000 in annual Gross Sales (the "Middle Tier"). The bottom subset includes nine Franchised Outlets that grossed less than $165,000 in annual Gross Sales (the "Bottom Tier"). We also include a summary of the average and median for all Franchised Outlets in the Reporting Group.

Table 3
Average Annual Gross Sales & Medians by Gross Sales Range
2022 Calendar Year

Tier	Gross Sales Range (Low/High)	Number of Salons in this Range	2022 Average Gross Sales in Range	Median Gross Sales	# and % of Salons in Range that Met or Exceeded Average Annual Gross Sales Volume
Top 20%	$332,757-$391,316	9	$371,005	$367,804	4 (44%)
Middle 60%	$172,411-$321,925	25	$228,711	$220,165	10 (40%)
Bottom 20%	$73,638-$164,942	9	$133,091	$131,776	4 (44%)
Reporting Group	$73,638-$391,316	43	$238,480	$220,165	17 (40%)

Notes to Table 3:

1. The financial performance representations above do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the

costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

2. The average for each Gross Sales Range was determined by totaling the Gross Sales reported in the Gross Sales Range and dividing by the number of outlets in the Gross Sales Range subset.

3. The median for the Top and Bottom Tiers is the data of the 5th highest grossing outlet. The median for the Middle Tier is the 13th highest grossing outlet. The median number was the Gross Sales of 22nd highest grossing outlet of the 43 outlets in the Reporting Group.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Jason Bakker at 211 River Ridge Circle South, Suite 100, Burnsville, Minnesota 55337, telephone (952) 288-2139, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2020 - 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2020	55	49	-6
	2021	49	46	-3
	2022	46	43	-3
Company-Owned*	2020	3	3	0
	2021	3	1	-2
	2022	1	0	-1
Total Outlets	2020	58	52	-6
	2021	52	47	-5
	2022	47	43	-4

*Operated by our parent company

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020 - 2022

State	Year	Number of Transfers
Massachusetts	2020	0
	2021	1
	2022	0
New Jersey	2020	0
	2021	1
	2022	0
New York	2020	1
	2021	0
	2022	0
Texas	2020	0
	2021	1
	2022	0
Totals	2020	1
	2021	3
	2022	0

Table No. 3

Status of Franchise Outlets
For Years 2020 - 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Arizona	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
California	2020	5	0	0	0	0	2	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Connecticut	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2

State	Year	Outlets at Start of the Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Florida	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Georgia	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Maine	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Maryland	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Massachusetts	2020	7	0	0	0	0	1	6
	2021	6	1	0	0	0	1	6
	2022	6	0	0	0	0	0	6
Nevada	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New Hampshire	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
New Jersey	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	1	3
North Carolina	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Ohio	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
Oklahoma	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Rhode Island	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Texas	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	1	12
	2022	12	0	0	0	0	1	11
Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Washington	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Total	2020	55	1	0	0	0	7	49
	2021	49	1	0	0	0	4	46
	2022	46	0	0	0	0	3	43

Table No. 4

Status of Company-Owned Outlets
For Years 2020 - 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Massachusetts	2020	2	0	0	0	0	2
	2021	2	0	0	0	1	1
	2022	1	0	0	1	0	0
Minnesota	2020	1	0	0	0	0	1
	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets*	2020	3	0	0	0	0	3
	2021	3	0	0	1	1	1
	2022	1	0	0	1	0	0

*Operated by our parent company

Table No. 5

Projected Openings as of
December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	9	0	0
Nevada	3	0	0
New York	0	1	0
Ohio	2	0	0
Total	14	2	0

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit D. The name and last known address and telephone number of every current franchisee and every franchisee who has had a Snip-its Salon Franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit D. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the Snip-its Salon System. During the last three years, we have had franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Snip-its Salon Franchise System. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. If you buy a Snip-its Salon Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

ITEM 21
FINANCIAL STATEMENTS

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: financial statements for the periods ending December 31, 2022, December 31, 2021, and December 31, 2020. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

Exhibit C	Franchise Agreement
Exhibit F	State Addenda and Agreement Riders
Exhibit G	Contracts for use with the Snip-its Salon Franchise
Exhibit H	Franchise Disclosure Questionnaire

ITEM 23
RECEIPTS

The last pages of this Franchise Disclosure Document, Exhibit J are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

State Administrator and Agent for Service of Process:

Commissioner
Department of Financial Protection and Innovation
320 W. 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
(866) 275-2677

HAWAII

Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Agent for Service of Process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
Chief, Franchise Division
500 S. Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA

Secretary of State
Securities Division
Room E-018
302 W. Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

MARYLAND CONTINUED

Agent for Service of Process:

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA

Department of Commerce
Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-3165
(651) 539-1600

NEW YORK

Administrator:

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222

Agent for Service of Process:

Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA

Administrator:

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fourteenth Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Agent for Service of Process:

Securities Commissioner
600 East Boulevard Avenue
State Capitol, Fourteenth Floor, Dept. 414
Bismarck, ND 58505-0510

RHODE ISLAND

Department of Business Regulation
1511 Pontiac Avenue, Bldg. 68-2
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Agent for Service of Process:

Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON

State Administrator:

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507
(360) 902-8760

Agent for Service for Process:

Director of Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501

WISCONSIN

Department of Financial Institutions
Division of Securities
201 W. Washington Avenue
Madison, WI 53703
(608) 266-3364

Rev. 012723

EXHIBIT B

FINANCIAL STATEMENTS

THE SNIP ITS FRANCHISE COMPANY, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2022, 2021 AND 2020

D. F. Breen, LLC, CERTIFIED PUBLIC ACCOUNTANT

DBREEN,LLC
CERTIFIED PUBLIC ACCOUNTANT
Melrose, MA 02176

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Member of
The Snip Its Franchise Company, LLC:

I have audited the accompanying financial statements of The Snip-Its Franchise Company, LLC, which comprise the balance sheets as of December 31, 2022, 2021 and 2020, and the related statements, income and member's equity, cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Snip Its Franchise Company, LLC, as of December 31, 2022, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Melrose, Massachusetts
April 15, 2023

THE SNIP ITS FRANCHISE COMPANY, LLC

BALANCE SHEET

DECEMBER 31, 2022, 2021 AND 2020

Assets

	2022	2021	2020
Current assets:			
Cash	$ 259,539	$ 205,269	$ 73,672
Inventory	56,124	44,522	73,227
Accounts receivable	14,443	13,255	23,848
Prepaid expenses and other current assets	63,060	55,865	12,087
Total current assets	393,166	318,911	182,834
Fixed assets:			
Molds & prototypes	99,032	99,032	99,032
Equipment	117,832	89,291	88,335
Furniture & fixtures	29,130	29,130	29,130
Less: Accumulated depreciation	(191,243)	(180,757)	(174,814)
Net fixed assets	54,751	36,696	41,683
Other assets:			
Right of use asset	105,537	-	-
Security deposit	-	-	-
Software	111,091	111,091	111,091
Organization costs	69,490	69,490	69,490
Animation & production	104,244	104,244	104,244
Less: accumulated amortization	(268,760)	(266,752)	(264,744)
Net other assets	121,602	18,073	20,081
Total assets	$ 569,519	$ 373,680	$ 244,598

Liabilities and Members' Equity

Current liabilities:			
Accounts payable	$ 25,724	$ 16,841	$ 22,794
Accrued & other expenses	20,856	31,941	55,971
Lease liability - short term	39,839		
Other current liabilities	43,367	26,416	6,995
Total current liabilities	129,786	75,198	85,760
Long term liabilities:			
Loan payable - paycheck protection program	-	-	93,500
Lease liability - long term	65,698	-	-
Member loan payable	400,000	400,000	599,958
Due to member	-	-	1,048,973
Total long term liabilities	465,698	400,000	1,742,431
Member's equity	(25,965)	(101,518)	(1,583,593)
Total liabilities and member's equity	$ 569,519	$ 373,680	$ 244,598

See accompanying notes to financial statements.

D. F. Breen, LLC, CERTIFIED PUBLIC ACCOUNTANT

THE SNIP ITS FRANCHISE COMPANY, LLC

STATEMENT OF INCOME (LOSS) AND MEMBER'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
Revenue:			
Franchise and transfer fees	$ -	$ 26,250	$ -
Royalties	641,781	583,423	422,731
Product revenue (net)	47,958	51,214	42,791
Total revenue	689,739	660,887	465,522
Operating expenses:			
Marketing expenses	19,944	13,661	12,021
General and administrative	667,987	607,113	600,055
Total expenses	687,931	620,774	612,076
Income (loss) before interest, depreciation and amortization	1,808	40,113	(146,554)
Interest income	-	-	-
Other income (expenses) (net)	86,239	173,102	(67,926)
Depreciation and amortization	(12,494)	(7,951)	(5,927)
Net income (loss)	75,553	205,264	(220,407)
Member's equity, beginning	(101,518)	(1,583,593)	(1,363,186)
Capital contribution	-	1,276,811	-
Member's equity, ending	$ (25,965)	$ (101,518)	$ (1,583,593)

See accompanying notes to financial statements.

D. F. Breen, LLC, CERTIFIED PUBLIC ACCOUNTANT

THE SNIP ITS FRANCHISE COMPANY, LLC

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
Cash flows from operating activities:			
Net income (loss)	$ 75,553	$ 205,264	$ (220,407)
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	12,494	7,951	5,927
Write off of uncollectible accounts and loan receivable	-	-	27,926
Forgiveness of paycheck protection program loan	-	(187,000)	
Change in assets and liabilities:			
(Increase) decrease in accounts and notes receivable	(1,188)	10,593	62,594
(Increase) decrease in inventory	(11,602)	28,705	58,263
(Increase) decrease in other current assets	(7,195)	(43,778)	5,501
Increase (decrease) in accounts payable and accrued expenses	(2,202)	(29,983)	16,017
Increase (decrease) in other current liabilities	16,951	19,421	(28,403)
Increase (decrease) in due to member	-	(12,120)	(33,629)
Cash provided (used) by operating activities	82,811	(947)	(106,211)
Cash flows from investing activities:			
Purchase of fixed and other assets	(28,541)	(956)	(801)
Cash used by investing activities	(28,541)	(956)	(801)
Cash flows from financing activities:			
Proceeds from notes payable	-	133,500	133,500
Cash provided by financing activities	-	133,500	133,500
Increase (decrease) in cash	54,270	131,597	26,488
Cash, beginning	205,269	73,672	47,184
Cash, ending	$ 259,539	$ 205,269	$ 73,672
Noncash investing and financing activities:			
Right of use asset in exchange for operating lease	$ (105,537)		
Operating lease liability	$ 105,537		
PPP loan forgiven		$ 187,000	
Equity conversion of payable to member		$ 1,276,811	

See accompanying notes to financial statements.

D. F. Breen, LLC, CERTIFIED PUBLIC ACCOUNTANT

THE SNIP ITS FRANCHISE COMPANY, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies

a. Organization

The Company is a calendar year end limited liability company, organized in Massachusetts, on January 29, 2003, to operate and franchise children's hair salons. The Company also licenses trademarked items, such as logos, products, software and other brand specific items associated with its managing member. The Company headquarters is in Minnesota.

b. Inventories

Inventories are stated at cost and consist of branded and other products as well as signature accessories available for sale to franchisees. Cost is determined on the first in, first out (FIFO) method.

c. Accounts Receivable

Franchisee accounts receivable are presented on the balance sheet net of estimated uncollectible amounts. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. The Company had no reserve against potential uncollectible accounts at December 31, 2022, 2021 and 2020. During 2020, the Company wrote off $27,926 of identified uncollectible accounts, $27,533 of which related to one franchisee.

d. Intangible assets

These assets are stated at cost, and represent organizational costs, expenditures for developing software for the Company's internal use, as well as production and animation for a short film using the Company's trademarked characters. Amortization is calculated using primarily the straight-line method over five years.

Note 1 – Summary of Significant Accounting Policies (continued)

e. Fixed assets

These assets are stated at cost, and represent molds for trademarked store fixtures, as well as furniture and equipment. Depreciation is calculated using primarily the straight-line method over three years.

f. Income taxes

The Company is a limited liability company and is not a tax paying entity for federal and state income tax purposes. As such no income tax provision is recorded in these financial statements; income and expenses of the Company are included in the tax return of the member.

g. Member's equity

The Company has one class of ownership units, and one member, which is a limited liability company.

h. Marketing costs

The Company expenses the costs of marketing programs, which include marketing related to franchise sales as well as franchisee support, the first time the program takes place, as well as any continuing costs of such programs. These costs totaled $19,944, $13,661 and $12,021 for 2022, 2021 and 2020 respectively.

i. Use of estimates

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

j. Reclassifications

Certain 2021 and 2020 amounts have been reclassified to conform to 2022 presentation.

Note 2 - Franchise Fee Revenue

As of December 31, 2020, the Company adopted ASC 606, Revenue from Contracts with Customers, using the modified retrospective method. Under this standard, revenue from franchise sales is recognized as each performance obligation in the franchise agreement is performed or satisfied by the Company. Performance obligations under the franchise agreement are deemed fully satisfied upon opening of the franchise location. As performance obligations under all contracts had been completed as of the end of each fiscal year presented, there is no outstanding performance obligation liability at December 31, 2022, 2021 or 2020. During the year ended December 31, 2022, four franchise locations were closed (one of which was owned by the Company's parent).

As of December 31, 2022, renewals of fifteen franchise locations were in process.

The company collects ongoing royalties from franchisees. The royalty fee is calculated as a percentage of the franchise location's gross revenue and is assessed and collected bi-weekly.

The company collects a marketing fund contribution from franchisees. These monies are designated for national advertising, with contributions and related expenditures accumulated in a balance sheet account.

Note 3 – Related Party Transactions

An entity which has members in common with the Company's parent leases excess space from the Company as a tenant at will. Rents received under this arrangement totaled $12,000 for the year ended December 31, 2022.

The parent company has also made a working capital loan to the Company in the amount of $400,000. Repayment has not yet begun and repayment is not expected currently nor within the next accounting cycle. As such, this loan is classified as noncurrent on the balance sheet. The original terms of the note called for interest at 10% per annum; this rate was reduced by board resolution to 3% effective January 1, 2022, as discussed in Note 4.

Note 4 – Advances From and Note Payable to Member

The parent company has advanced monies for ongoing operating expenditures. The cumulative balance of these advances totaled $1,048,973 at December 31, 2020. As of December 31, 2021, the board of directors adopted a resolution to reclassify the balance of accumulated operating advances, and the accrued interest on the note payable discussed in Note 3 to equity contribution. At the effective date of the resolution, the advances balance was $1,156,811 and the accrued interest balance on the note payable was $120,000; in total, $1,276,811 of intercompany liability was capitalized to owner's equity under the resolution as adopted.

A second resolution adopted at the same time reduced the interest rate on the note payable to three percent effective January 1, 2022.

Note 5 – Commitments and Contingencies

The Company occupies its office space under a three year operating lease, beginning August, 2022. The lease calls for monthly rent in the amount of $3,540 for the entire term. The lease also makes a provision for "additional rent," calculated by the landlord to cover common property costs. This additional rent amount varies and is billed periodically. Rent and occupancy expenses totaled $62,394, $58,453 and $59,507 for the years ended December 31, 2022, 2021 and 2020. The company subleases excess space under a tenant at will arrangement and received $16,380 of sublease income for the year ended December 31, 2022. This amount is netted against rent expense in the financial statements.

The Corporation has adopted ASC 842, Accounting For Leases, effective for the year ended December 31, 2022, under the modified retrospective approach; prior years have not been restated. Under the standard, Right of Use Asset and Lease Liability have been calculated and recorded on the balance sheet. The Corporation used the mid term Applicable Federal Rate of 3.15% in making the required calculations under the new standard.

D. F. Breen, LLC, CERTIFIED PUBLIC ACCOUNTANT

Note 5 – Commitments and Contingencies (continued)

A summary of the key lease components for the year ended December 31, 2022 is as follows:

Lease expense:	
Operating lease expense	$ 42,480
Offsetting sublease income	($ 16,380)
Net lease expense	$ 26,100
Other information:	
Operating cash flows from operating leases (includes CAM charges)	$ 52,481
Right of use assets received in exchange for operating lease liabilities	$118,231
Weighted average remaining lease term in years	2.58
Weighted average discount rate	3.15%
Maturity:	
Fiscal year end 12.31.2023 (undiscounted)	$ 42,480
Fiscal year end 12.31.2024 (undiscounted)	$ 42,480
Fiscal year end 12.31.2025 (undiscounted)	$ 24,780
Total undiscounted cash flows	$109,740
Less: present value discount	($ 4,203)
Net lease liability	$105,537

Note 6 – CARES Act Loans Payable and Tax Refund Receivable

During 2020 and 2021, the Company received two loans through the CARES Act Paycheck Protection Program (PPP), in the principal amounts of $93,500 each. Both loans were forgiven during 2021. During 2021, the Company also applied for the Employee Retention Credit (ERC) through amending its payroll tax returns for qualifying quarters. Under updated guidance released by IRS, it was determined during 2022 that the Company qualified for ERC for additional quarters. Those amended payroll tax returns and related claims for refund were filed and received in 2022. Both the PPP forgiveness and the ERC are included in Other Income on the Statement of Income and Member's Equity for year end December 31, 2022 and 2021.

Note 7 – Subsequent Events

Management has considered subsequent events through April 15, 2023, the date the financial statements were available to be issued.

EXHIBIT C

FRANCHISE AGREEMENT

SNIP-ITS

FRANCHISE AGREEMENT

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SNIP-ITS

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Franchise Agreement") is made, entered into and effective as of the "Effective Date" set forth in Attachment A to this Franchise Agreement, by and between The Snip-its Franchise Company, LLC, a Massachusetts limited liability company ("we," "us," or "our"), and the franchisee set forth in Attachment A to this Franchise Agreement ("you" or "your"). If more than one person or entity is listed as the franchisee, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Franchise Agreement.

1. INTRODUCTION

This Franchise Agreement includes several attachments, each of which are legally binding and are a part of the complete Franchise Agreement. It is your responsibility to read through the entire Franchise Agreement. This Franchise Agreement creates legal obligations you must follow. We recommend that you consult with a legal professional to ensure that you understand these obligations. If you have questions, or if you do not understand a certain provision or section, please review it with your legal and financial advisors before you sign this Franchise Agreement.

This Franchise Agreement has defined terms. A defined term is a shorthand reference within a document that refers to another name or idea in the document. Defined terms are underlined and surrounded by double quotes, typically with capitalized first letters, and may be contained in parentheses throughout the Franchise Agreement.

2. GRANT OF FRANCHISE

As a Snip-its Salon franchisee, you will operate a Franchised Business providing haircare services for children along with branded entertainment ("Franchised Business"). The Franchised Business will operate under our service marks, trademarks, trade names, trade dress, logos, slogans and commercial symbols as we may from time to time authorize or direct you to use with the operation of the Franchised Business (the "Marks").

We grant you a non-exclusive license to own and operate the Franchised Business using the business formats, methods, procedures, signs, designs, standards, specifications, distinguishing elements, and intellectual property (the "System") that we authorize from a single location we approve ("Premises") strictly in compliance with the terms and conditions set forth in this Franchise Agreement, within the Territory or other areas we may specify in Attachment A-1 to this Franchise Agreement. The distinguishing characteristics of the System include a specially-designed building or facility for hair care, spa services, and entertainment operations, with specially developed equipment, equipment layouts, and signage; distinctive interior and exterior design, trade dress and accessories; unique proprietary animated cartoon characters; proprietary computer games, if any, developed by us from time to time; specialized proprietary hair care products, including, without limitation, shampoos, conditioners and styling aids ("Proprietary Products"), and non-proprietary products; procedures for operations; quality and uniformity of products and services offered; procedures for management and inventory control; a third-party point-of-sale, management and marketing computer system; training and assistance; and advertising and promotional programs.

You recognize and acknowledge the distinctive significance to the public of the System and Marks and acknowledge and understand our high and uniform standards of quality, appearance and service to the value

of the System. You acknowledge that we may change, improve or otherwise modify the System as we deem appropriate in our discretion and you agree to promptly accept and comply with any such changes, improvements or modifications. You further acknowledge that our grant to operate a Franchised Business is based on the representations made in your application. You acknowledge and agree this Franchise Agreement does not grant you the right or option to open any additional Franchised Businesses or any right to sublicense or subfranchise any of the rights we grant you in this Franchise Agreement. You may only open an additional Franchised Business under a separate franchise agreement with us, which we may grant in our sole discretion.

As part of accepting our grant for you to own and operate a Snip-its Franchised Business, you hereby represent that: (i) you have received a copy of our current franchise disclosure document; (ii) you are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances; and (iii) you are aware of the fact that we may have negotiated terms or offered concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

3. FRANCHISEE AS ENTITY

3.1 Entity Representations

For the purpose of this Franchise Agreement, "Owner(s)" means any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you, this Franchise Agreement, or the Franchised Business. If you are a corporation, partnership, limited liability company or other form of business entity ("Entity"), you agree and represent that:

3.1.1 Authority. You have the authority to execute, deliver, and perform your obligations under this Franchise Agreement and all related agreements and are duly organized or formed, validly existing, and in good standing under the laws of the state of your incorporation or formation.

3.1.2 Company Documents. At our request, you will furnish copies of all documents and contracts governing the rights and obligations of your Owners (such as, Articles of Incorporation or Organization and partnership, operating or shareholder agreements or similar documents, the "Company Documents"). You will not alter, change, or amend your Company Documents, without obtaining our prior written approval, which approval we will not unreasonably deny or withhold, and will grant if such changes will not prevent you from performing your obligations under this Franchise Agreement.

3.1.3 Transfer Restrictions. Your Company Documents will recite that this Franchise Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Franchise Agreement's restrictions.

3.1.4 Naming. You agree not to use the name "Snip-its Salon" or any similar wording in the name of your Entity.

3.1.5 Owner Identification. You certify that Attachment B to this Franchise Agreement completely and accurately describes all of your Owners and their interests in you as of the Effective Date. You agree to sign and deliver to us a revised Attachment B to reflect any permitted changes in the information that Attachment B now contains.

3.1.6 Single Purpose Entity. The Franchised Business will be the only business that the

Entity may operate, and your organizational documents must reflect this (although the Owners in the Entity may have other business interests subject to any restrictions on competitive businesses contained in this Franchise Agreement).

3.1.7 Franchise Owner Agreement. All Owners holding at least 25% equity interest in the franchisee listed in this Franchise Agreement and their spouses must sign the Franchise Owner Agreement, attached as Attachment C to this Franchise Agreement. Any owner holding less than a 25% ownership interest in you, your Salon Manager and officers of your legal entity must sign the "System Protection Agreement," the form of which is attached to this Franchise Disclosure Document in Exhibit G (unless they already signed a Franchise Owner Agreement). You agree that, if any person or Entity ceases to be one of your Owners, or if any individual or Entity becomes an Owner of you (such ownership change must comply with the "Transfer Conditions" discussed later in this Franchise Agreement), you will require the new Owner (and the new Owner's spouse) to execute all documents required by us, including the Franchise Owner Agreement.

3.1.8 No Offerings. You agree that you will not offer any securities (in a public or private offering or otherwise) or engage in any type of fundraising (like crowdfunding) without our prior written consent, which may be withheld in our sole discretion.

4. TERRITORIAL RIGHTS AND LIMITATIONS

We may grant you a designated territory consisting of the geographic area identified in Attachment A-1 ("Territory"). If you receive a Territory for the Franchised Business, we will not operate, or grant a franchise or license to a third party to operate, Franchised Business that is physically located in your Territory, except as otherwise provided in this Section. We, and our affiliates, have the right to operate, and to license others to operate, Franchised Businesses at any location outside the Territory, even if doing so will or might affect your operation of your Franchised Business.

We retain all territorial rights not expressly granted to you. This includes, but is not limited to, the right to (i) to own, franchise, or operate Franchised Businesses at any location outside of the Territory, regardless of the proximity to your Franchised Business; (ii) to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory, including, but not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet, or in non-traditional or institutional settings within or outside of the Territory; (iii) to use and license the use of other proprietary and non-Marks or methods which are not the same as or confusingly similar to the Marks, at any location, including within the Territory, which may be similar to or different from your Franchised Business; (iv) to engage in any transaction (including purchases, mergers or conversions), involving the System or a new system, with any business, including businesses that directly or indirectly compete with your Franchised Business, regardless of their location, provided that any competing businesses located inside your Territory will not operate under the Marks; (v) to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere; (vi) to engage in any other business activities not expressly prohibited by this Franchise Agreement. We are not required to pay you if we exercise any of our rights, including within your Territory. We are not required to pay you compensation for soliciting or accepting orders inside your Territory, or for exercising any of our rights within or outside of your Territory.

5. TERM AND RENEWAL

5.1 Generally

The term of this Franchise Agreement will begin on the Effective Date and continue for 10 years ("Term"). If this Franchise Agreement is the initial franchise agreement for your Franchised Business, you may enter into a maximum of two successor franchise agreements (a "Successor Franchise Agreement"), as long as you meet the conditions for renewal specified below. The Successor Franchise Agreement shall be the current form of franchise agreement we use in granting Snip-its Salon franchises as of the expiration of the Term. The terms and conditions of the Successor Franchise Agreement may vary materially and substantially from the terms and conditions of this Franchise Agreement. Each successor term will be five years. If you are signing this Franchise Agreement as a Successor Franchise Agreement, the references to "Term" shall mean the applicable renewal term of the Successor Franchise Agreement. Except as otherwise provided in this Section, you will have no further right to operate your Franchised Business following the expiration of the successor term unless we grant you the rights to enter into another franchise agreement, in our sole discretion. If you are renewing a prior franchise agreement with us under this Franchise Agreement, the renewal provisions in your initial franchise agreement will dictate the length of the Term of this Franchise Agreement, and your remaining renewal rights, if any.

5.2 Renewal Requirements

To enter into a Successor Franchise Agreement, you must:

5.2.1 Notice. Notify us in writing of your desire to enter into a Successor Franchise Agreement not less than six (6) months nor more than twelve (12) months before the expiration of the Term;

5.2.2 No Defaults. Not be in default under this Franchise Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Franchise Agreement and you must not have received more than three separate written notices of default from us in the 12 months before your renewal notice or at the time you sign the Successor Franchise Agreement;

5.2.3 Successor Franchise Agreement. Sign the Successor Franchise Agreement and all ancillary documents we require franchisees to sign;

5.2.4 General Release. Sign our current form of general release which contains a release of all claims by you and your individual owners (if appliable) against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities;

5.2.5 Renewal Fee. Pay us a non-refundable renewal fee equal to 15% of the then-current Initial Franchise Fee ("Renewal Fee"). If we are not offering Snip-its Salon franchises at the time of your renewal, the Renewal Fee will be 15% of the initial franchise fee listed in our most recent franchise disclosure document;

5.2.7 Premises. Have the right under your lease to maintain possession of the premises where your Premises is located for the duration of the successor term; and

5.2.8 Renovations. You must also make any renovations, refurbishments and modernizations to the Premises and the Franchised Business as necessary to meet our then-current System

standards for a newly opened Franchised Business. We will provide you with the required timeframe for doing so. Such requirements could include changes to the design, equipment, signs, décor, inventory, fixtures, furnishings, trade dress, presentation of Marks, supplies and other products and materials used in the Franchised Business.

5.2.9 Additional Actions. Take any additional actions we reasonably require.

5.3 Interim Term

If you do not sign a Successor Franchise Agreement after the expiration of the Term and you continue to accept the benefits of this Franchise Agreement, then, at our option, this Franchise Agreement may be treated either as: (i) expired as of the date of the expiration meaning you are operating the Franchised Business without a valid franchise agreement in violation of our rights; or (ii) continued on a month-to-month basis ("Interim Term") until either party provides the other party with 30 days' prior written notice of their intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Franchise Agreement had not expired, and all obligations, restrictions and covenants imposed on you upon the expiration or termination of this Franchise Agreement will be deemed to take effect upon the termination of the Interim Term. Except as permitted by this Section, you have no right to continue to operate your Franchised Business following the expiration of the Term.

6. FEES

6.1 Late Fee

If any sums due under this Franchise Agreement have not been received by us when due then, in addition to those sums, you must pay us $100 per occurrence, plus the daily equivalent of one and one-half percent (1.5%) per month simple interest or the highest rate allowed by law, whichever is less ("Late Fees"). If no due date has been specified by us, then interest accrues from the original due date until payment is received in full.

6.2 Payment Methods

You must complete our automated clearing house (ACH) authorization form allowing us to electronically debit a bank account you designate ("Franchise Account") for: (i) all fees payable to us under this Franchise Agreement (other than the Initial Franchise Fee); and (ii) any other amounts you owe to us or any of our affiliates including, but not limited to, those owed for the purchase of products or services. We will debit your Franchise Account for these payments on or after the due date. You must sign and deliver to us any other documents we or your bank may require authorizing us to debit your Franchise Account for these amounts.

You must deposit all revenue you generate from operating your Franchised Business into the Franchise Account. You must make sufficient funds available for withdrawal from the Franchise Account by electronic transfer before each due date. If any check or electronic payment is unsuccessful due to insufficient funds, stop payment or any similar event, any excess amounts you owe will be payable upon demand, together with a non-sufficient funds fee of $50 per occurrence plus Late Fees. We reserve the right to periodically specify (in the Confidential Operating Manual or otherwise in writing) different required payment methods for any payment due to us or our affiliates.

6.3 **Payment Frequency**

The term "Accounting Period" shall mean a two (2) week period beginning on a Monday and ending on the second Sunday following that Monday, or such other period of time as we may designate. We will not designate more than twenty-six (26) Accounting Periods during each calendar year. The first Accounting Period shall also include any days from and including the date you open your Franchised Business through the two (2) week period beginning on the first Monday following the date you open your Franchised Business.

We reserve the right to periodically specify (in the Confidential Operating Manual or otherwise in writing) different payment frequencies (for example, weekly/biweekly/monthly payments) for any payment due to us or our affiliates.

6.4 **Application of Payments**

We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate. We are not obligated to follow any instructions you provide for allocation of the payments.

6.5 **Payment Obligations**

Your obligations to pay us the fees under this Franchise Agreement are absolute and unconditional, and will remain in full force and effect throughout the entire duration of this Franchise Agreement, and shall continue for such period of time thereafter as you owe us fees under this Franchise Agreement. You will have no right to offset any fees paid to us and must pay us all fees regardless of any claims you may have against us. We will have the right, at any time before or after termination of this Franchise Agreement, without notice to you, to offset any amounts or liabilities you may owe to us against any amounts or liabilities we may owe you under this Franchise Agreement or any other agreement, loan, transaction or relationship between the parties. Without limiting the generality of the foregoing, you agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations, withhold any fees due to us or our affiliates or amounts due to us for purchases by you or any other amounts due to us.

6.6 **Gross Sales**

For purposes of this Franchise Agreement, "Gross Sales" means the total of all revenue, income and consideration from the sale of all Franchised Business merchandise, products and services to your customers, whether or not sold or performed at or from the Franchised Business, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips and allowances you give in good faith to your customers. All barter or exchange transactions in which you furnish products or services in exchange for goods or services provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the goods or services so provided to you. Gross Sales will also include any insurance proceeds due to business interruption as a result of your Premises being closed as a result of a casualty event or any other reason.

6.7 **Initial Franchise Fee**

You agree to pay us the "Initial Franchise Fee" listed in Attachment A in one lump sum when you sign this Franchise Agreement. You may, at the time you sign this Franchise Agreement, purchase the rights to open either: (1) a single Snip-its Salon Franchise; (2) up to three Snip-its Salon Franchises (a "Multi-3 Franchise"); (3) up to five Snip-its Salon Franchises (a "Multi-5 Franchise"); or (4) more than five Snip-its Salon Franchises (a "Multi-5 Plus Franchise"). If you purchase either a Multi-3 Franchise, Multi-5 Franchise, or Multi-5 Plus Franchise, you will sign the "Multi-Franchise Addendum" the form of which is attached to the Franchise Disclosure Document in Exhibit G. To open additional Snip-its Salons businesses under a Multi-3 Franchise, Multi-5 Franchise, or Multi-5 Plus Franchise, you will be required to sign our then-current franchise agreement, but you will not be required to pay an Initial Franchise Fee (all other fees will apply). The Initial Franchise Fee is fully earned by us and is non-refundable once this Franchise Agreement has been signed, regardless of whether you open the Franchised Business or additional Snip-its Salons businesses under your Multi-Franchise Addendum. If this Franchise Agreement is the renewal of a prior franchise agreement with us for an existing Franchised Business or the transfer of the Franchised Business from another franchisee, then no Initial Franchise Fee is due.

6.8 **Royalty**

You agree to pay us a royalty fee ("Royalty") equal 5% of Gross Sales during the previous Accounting Period for the first year of the Term. After the first year of the Term, the Royalty shall increase to 6% of Gross Sales during the previous Accounting Period. The Royalty is due on the fifth business day of each Accounting Period (or such other date as we designate).

6.9 **Marketing Fund Contribution**

You must pay a "Marketing Fund Contribution" in the amount we specify in our Confidential Operating Manual, currently 1.5% of Gross Sales for the first year of the Term and 2% of Gross Sales after the first year of the Term. The Marketing Fund Contribution is paid at the same time and in the same manner as the Royalty. The Marketing Fund Contribution will be used for the Snip-its Salon marketing fund ("Marketing Fund") to promote awareness of our brand and to improve our System.

6.10 **POS Software System Fee**

You must pay us our then-current point-of-sale software system fee ("POS Software System Fee") throughout the Term of this Franchise Agreement. You will begin paying the POS Software System Fee when the software is activated, and continue paying the POS Software System Fee at the time and frequency we designate in writing, which is currently on or before the first business day of every month. The POS Software System Fee is an ongoing fee for the use of our currently approved POS software used in the Franchised Business. We can change the POS software that must be used by Franchised Business at any time we deem appropriate in our sole discretion, which may result in changes to the POS Software System Fee. An increase in third-party fees may also cause the POS Software System Fee to increase. You will be responsible for any increase in fees that result from any upgrades, modification, or additional software by us or by third-party vendors. We may modify the Software System Fee upon written notice to you.

6.11 **Technology Fee**

We currently do not charge a technology fee ("Technology Fee"), but reserve the right to implement one in the future upon written notice to you. If established, the Technology Fee would cover the use of certain technologies used in the Franchised Business. We reserve the right to implement and to change the software and technology that must be used by Franchised Business at any time we deem appropriate in our sole discretion, which may result in charging or changing the Technology Fee. You will be responsible for any increase in fees that result from any implementation, upgrades, modification, or additional software by us or by third-party vendors.

You must also pay our then-current technology business solutions fees to approved suppliers for certain business solutions that will support your business efficiencies. These may include phone systems, security systems, scheduling software, employee shift/task management software, inventory solution and any other solutions we may require in the Confidential Operating Manual for your Franchised Business. We reserve the right to upgrade, modify and add new systems, which may result in additional initial and ongoing expenses that you will be responsible for. You will be responsible for any increase in fees that result from any upgrades, modifications or additional systems and for any increase in fees from third-party providers. We may include these third-party fees in the Technology Fee and pay suppliers directly on our behalf.

6.12 **Other Fees and Payments**

You agree to pay all other fees, expense reimbursements, and all other amounts specified in this Franchise Agreement in a timely manner. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon products or services you sell or based upon products or services we furnish to you (other than income taxes we pay based on amounts).

7. ESTABLISHING YOUR FRANCHISED BUSINESS

7.1 **Opening**

You must open your Franchised Business to the public within nine months after the Effective Date. You may not open your Franchised Business before: (i) all required attendees have successfully completed the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals required to establish, open and operate the Franchised Business; (iv) we provide our written approval of the construction, buildout and layout of your Premises; (v) and you receive our written approval.

We shall have the right (but not the obligations) to provide a representative to be present at the opening of the Franchised Business. We will provide such additional on-site pre-opening supervision and assistance as we deem advisable.

If you believe we have failed to adequately provide pre-opening services or training to you as provided in this Franchise Agreement, you shall notify us in writing within 30 days following the opening of the Franchised Business. If you do not provide such notice in a timely manner, it will be viewed as you conclusively acknowledging that all pre-opening and opening services and training required to be provided by us were sufficient and satisfactory in your judgment.

7.2 **Site Selection**

We will provide you with advice and general specifications for identifying a suitable location for the Premises, if a suitable Premises has not been agreed upon by the Effective Date.

The Premises must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and videos we may reasonably require) for your proposed site. We may require that you obtain a feasibility study for the proposed site at your sole cost. You must send us a report for at least one proposed site within 45 days of executing this Franchise Agreement. We may accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to accept or reject a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. If we disapprove of the proposed site, you must select another site, subject to our consent. Our approval shall be evidenced by the execution of Attachment A-1 by you and us. You must only operate the Franchised Business at the location specified in Attachment A-1 and your Franchised Business may not offer products or services from any other location. You acknowledge that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for the Premises. Our approval of the site indicates only that the site meets our minimum criteria.

7.3 **Lease**

If you lease the Premises, you must submit to us, in the form we specify, a description of the site, a proposed copy of the lease and such other information and materials we may reasonably require at least ten days before signing the lease. If you own, otherwise control the Premises, including the land, building and related real estate, or own 51% or more of an entity that owns, leases or otherwise controls the Premises, then you will, as the lessee, enter into a lease for the Premises for a term coextensive with the term of this Franchise Agreement. You will ensure the lease either: (1) contains the "Lease Addendum" that is attached to the franchise disclosure document in Exhibit G; or (2) incorporates the terms of the Lease Addendum into the lease for the Premises. If your landlord refuses, we have the right to disapprove of your lease, in which case you must find a new site for your Premises. You and the landlord must sign the lease and Lease Addendum within 90 days after the Effective Date.

We will only review the lease to determine that it complies with the terms of this Franchise Agreement and will not provide you with any business, economic, legal or real estate analysis or advice with regards to the lease." If you hire our approved vendor, they may assist you in negotiating the lease for your Premises. However, you are solely responsible for the terms of the lease and any site acceptance letter we provide for the lease does not provide any representation or warranty of any kind, express or implied, concerning the terms of the lease or the viability or suitability of the site for the Premises. You must promptly send us a copy of your fully executed lease and any Lease Addendum for our records. The lease may not be materially amended, assigned or terminated without our written approval. If the landlord terminates the lease for the Premises, that termination will constitute a material breach of this Franchise Agreement.

7.4 **Construction**

We will provide you with specifications for the design and layout for a Premises. You must hire an architect approved by us in order for any modifications to these plans to comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the Premises. You must first review and accept the architect's drafted floor plan and submit your floor plan to us for our

review and acceptance. Once we accept your floor plan, the architect must develop your full construction drawings for the Premises. Upon your review and acceptance, you must submit your construction drawings to us for our final review and approval. You must use our approved real estate and construction management company, if we have designated one, in constructing your Premises. You agree to use our approved vendor for pre-construction services, general contractor selection services and construction project management. Once we accept your floor plan and approve your construction drawings, drawings and specifications may not be changed or modified without our prior written approval. Once accepted by us, you must, at your sole expense, construct and equip the Premises to the specifications contained in the Confidential Operating Manual, or as otherwise specified by us in writing, and purchase (or lease) and install the equipment, fixtures, furnishings, signs and other items we require. All exterior and interior signs of the Premises must comply with the specifications we provide to you. We must approve the architects, contractors and other suppliers you use to construct your Premises. You agree to provide us with weekly status updates as to construction of the Premises. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the Snip-its Salon System. We must approve the layout of your Premises before opening. We may conduct a pre-opening inspection of your Premises and you agree to make any changes we require before opening.

7.5 **Catastrophe**

If your Premises is destroyed or damaged by fire or other casualty and the Term of this Franchise Agreement and the lease for your Premises has at least two years remaining, you will: (i) within 30 days after such destruction or damage of your Premises, commence all repairs and reconstruction necessary to restore the Premises to its prior condition to such casualty; or (ii) in the event such repairs and reconstructions cannot be completed within 90 days, relocate the Premises under the relocation provisions in this Section and the Term shall be extended for the period from the date the Premises closed due to the destruction or damage until it reopens.

7.6 **Use of Premises**

You may not use your Premises or permit your Premises to be used for any purpose other than offering the products and services we authorize and you may only offer the products and services we authorize from your Premises.

7.7 **Relocation**

You may relocate your Premises within your Territory with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate within your Territory, you must comply with all requirements of the Franchise Agreement regarding the selection, construction and decoration your new Snip-its Salon Premises, and open your new Premises and resume operations within 30 days after closing your prior Premises. You may not relocate your Premises outside of your Territory without our prior written approval, which we may withhold in our sole discretion. We may require that your Territory be modified as a condition to our approval of you relocating your Premises. Upon our approval of the relocation of your Premises, Attachment A-1 shall be updated with the new location (and Territory, if necessary), and the remainder of this Franchise Agreement shall remain in full force and effect.

8. TRAINING AND CONFERENCES

8.1 Initial Training Program

We will provide our initial training program at no charge for up to three people so long as all persons attend the initial training program simultaneously. Your Operating Partner and your Salon Manager, if any, must successfully complete our training program to our reasonable satisfaction before you open the Franchised Business. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses. In addition, you must pay us our then-current training fee for: (i) each additional person that attends our initial training program before you open; (ii) each additional person that attends after you open your Franchised Business (such as a replacement Operating Partner or Salon Manager); and (iii) any person who must retake training after failing to successfully complete training on a prior attempt.

8.2 Staff Training

If this is your first or second Franchised Business, we also provide training to your managers, hair stylists, and receptionists that are hired prior to the opening of your Franchised Business ("Staff Training"). The Staff Training may be conducted, virtually, at your Franchised Business, or if neither previous option is available, at a separate designated location chosen by you, and approved by us. You shall be responsible for any costs incurred in obtaining the right to use any separate designated location for Staff Training. If this is your third or later Franchised Business, we will not provide Staff Training, and you will be responsible for training your staff for the Franchised Business.

8.3 Additional Training

We may offer periodic refresher training courses or develop additional training courses. Attendance at these training programs may be optional or mandatory. You may be required to pay the then-current fee for this training.

8.4 Requested Training

Upon your written request, we may provide additional assistance or training to you at a mutually convenient time. You may be required to pay the then-current fee for this training.

8.5 Remedial Training

If we determine, in our sole discretion, that you are not operating your Franchised Business in compliance with this Franchise Agreement and/or the Confidential Operating Manual, we may require that you, your employees and other designees attend remedial training relevant to your operational deficiencies. You must pay us the then-current training fee as specified in our Confidential Operating Manual.

8.6 Conferences

We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Snip-its Salon franchisees. Attendance at these conferences may

be mandatory or optional. You are responsible for paying our then-current conference fee, whether or not you attend the conference in any given year.

8.7 Training Expenses

You are solely responsible for all expenses and costs that your trainees incur for all trainings and conferences under this Section, including wages, travel, lodging, food and living expenses. You also agree to reimburse us for all expenses and costs we incur to travel to your Franchised Business under Sections 8.3, 8.4 and 8.5, including travel, food, lodging and living expenses. All training fees and expense reimbursements must be paid to us within ten days after invoicing.

9. OTHER FRANCHISOR ASSISTANCE

9.1 Confidential Operating Manual

We will lend you our confidential franchise operations manual (the "Confidential Operating Manual") in text or electronic form for the Term of this Franchise Agreement. The Confidential Operating Manual will help you establish and operate your Franchised Business in accordance with the System. The information in the Confidential Operating Manual is confidential and proprietary and may not be disclosed to third parties without our prior written approval. The Confidential Operating Manual may be updated and modified throughout the Term, both formally through amendments to the Confidential Operating Manual and informally through email or other written materials we provide to you. You acknowledge that your compliance with the Confidential Operating Manual is vitally important to us and other System franchisees, because it is necessary to protect our reputation, the goodwill of the Marks, and maintain the uniform quality of the System.

You agree to establish and operate your Franchised Business strictly in accordance with the Confidential Operating Manual. The Confidential Operating Manual may contain, among other things: (i) a description of the authorized products and services you may offer at your Franchised Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for goods, products, services, that you use or offer at your Franchised Business; (iii) policies and procedures we prescribe from time to time for our franchisees; (iv) mandatory reporting and insurance requirements; (v) policies and procedures pertaining to any gift card program we establish; and (vi) a written list of furniture, fixtures, equipment, products and services (or specifications for such items) you must purchase for the development and operation of your Franchised Business and a list of any designated or approved suppliers for such items. The Confidential Operating Manual establishes and protects our brand standards and the uniformity and quality of the products and services offered by our franchisees. We can modify the Confidential Operating Manual at any time. The modifications will become binding as soon as we send you notice of the modification. All mandatory provisions in the Confidential Operating Manual (whether they are included now or in the future) are binding on you.

While the Confidential Operating Manual is intended to protect our reputation and goodwill of the Marks, you will be responsible for the day-to-day operation of your Franchised Business and the Confidential Operating Manual is not designed to control the day-to-day operation of the Franchised Business.

9.2 General Guidance

We will, upon reasonable request, provide advice or guidance regarding your Franchised Business's operation based on reports or inspections or discussions with you. We will provide reasonable marketing

consulting, guidance and support throughout the Term we deem appropriate. Any advice will be given during our regular business hours and via written materials, electronic media, telephone or other methods, in our discretion.

We maintain a staff to manage and operate the Snip-its Salon System and our staff members can change as employees come and go. We cannot guarantee the continued participation by or employment of any of our shareholders, directors, officers, employees or staff.

9.3 **Website**

We will maintain a website for Franchised Businesses ("System Website") that will include the information about your Franchised Business we deem appropriate. We may modify the content of and/or discontinue the System Website at any time in our sole discretion. We are only required to reference your Franchised Business on our System Website while you are in full compliance with this Franchise Agreement and all System standards. We must approve all content about your Franchised Business. We will own the System Website (including any webpages for your Franchised Business) and domain names. We intend that any franchisee website will be accessed only through this System Website.

9.4 **Supplier Agreements**

We may, but are not required to, negotiate agreements with suppliers to obtain products or services for our franchisees. If we negotiate an agreement, we may arrange for you to purchase the products directly from the supplier. We may receive rebates from these suppliers based on your purchases. We may also purchase certain items from suppliers in bulk and resell them to you at our cost (including overhead and salaries), plus shipping fees and a reasonable markup, in our sole discretion.

10. MANAGEMENT AND STAFFING

10.1 **Owner Participation**

If you are an Entity, you must designate an Owner who will be principally responsible for communicating with us about the Franchised Business ("Operating Partner"). If you are an individual, you are the Operating Partner. The Operating Partner must have the authority and responsibility for the day-to-day operations of your Franchised Business and must have at least 25% equity. You acknowledge that a major requirement for the success of your Franchised Business is the active, continuing and substantial personal involvement and hands-on supervision by your Operating Partner, who must at all times be actively involved in operating the Franchised Business on a full-time basis and provide on-site management and supervision, unless we permit you to delegate management functions to a Salon Manager, see below. If you appoint a new Operating Partner, the new Operating Partner, must attend and successfully complete our then-current initial training program.

10.2 **Salon Manager**

You may hire a manager to assume responsibility for the daily in-person on-site management and supervision of your Franchised Business ("Salon Manager"), but only if: (i) we approve the Salon Manager in our commercially reasonable discretion; (ii) the Salon Manager successfully completes the initial training program; and (iii) your Operating Partner agrees to assume responsibility for the on-site management and supervision of your Franchised Business if the Salon Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement Salon Manager. We do not require that the Salon Manager have an ownership interest

in the legal entity of the Franchise owner. If you hire a new Salon Manager, the new Salon Manager must attend and successfully complete our then-current initial training program.

10.3 **Staff**

You must determine appropriate staffing levels for your Franchised Business to ensure full compliance with this Franchise Agreement and our System standards. You are solely responsible to hire, train and supervise employees or independent contractors to assist you with the proper operation of the Franchised Business. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings levied or fixed by any city, state or federal governmental agency, or otherwise required by law) due for your employees or as applicable, for your independent contractors. These employees and independent contractors will be your employees or contractors, not ours. We do not control the day-to-day activities of your employees or independent contractors or the manner in which they perform their assigned tasks. You must inform your employees and independent contractors you are exclusively responsible for supervising their activities and dictating the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, consulting agreements, timecards and similar items.

You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, firing, hours worked, rates of pay and other benefits, work assignments, training and working conditions, compliance with wage and hour requirements, personnel policies, recordkeeping, supervision and discipline. We will not provide you with any advice or guidance on these matters. You must require your employees and independent contractors to review and sign any acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee or independent contractor that you are his or her sole employer. You must also post a conspicuous notice for employees and independent contractors in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the sole employer. We may prescribe the form and content of this notice. You agree that any direction you receive from us regarding employment/engagement policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel competent in employment law.

10.4 **Assumption of Management**

10.4.1 Interim Manager. In order to prevent any interruption of operations which would cause harm to or depreciate the value of the Franchised Business, we have the right, but not the obligation, to step-in and designate an individual or individuals of our choosing ("Interim Manager") for so long as we deem necessary and practical to temporarily manage your Franchised Business ("Step-In Rights"): (i) if you violate any System standard or provision of this Franchise Agreement and do not cure the failure within the time period specified by the Franchise Agreement or us; (ii) if we determine in our sole judgment that the operation of your Franchised Business is in jeopardy; (iii) if we determine in our sole discretion that operational problems require that we operate your Franchised Business; (iv) if you abandon or fail to actively operate your Franchised Business; (v) upon your Operating Partner or your Salon Manager's absence, termination, illness, death, incapacity or disability; (vi) if we deem your Operating Partner or your Salon Manager incapable of operating your Franchised Business; or (vii) upon a "Crisis Management Event."

A "Crisis Management Event" means any event or series of events that occurs at the Franchised Business that has or may cause harm or injury to customers or employees, or any other circumstance which

may damage the System, Marks or image or reputation of the Franchised Business or us or our affiliates. We may establish emergency procedures which may require you to temporarily close the Franchised Business to the public, in which case you agree that we will not be held liable to you for any losses or costs. You agree to notify us immediately by telephone and email upon the occurrence of a Crisis Management Event.

10.4.2 Step-In Rights. If we exercise the Step-In Rights: (i) you agree to pay us, in addition to all other amounts due under this Franchise Agreement, an amount equal to 1.5% of the Gross Sales during the period the Interim Manager manages your Franchised Business ("Management Fee"), plus the Interim Manager's direct out-of-pocket costs and expenses; (ii) all monies from the operation of your Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including compensation and direct out-of-pocket costs and expenses for the Interim Manager, shall be charged to said account; (iii) you acknowledge that the Interim Manager will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Franchised Business incurs, or to any of your creditors for any supplies, products, or other assets or services your Franchised Business purchases, while Interim Manager manages it; (iv) the Interim Manager will have no liability to you except to the extent directly caused by its gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager, and you will indemnify and hold us harmless for and against any of the Interim Manager's acts or omissions, as regards to the interests of you or third parties; and (v) you agree to pay all of our reasonable attorney fees, accountant's fees, and other professional fees and costs incurred as a consequence of our exercise of the Step-In Rights. The Management Fee shall be paid monthly on or before the fifth business day of each month.

Nothing contained herein shall prevent us from exercising any other right which we may have under this Franchise Agreement, including, without limitation, termination.

11. MARKETING FUND

The Marketing Fund is used to promote public awareness of our brand and to improve our System. You are required to pay the Marketing Fund Contribution. The Marketing Fund may be administered by us or our affiliate or designees, at our discretion. We may use the Marketing Fund for any expenditure that we, in our sole discretion, deem necessary or appropriate to promote or improve the System or the Snip-its Salon brand.

To illustrate, these may include, but are not limited to, the following: (i) developing, maintaining, administering, directing, preparing or reviewing advertising and marketing materials, promotions and programs, including social media management; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) general promotion of career and job opportunities with the Snip-its System and brand; (vi) research and development of technology, products and services; (vii) website development (including social media) and search engine optimization; (viii) development and implementation of quality control programs and other reputation management functions; (ix) conducting market research; (x) changes and improvements to the System; (xi) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xii) the proportionate salary share of our employees that devote time and provide services for advertising, promotion, collection, accounting or administration of the Marketing Fund; (xiii) preparing and distributing financial accountings of the Marketing Fund; (xiv) training tools; (xv) Snip-its employment marketing and advertising; and (xvi) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location, and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the Marketing Fund may be invested. Any unused funds collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Marketing Fund on any terms we deem reasonable. The Marketing Fund is not a trust, and we have no fiduciary obligations to you regarding our administration of the Marketing Fund. An unaudited financial accounting of the operations of the Marketing Fund, including deposits into and disbursements from the Marketing Fund, will be prepared annually and provided to you upon written request.

We do not ensure that our expenditures from the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the Marketing Fund Contribution by our franchisees operating in that geographic area or that any of our franchisees benefit directly or in proportion to their Marketing Fund Contribution. We reserve the right to change, merge, re-form or dissolve the Marketing Fund in our discretion. We will not use the Marketing Fund for advertising principally for the solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement or website indicating "franchises available" or similar phrasing. We may, upon 30 days' prior written notice to you, reduce or suspend Marketing Fund Contribution and operations for one or more periods of any length and terminate and/or reinstate the Marketing Fund. We will spend all amounts before any termination of the Marketing Fund.

12. FRANCHISEE MARKETING AND ADVERTISING

12.1 **Standards**

All advertisements and promotions you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws, rules and regulations and our standards and requirements in the Confidential Operating Manual. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property or legal rights of others.

12.2 **Promotional Programs**

We may periodically create advertising and sales promotion programs and materials to enhance the collective success of all Snip-its Salon franchisees operating under the System. You must participate in all such advertising and sales promotion programs in accordance with the terms and conditions that we specify. These promotional programs may require that you offer products or services at no charge or discounted rates. We may also request you purchase and use advertisements and promotional materials we designate for your Franchised Business.

12.3 **Marketing Materials**

You must order any sales and marketing material from us, or our designated suppliers (which may be an affiliate), that we require. We may create and make available to you, advertising and other marketing materials. We may charge you for these materials. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). We may also enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase.

12.4 **Approval**

We must approve all advertising and promotional materials we did not prepare or previously approve (including materials we prepared or approved and you modify) before you use them. We will be deemed to have disapproved the materials if we fail to issue our approval within 30 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). If you use unauthorized advertising materials, you must pay a fee of $500 per occurrence to the Marketing Fund or to us.

12.5 **Grand Opening Advertising**

You will spend a minimum of $15,000 on approved grand opening marketing, advertising and promotion for your Franchised Business during the period beginning 30 days before and ending 60 days after the opening of your Franchised Business (the "Grand Opening Program"). All expenditures for the Grand Opening Program will be in addition to your other marketing, advertising and promotion obligations under the Franchise Agreement. All materials used in the Grand Opening Program will be subject to our prior written consent, as described above for local advertising and promotion. Your expenditures for the Grand Opening Program will be counted towards your Local Advertising Requirement for the first year your Franchised Business is open. We will work with you to tailor your Grand Opening Program to your market.

12.6 **Local Advertising**

In addition to your required Marketing Fund Contribution, you must spend $7,500 per year on local advertising for your Franchised Business ("Local Advertising Requirement"). If you fail to spend the Local Advertising Requirement during, you will be required to pay the difference between the amount you spent and your Local Advertising Requirement to the Marketing Fund or to us. You agree to participate at your own expense in all advertising, promotional and marketing programs we require, which may require that you offer products or services for sale at discounted prices or at no charge. If you belong to and are required to contribute to a Cooperative, all of your contributions to the Cooperative will count toward the Local Advertising Requirement.

12.7 **Online Advertising**

You may not maintain a separate website, conduct e-commerce, or otherwise maintain a presence on the Internet in connection with your Franchised Business without our express written permission, which we may revoke at any time, in our sole discretion. Any website we permit you to establish will be subject to all of your marketing and advertising requirements under this Franchise Agreement and the Confidential Operating Manual. If you wish to utilize social media or advertise online, you must follow our then-current online policy. Our online policy may change as technology and the Internet changes. We may require that you utilize our designated supplier for social media marketing services, at your expense. You may not use the Marks in any fundraising campaign, including crowdfunding. We may restrict your use of social media. We restrict your ability to independently market on the Internet, and we may not allow you to use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks.

12.8 **Advertising Cooperative**

You must participate in any advertising cooperative ("Cooperative") that we require for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. Franchisees in each Cooperative will contribute up to 2% of Gross Sales for each Accounting Period for each Franchised Business that the franchisee owns that exists within the Cooperative's area. We will determine the specific amount of your contribution to the Cooperative, but the

cooperative may vote, by agreement of the majority of its members, to raise the required contribution to the Cooperative (although the Cooperative may not vote to eliminate funding to the Cooperative). We may require that each Cooperative operate with governing documents and prepare annual unaudited financial statements. We may form, change, dissolve or merge any Cooperative. Your participation in any Cooperative must be in compliance with the provisions of the Confidential Operating Manual, which we may periodically modify at our discretion. We have the right to determine the composition of all geographic territories and market areas for each Cooperative. Any contributions made to a Cooperative under this Section shall count towards your Local Advertising Requirement. Each Snip-its Salon business we own that exists within the cooperative's area will contribute to the Cooperative on the same basis as franchisees.

12.9 **Advisory Council**

We have an advisory council ("Council") to advise us on advertising policies and to promote communications between us and all franchisees. The Council is governed by bylaws that will specify that members of the Council would consist of both franchisees and franchisor representatives and will specify how members are selected, subject to any changes to such bylaws or structure we deem necessary in our sole discretion. The Council serves in an advisory capacity only. We may grant the Council any operation or decision-making powers we deem appropriate. We have the power to form, change or dissolve the Council, in our sole discretion.

13. BRAND STANDARDS

13.1 **Generally**

You agree to operate your Franchised Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Franchise Agreement and the Confidential Operating Manual. Any required standards exist to protect our interests in the System and the Marks, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be in the Confidential Operating Manual or other written materials and may be periodically modified over the Term. To protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

13.2 **Authorized Products and Services**

The products or services offered by the Franchised Business are subject to change and we do not represent that your Franchised Business will always be permitted or required to offer all of the products or services currently offered. You agree to offer all products and services we require from time to time. You may not offer any other products or services at your Franchised Business without our prior written permission. We may, without obligation to do so, add, modify or delete authorized products and services, and you must do the same upon notice from us. You may incur additional expenses to offer new products or services. Our addition, modification or deletion of one or more products or services shall not constitute a termination of this Franchise Agreement. You will not enter into any agreements with any third parties that can process orders for you on your behalf without our express written permission, which we may revoke at any time, in our sole discretion. We require you obtain a certain inventory of Proprietary Products prior to opening your Franchised Business. You must obtain and maintain certain Proprietary Products we periodically require throughout the Term of this Franchise Agreement, including those you must purchase from us or our affiliates prior to the opening of your Franchised Business. We may, but are not required to, create additional Proprietary Products for sale at your Franchised Business. If we develop any additional

Proprietary Products, you agree to purchase from us or our affiliate and to maintain a reasonable inventory of these items at all times.

13.3 **Suppliers and Purchasing**

You agree to purchase or lease all products, supplies, equipment, services, and other items specified in the Confidential Operating Manual. If required by the Confidential Operating Manual, you agree to purchase or lease certain products and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliates). You acknowledge that our right to specify the suppliers you may use and add or remove suppliers is necessary and desirable so we can control the uniformity and quality of products and services used, sold or distributed in connection with the development and ongoing operation of your Franchised Business, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon your purchases or any other of our franchisee's purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If we do not require you to use a designated source or approved supplier for a particular item, you may purchase the item from any vendor you choose so long as your purchases conform to our System and specifications. We may restrict the sourcing of current and future items.

If you wish to purchase any items or supplies from a supplier we have not approved or wish to offer any new product or service we have not authorized in writing, you must send us a written notice specifying the supplier's name and qualifications or product or service information and provide any additional information we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. If we fail to issue our approval within the 30-day period, it will have the same effect as a rejection to the request. You must reimburse us for all costs and expenses we incur in reviewing a proposed supplier within ten days after invoicing. We may revoke approval of any supplier, product or service in our sole discretion in which case you must stop purchasing from such supplier.

13.4 **Equipment Maintenance and Changes**

You agree to keep any equipment used in the operation of your Franchised Business in good condition and promptly replace or repair any equipment that is damaged, worn out or obsolete. We may require that you add new equipment or change, upgrade or replace your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System, and you agree to comply with any such required change within a reasonable time period designated by us.

13.5 **Hours of Operation**

You must keep your Franchised Business open for the minimum hours and minimum days of operation as directed by us in writing, which may change over the Term. Your Franchised Business must be open every day of the year, other than those approved national holidays provided to you by us in writing at the start of any new calendar year, unless otherwise agreed to by us. We may require you to establish specific hours of operation and submit those hours to us for approval.

13.6 **Customer Issues**

You acknowledge the importance to the System and uniform standards of quality, service and customer satisfaction, and recognize the necessity of opening and operating a Franchised Business in conformity with the System. You agree to manage the Franchised Business in an ethical and honorable manner and ensure that all those working at the Franchised Business provide courteous and professional service to customers. If you receive a customer complaint, you must promptly follow the complaint resolution process we specify to protect the goodwill associated with the Marks. Also, if we are contacted by a customer of your Franchised Business who wishes to lodge a complaint, we reserve the right to address the customer's complaint to preserve goodwill and prevent damage to the Marks. Our right to address complaints may include refunding money to a dissatisfied customer, in which case you must reimburse us for these amounts including the value of any gift card, refund or other value we provide to the customer as part of addressing the issue.

We may contact any customer of your Franchised Business at any time for any purpose. We, or our authorized representative, shall have the right, during regular business hours, or at such other times as may be mutually agreed upon by you and us, to inspect all client lists and documents and records related to the Franchised Business. Upon reasonable request, you must furnish to us in whatever format we require, all client information and records for the Franchised Business, both active and inactive, which shall include, but not be limited to, names, addresses, and telephone numbers of such clients ("Customer List"). You acknowledge and agree that we are the sole owner of the Customer List and that you shall not use the Customer List for any purpose other than for the operation of the Franchised Business or distribute, in any form or manner, the Customer List to any third party without our prior written consent.

13.7 **Standards Compliance**

You acknowledge the importance of every standard and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. In the event we become aware that you are not in compliance with any required standards, we shall send you written notice of your default or non-compliance. In addition to our other rights and remedies, you will be required to pay a non-compliance fee of $100 per day to the Marketing Fund for each day your Franchised Business remains in non-compliance from the date you receive our written notice until the earlier of the date: (i) you bring your Franchised Business back into compliance; or (ii) we terminate this Franchise Agreement pursuant to the terms of Section 24. We reserve the right to increase this non-compliance fee upon 30 days' written notice to you, up to $200 per day. Nothing in this Section shall limit or waive any right we have under this Agreement including our rights to termination.

13.8 **Payment Vendors and Data Security**

You agree to maintain, at all times, credit card relationships with the credit and debit card issuers or sponsors, check or credit verification services, financial center services, payment providers, merchant service providers, loyalty and gift cards, and electronic fund transfer systems (together, "Payment Vendors") that we may periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for electronic payment. You agree not to use any Payment Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We may modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC, or any successor organization or standards we may reasonably specify. You agree to implement the enhancements, security requirements and other standards that PCI Security Standards Council, LLC (or its successor) requires of a merchant that accepts payment by credit and/or debit cards or electronic payments.

13.9 **Privacy**

You agree to comply with all applicable laws pertaining to the privacy of customer, employee and transactional information ("Privacy Laws"). You also agree to comply with our standards and policies pertaining to Privacy Laws.

13.10 **Remodeling**

At least once every five (5) years during the term hereof, and not sooner than five (5) years after the date upon which the Franchised Business opens for business, and again as a pre-condition to renewal set forth in Section 5.2 of this Franchise Agreement, you may be required to refurbish the Franchised Business at your expense to conform to the building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Marks in a manner consistent with the image then in effect for new franchised businesses, including without limitation remodeling, redecoration, and modifications to existing improvements, as we may require in writing (collectively, "Facilities Remodeling").

In addition to the Facilities Remodeling, you agree to remodel and make all improvements and alterations to your Franchised Business we reasonably require from time to time to reflect our then-current image, appearance and Premises specifications. You will not be required to spend more than $50,000 towards remodeling, including Facilities Remodeling, during any five (5) year period of this Franchise Agreement. You will not cause or allow any furnishings, fixtures, equipment, signs, décor, ATM machines, vending machines, video games, public telephone, or other type of vending machines to be installed on the Premises without our prior approval. However, we will not be required to approve any proposed remodeling or alteration that would not conform to our then-current standards, specifications or image requirements. You agree to complete any remodel of the Premises within six (6) months after receiving our written request specifying the requirements.

13.11 **Premises Maintenance**

You agree to maintain your Premises in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations at your sole expense, to comply with our standards and specifications. Without limiting these obligations, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the Premises as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule we prescribe from time to time.

14. TECHNOLOGY

14.1 **Technology**

You must utilize the technology, including software, computer hardware and components, point of sale system, cash register(s), communication equipment, and other related accessories or peripheral equipment (collectively, "Technology") that we require. We may change the Technology you must use for your Franchised Business at any time. You will utilize the Technology with the Franchised Business under our policies and procedures in the Confidential Operating Manual. You must pay the Technology Fee for the use of certain technologies used in the operation of your Franchised Business. For other required Technology, you agree at your expense to use any approved supplier we require. We may change or add approved suppliers of this Technology at any time, in our sole discretion. You will, at your expense, purchase and maintain any required communication services, Internet services (including the requirement to maintain a high-speed Internet connection), dedicated telephone and power lines. You acknowledge and agree that changes to Technology are dynamic and not predictable within the Term of this Franchise Agreement. To provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we may establish, in writing, reasonable new standards for implementing Technology in the System and you agree to comply with those reasonable new standards we establish as if we periodically revised this Section for that purpose. You will keep the Technology in good maintenance and repair, and you will promptly install, at your expense, any additions, changes, modifications or substitutions to Technology, as we may specify periodically. There is no limitation on the frequency and cost of your obligation to maintain, update or upgrade your Technology or its components. You acknowledge that you are solely responsible for protecting your Franchised Business from computer viruses, bugs, failures, data breaches and attacks by hackers and other unauthorized intruders in the Technology.

14.2 **Proprietary Software**

We may also develop proprietary software or technology that must be used by "Snip-its Salon" franchisees. If this occurs, you agree to enter into a license agreement with us (or an affiliate of ours) and pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. The license agreement will govern the terms under which you may utilize this software or technology. We also reserve the right to enter into a master software or technology license agreement with a third-party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts we must pay to the licensor based on your use of the software or technology.

14.3 **Our Access**

You will provide any assistance we require to connect to the Technology. We will have the right at any time to retrieve data and other information from your Technology as we, in our sole discretion, deem necessary or desirable. You shall ensure that we have access at all times to any Technology we request, at your cost. You must provide us with any and all requested codes, passwords and information necessary to access your Technology. You must receive our prior approval before changing such codes, passwords and other necessary information.

15. TRANSFER BY US

This Franchise Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Franchise Agreement; provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Franchise Agreement up to the effective date of the assignment. We may also delegate some or all of

our obligations under this Franchise Agreement to one or more designees without assigning this Franchise Agreement.

We may change our ownership or form and/or assign this Franchise Agreement and any other agreement to a third party without restriction. After our assignment of this Franchise Agreement to a third party who expressly assumes the obligations under this Franchise Agreement, we no longer will have any performance or other obligations under this Franchise Agreement.

16. TRANSFER BY YOU

16.1 Approval

For purposes of this Franchise Agreement, "Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree) assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the Franchise Agreement, the Franchised Business (or any portion thereof), or a direct or indirect ownership interest in an Entity that is the franchisee (or any interest therein), including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

Neither you nor any Owner may engage in any Transfer without our prior written approval. Any Transfer without our approval shall be void and constitute a breach of this Franchise Agreement. Our consent to a Transfer shall not constitute a waiver of any claims we may have against you or the Owners, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the Franchise Agreement by the transferee.

16.2 Our Right of First Refusal

If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the Franchised Business (our "Right of First Refusal"). If we notify you that we intend to purchase the Franchised Business within such 30-day period, you or the Owner, as applicable, must sell the Franchised Business to us on the same terms as contained in the offer you received; provided that we may substitute cash for any non-cash form of payment proposed in the offer.

We will have at least an additional 30 days to conduct a due diligence review and to prepare for closing. You agree to provide us with all information and records we request about the Franchised Business, and we will have the absolute right to terminate the obligation to purchase the Franchised Business for any reason during the due diligence period. You and we will act in good faith to agree on the terms and conditions of the written offer, and closing will take place on the 61st day following receipt of your offer. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of this Section (including our approval of the transferee). However, if the sale to the purchaser is not completed within 180 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the Right of First Refusal specified in this Section.

Our Right of First Refusal is fully transferable by us to any affiliate or third party.

16.3 **Transfer Conditions**

We will not unreasonably withhold our approval of any proposed Transfer; provided that the following conditions are all satisfied ("Transfer Conditions"):

16.3.1 Written Notice. You have provided us with written notice of the proposed Transfer at least 45 days before the transaction. You must also submit a copy of the proposed purchase agreement together with all supporting documents and schedules between you and the proposed transferee to us for our review to ensure that the Transfer does not violate any term of this Franchise Agreement.

16.3.2 Qualified Transferee. The proposed transferee is, in our opinion, an individual of good moral character with sufficient business experience, aptitude and financial resources to own and operate a Franchised Business and otherwise meets all of our then-applicable standards for franchisees and the purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or threaten the future operation of the Franchised Business.

16.3.3 Monetary Obligations. All of your monetary obligations to us and our affiliates have been paid in full and you and the Owners are in full compliance with the terms of this Franchise Agreement and all other agreements with us or our affiliate(s) and have cured all existing defaults of this Franchise Agreement.

16.3.4 Training. The transferee has (or if the transferee is an Entity, its approved Operating Partner and any Salon Manager have) successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the training fee for each new person who must attend training).

16.3.5 Licenses and Permits. The transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law to own and operate the Franchised Business.

16.3.6 New Franchise Agreement. You must request that the transferee be provided with our then-current form of franchise disclosure document. You agree that we will not be liable for any representations that you or your Owners make that are inconsistent with such franchise disclosure document. The transferee and its owners sign our then-current form of franchise agreement and related documents, including, but not limited to, our then-current form of Franchise Owner Agreement or other guaranty (unless we, in our sole discretion, instruct you to assign this Franchise Agreement to the transferee), except that: (i) the Term and successor term(s) shall be the Term and successor term(s) remaining under this Franchise Agreement; and (ii) the transferee does not need to pay a separate initial franchise fee.

16.3.7 Transfer Fee. You pay us a transfer fee equal to 50% of the then-current Initial Franchise Fee ("Transfer Fee"), or, if we are not offering Snip-its Salon franchises at the time of your Transfer, 50% of the initial franchise fee listed in our most recent franchise disclosure document. However, if the transferee is an existing Snip-its Salon franchisee approved by us, the Transfer Fee shall be discounted to 25% of the then-current Initial Franchise Fee, or 25% of the initial franchise fee listed in our most recent franchise disclosure document. You will pay the Transfer Fee to us as follows: (i) $1,000 non-refundable deposit at the time of your transfer application request; and (ii) the remaining balance shall be due at or before the time you consummate the approved Transfer.

16.3.8 General Release. You and each of your Owners sign a general release in the form

we prescribe for all claims arising before or contemporaneously with the Transfer. If the proposed transferee has any previous relationship with us or our affiliates, then the proposed transferee must also execute a general release.

16.3.9 Right of First Refusal. We do not elect to exercise our Right of First Refusal.

16.3.10 Subordination. We may, in our sole discretion, require you to enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us under the Franchise Agreement.

16.3.11 Broker Costs. You must pay any broker costs, commissions or other placement fees we incur as a result of the Transfer.

16.3.12 Premises. Your landlord consents to your assignment of the lease for the Premises to the transferee, or the transferee is diligently pursuing an approved substitute location within the Territory.

16.3.13 Remodel. You must remodel your Premises to comply with our then-current standards and specifications, or you obtain a written commitment from the transferee to do so.

16.3.14 Other Conditions. You and each of your Owners agree to comply with all obligations that survive the termination, expiration or Transfer of this Franchise Agreement. The transfer must be made in compliance with any laws that apply to the transfer including all laws governing the offer and sale of franchises. You or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

16.4 **Death or Disability**

Upon the death or disability of you (if you are an individual) or of an Owner (if you are an Entity), your interest in the Franchised Business or the Owner's ownership interest in you, as applicable, must be assigned to a third party or another Owner approved by us within 360 days of such person's death or 180 days of such person's disability, as the case may be. For purposes of this Section, a person is deemed to have a disability only if the person has a medical or mental illness, problem or incapacity that would prevent the person from substantially complying with his or her obligations under this Franchise Agreement or otherwise operating the Franchised Business in the manner required by this Franchise Agreement and the Confidential Operating Manual for a continuous period of at least 180 consecutive calendar days, and from which condition recovery within 180 days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is disabled, the existence of disability will be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then (for the purpose of this Section) the person automatically will be considered disabled as of the date of refusal. Your (or the deceased Owner's) estate or legal representative must apply to us for the right to Transfer to the next of kin within 240 calendar days after your or your Owner's death, or 120 calendar days after your or your Owner's disability. We may appoint an Interim Manager and charge you the Management Fee if the death or disability of you or any Owner has any impact on the Franchised Business.

17. INTELLECTUAL PROPERTY

17.1 Ownership and Use of Intellectual Property

For purposes of this Franchise Agreement, "Intellectual Property" means the Marks, our copyrighted materials, "Confidential Information" (defined below), the System and "Improvements" (defined below). You acknowledge that: (i) we, or our affiliates, if applicable, are the sole and exclusive owner of the Snip-its Salon Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Franchise Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Franchised Business during the Term pursuant to, and only in compliance with, this Franchise Agreement, the Confidential Operating Manual, and all applicable standards, specifications and operating procedures we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service, or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Confidential Operating Manual governing your use of the Intellectual Property. This Franchise Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property. You agree that during the Term of this Franchise Agreement and after its termination, expiration or Transfer you will not, directly or indirectly, contest our interest in the Intellectual Property.

For purposes of this Franchise Agreement, "Confidential Information" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Franchised Business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System, the Confidential Operating Manual, written directives and all drawings, equipment, computer and point of sale programs (and output from such programs), and any other information, know-how, techniques, material and data imparted or made available by us to you.

For purposes of this Franchise Agreement, "Improvements" means any improvements or additions to the System, marketing, method of operation, or the products or services offered by a Franchised Business.

17.2 Changes to Intellectual Property

We may modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, our copyrights or the Confidential Information. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days, at your expense. We will not be liable to you for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

17.3 Use of Marks

You agree to use the Marks as the sole identification of your Franchised Business; provided, however, you must identify yourself as the independent owner of your Franchised Business in the manner we prescribe. You may not use any Marks in any modified form or as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you by this Franchise Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate, and in the manner we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the

Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours. You agree that any use of the Marks by you and your Franchised Business shall contribute and inure to our benefit.

Upon our request, you agree to display in a conspicuous location in your Premises, a sign containing a notice stating that your Franchised Business is owned and operated independently by you.

17.4 **Use of Confidential Information**

You acknowledge that you will use the Confidential Information only in operating the Franchised Business, and you will not disclose Confidential Information to others, except as expressly authorized by this Franchise Agreement. You will take all actions to preserve the confidentiality of all Confidential Information, including safeguarding access to the Confidential Operating Manual. You will not copy or permit copying of Confidential Information. Your obligations under this Section begin when you sign this Franchise Agreement and continue for trade secrets as long as they remain secret, and, for other Confidential Information, for as long as we continue to use the information in confidence (even if edited or revised) plus an additional three years afterwards. We will respond promptly and in good faith to any inquiry by you about continued protection of any Confidential Information.

All data you collect, create, provide or otherwise develop (including, but not limited to, customer information and customer lists) is (and will be) owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We license use of such data back to you, at no additional cost, solely for the Term of this Franchise Agreement and solely for your use in connection with the Franchised Business. You agree to provide us with the information we reasonably require regarding data and cybersecurity requirements. You agree to indemnify us for any loss of data, including, but not limited to, customer information resulting from a breach of such data caused, in whole or in part, by you.

The restrictions on the disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney, and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed pursuant to a court order.

We do not make any representation or warranty that your use of the System and Confidential Information will not infringe on the patent, copyright or other proprietary rights of third parties. You agree that we will have no liability to you if the System and/or any Confidential Information is held not to be secret or confidential or in the event that any infringement of others' proprietary rights occurs because of your use of the System and Confidential Information.

17.5 **Improvements**

If you conceive of or develop any Improvements, you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval before using any such Improvements. Any Improvement we approve may be used by us and any third parties we authorize to operate a Franchised Business, without any obligation to pay you royalties or other fees. You

must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements we or other franchisees develop that we authorize for general use with the operation of a Franchised Business. These obligations shall survive the termination, expiration or Transfer of this Franchise Agreement.

17.6 **Notification of Intellectual Property Issues**

You must notify us as soon as possible, but no later than three business days of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding, or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

18. BRAND COVENANTS

18.1 **Reason for Covenants**

The covenants in this Section 18 shall be referred to as the "Brand Covenants."

You acknowledge that the System is distinctive and has been developed by us and/or our affiliates at great effort, time and expense, and that the Intellectual Property and the training and assistance we provide would not be acquired except through implementation of this Franchise Agreement. You also acknowledge that competition by you, the Owners, or persons associated with you or the Owners (including family members) could jeopardize the entire System because you and the Owners have received an advantage through knowledge of our day-to-day operations and Confidential Information related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our System.

18.2 **Unfair Competition During the Term**

For purposes of this Franchise Agreement, "Competitive Business" means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by the Franchised Business; or (ii) provides or offers to provide services the same as or similar to the type of services sold by you, but excludes a Franchised Business operating under a franchise agreement with us. A Competitive Business shall not include ownership of up to five percent (5%) of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any business that otherwise would meet the definition of a Competitive Business.

You agree not to compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in any Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing any customer of ours (or of one of our affiliates' or franchisees') to transfer their business to you or to any other person that is not then a franchisee of ours.

18.3 **Unfair Competition After the Term**

For purposes of this Section, the "Restricted Period" means a period of two years after the termination, expiration or Transfer of this Franchise Agreement. For purposes of this Section, the "Restricted Territory" means the geographic area within: (i) a 5-mile radius of the Premises; and (ii) a 5-mile radius from all other Snip-Its Salon businesses that are operating or under construction as of the date of the termination, expiration or Transfer of this Franchise Agreement.

During the Restricted Period, you agree that you will not engage in any Prohibited Activities within the Restricted Territory and that you will cause each of your Owners to not engage in any Prohibited Activities within the Restricted Territory. If you or any Owner engages in a Prohibited Activity within the Restricted Territory during the Restricted Period, then the Restricted Period applicable to you (and applicable to each non-compliant Owner under the Franchise Owner Agreement) will be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

18.4 **Employees and Others**

Any Salon Manager and, if you are an Entity, any officer or Owner that does not own at least a 25% equity interest in you must sign our current System Protection Agreement. You must ensure that all of your employees, officers, directors, partners, members, independent contractors, and other persons associated with you or your Franchised Business who may have access to our Confidential Information, and who are not required to sign a System Protection Agreement, sign the Confidentiality Agreement before having access to our Confidential Information. You must use your best efforts to ensure these individuals comply with the terms of the Confidentiality Agreements and System Protection Agreements, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all expenses we incur in enforcing a Confidentiality Agreement or System Protection Agreement, including reasonable attorney fees and court costs.

18.5 **Covenants Reasonable**

The parties agree that the Brand Covenants will be construed as independent of any other covenant or provision of this Franchise Agreement. It is the parties' intent that the provisions of this Section be judicially enforced to the fullest extent permissible under applicable law. If all or any portion of any Brand Covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, you agree to be bound by any lesser covenant subsumed within the terms of such Brand Covenant that imposes the maximum duty permitted by law, as if the resulting Brand Covenant were separately stated in and made a part of this Section. Accordingly, the parties agree that any reduction in scope or modification of any part of the non-competition provisions contained herein shall not render any other part unenforceable. You acknowledge and agree that: (i) the terms of this Franchise Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other "Snip-its Salon" franchisees benefits you and the Owners because it prevents others from unfairly competing with your Franchised Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Franchise Agreement. You hereby waive any right to challenge the terms of the Brand Covenants as being overly broad, unreasonable or otherwise unenforceable.

We have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any Brand Covenant without your consent (before or after any dispute arises), effective when we give you written notice of this reduction and you agree to comply with any covenant as so modified.

18.6 **Breach of Covenants**

You agree that failure to comply with the terms of Brand Covenants will cause substantial and irreparable damage to us and/or other Snip-its Salon franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Section 18 will entitle us to injunctive relief. We may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). Notwithstanding the foregoing, if a court requires the filing of a bond, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us, at law or in equity, under this Franchise Agreement are mutually exclusive, and may be combined with others, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense or cause of action you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of the Brand Covenants.

19. INSURANCE

Before your Franchised Business first opens for business, you will obtain insurance in the types and amounts specified in this Section. You will maintain all required insurance in force during the Term of this Franchise Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits and amounts as we may periodically require at your sole expense. Your compliance with these insurance provisions does not relieve you of any liability under any indemnity provisions of this Franchise Agreement.

We currently require you to maintain the following insurance coverages: (i) minimum of $1,000,000 per occurrence of general liability coverage and $2,000,000 in the aggregate; (ii) minimum of $1,000,000 per occurrence of business automobile liability insurance for both bodily injury and property damage; (iii) minimum of $1,000,000 workers' compensation and employer's liability coverage; (iv) minimum of $2,000,000 commercial umbrella liability coverage; and (v) minimum of $1,000,000 per occurrence for product liability coverage and $2,000,000 in the aggregate.

Our insurance requirements are subject to change during the Term of this Franchise Agreement, and you agree to comply with each such change. You agree to provide us a copy of your Certificate of Insurance or other proof of coverage before opening, within ten days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers rated "A" or better by A.M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Franchised Business. All insurance policies (except for employment liability insurance policies) must be endorsed to: (i) name us, any affiliate we require, and our members, officers, directors and employees as additional insureds ("Additional Insureds"); (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 30-days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon ten days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards, or other relevant changes in circumstances.

If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this

Franchise Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within ten days after invoicing, all costs and premiums we incur, plus a twenty percent (20%) administrative surcharge.

20. REPORTING REQUIREMENTS

20.1 Books and Records

You agree to record all transactions and Gross Sales of your Franchised Business in the manner we specify. You agree to prepare and maintain for at least seven years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Franchised Business including a list of all customers that your Franchised Business does business with and all contracts that your Franchised Business enters into. You must send us copies of your books, records, customer data and contracts within five days of our request. This obligation survives the expiration, termination or Transfer of this Franchise Agreement.

20.2 Reports

You will prepare and submit other reports and information about your operations as we may request in writing or as required by the Confidential Operating Manual. You will submit all required reports in the formats and by the due dates specified in the Confidential Operating Manual. We may modify the deadline days and times for submission of all reports. If you do not submit any report by the due date, we will debit your Franchise Account a late fee of $100 per occurrence and $100 per week until you submit the required report. We may require, in our sole discretion, that certain reports be certified as accurate and complete by you, your owners or your chief financial officer, and that they be submitted in certain methods or formats. If requested by us, your profit and loss statements and balance sheets must be certified by a certified public accountant at your expense. You must also make your certified public accountant available and cover the cost for him or her to consult with us concerning these statements and balance sheets.

20.3 Financial and Tax Statements

You will deliver a balance sheet, profit and loss statement, statement of cash flows and explanatory footnotes prepared under generally accepted accounting principles applied on a consistent basis ("Financial Statements") to us within the time period required by the Confidential Operating Manual. You must also prepare annual Financial Statements within 30 days of the end of your fiscal year. All Financial Statements must be in the form specified by us and must conform to our standard chart of accounts as prescribed by us. We have the right to use such Financial Statements in our franchise disclosure document to make financial performance representations and to share these reports on a system-wide intranet or other similar means.

You must also provide us with complete signed copies of all state sales tax returns and state and federal income tax returns covering the operation of the Franchised Business within 30 days of filing. If you do not submit the Financial Statements or tax returns to us by the deadline, you will be required to pay a late fee of $100 per occurrence and $100 per week until you submit required Financial Statements or tax returns.

20.4 Legal Compliance

You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Franchised Business, and operate and manage your Franchised Business in full compliance with all applicable laws, ordinances, rules and regulations. You are solely responsible for

complying with all federal, state and local tax laws, agree to timely pay all applicable federal, state and local taxes, and timely file all returns, notices and other forms required to comply with all federal, state and local tax laws in connection with the operation of the Franchised Business. It is your responsibility to make sure that you comply with all laws that are applicable to the Technology.

You must notify us in writing within three business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Franchised Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects a claim you have failed to fully comply with the law, rule or regulation.

You agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you certify, represent and warrant that none of your property or interests is subject to being blocked under, and that you and the owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, rules, regulations, policies, lists and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or the Owners, or any blocking of your or the Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Franchise Agreement.

21. INSPECTION AND AUDIT

21.1 Inspections

To ensure compliance with this Franchise Agreement, we or our representatives will have the right to enter your Premises, evaluate your Franchised Business operations, and inspect or examine your books, records, accounts and tax returns. We may also interview personnel and customers of the Franchised Business. Our evaluation may include observing or participating during business hours. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Franchised Business, and you, your employees and independent contractors will cooperate and not interfere with our inspection. You consent to us accessing your Technology and retrieving any information we deem appropriate in conducting the inspection.

If any such inspection indicates any deficiency or unsatisfactory condition, including quality, cleanliness, service, health and authorized product line, we will notify you in writing of your noncompliance with the System, Confidential Operating Manual, or this Franchise Agreement and you shall promptly correct or repair such deficiency or unsatisfactory condition. In addition, if you fail any food safety inspection, cleanliness inspection or other inspection or audit that we or our designee, any public health and safety agency conducts, you will be required to undergo an additional inspection or audit at your sole expense. You agree to reimburse us or the third-party auditor directly upon invoicing. We may require you to take, and you agree to take, immediate corrective action, which action may include temporarily closing the Franchised Business.

21.2 **Audit**

We have the right, at any time, to have an audit made, by us or a third-party we designate, of the books and financial records of your Franchised Business. You agree to fully cooperate with us and any third parties we hire to conduct the audit. Any audit will be performed at our cost and expense. However, you agree to reimburse us for the cost of the audit and inspection, including reasonable accounting, legal, travel and lodging expenses if the audit: (i) is necessitated by your failure to preserve records and provide information we reasonably request within 30 days of the request; (ii) is necessitated by your failure to file reports as required by this Franchise Agreement; or (iii) reveals an understatement of any amount due to us by at least two percent (2%) in any week, in which case you must also pay any amount owed to us, including any related expenses and Late Fees. The audit cost reimbursements will be due ten days after invoicing. Accepting reimbursements for our audit costs does not waive our right to terminate this Franchise Agreement.

22. INDEMNITY

22.1 **Your Indemnification of Us**

Independent of your obligation to procure and maintain insurance, you and your Owners will indemnify, defend and hold us and our affiliates, the respective officers, directors, managers, partners, shareholders, members, employees, agents and contractors of these entities, and the successors, assigns, personal representatives, heirs and legatees of all of these persons or entities (collectively, the "Indemnified Parties") harmless, to the fullest extent permitted by law, from and against all expenses, losses, payments or obligations to make payments either (i) to or for third party claimants by any and all Indemnified Parties, including refunds, or (ii) incurred by any and all Indemnified Parties to investigate, take action, respond to or defend a matter, including investigation and trial charges, costs and expenses, fees, fees paid to professionals, attorney fees, experts' fees, court costs, settlement amounts, judgments and costs of collection (collectively, "Losses and Expenses"), incurred by any Indemnified Parties for any investigation, claim, action, suit, demand, administrative or alternative dispute resolution proceeding, actually or allegedly, directly or indirectly, relating to, arising out of, or resulting from or in connection with: any transaction, occurrence, product or service involving the Franchised Business or this Franchise Agreement; your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees; your marketing, selling, or providing of items and services; and any breach of violation of any agreement (including this Franchise Agreement), or any law, regulation or ruling, by any act, error or omission (active or passive) of you, any party associated with you, or any of your or your affiliates' owners, officers, directors, managers, employees, owners and agents, including when any of the Indemnified Parties is alleged or proven to be negligent.

You agree to give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such claim, including court costs and reasonable attorney fees, within ten days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorney fees.

22.2 **Our Indemnification of You**

Provided that you are not in default under this Franchise Agreement or any other agreement with us, we will indemnify you and hold you harmless for, from and against any and all costs and expenses incurred by you as a result of or in connection with any claim asserted against you based upon the violation of any third party's intellectual property rights caused by your use of our Marks in strict compliance with the terms of this Franchise Agreement and Confidential Operating Manual. You must promptly notify us of any such claim and fully cooperate with us in the defense of such claim.

23. TERMINATION BY YOU

You may terminate this Franchise Agreement if you are in full compliance and we materially breach this Franchise Agreement and fail to cure the breach within 60 days after you send us a written notice specifying the nature of the breach. You may also terminate this Franchise Agreement if you and we mutually agree, in our sole discretion, which may be withheld, in writing to terminate this Franchise Agreement. In such an event, you and we will be deemed to have waived any required notice period. If you terminate this Franchise Agreement, you must still comply with your post-termination obligations described below and all other obligations that survive the expiration or termination of this Franchise Agreement.

24. TERMINATION BY US

The rights to terminate the Franchise Agreement in the Section shall be referred to as our "Termination Rights."

24.1 **Automatic Termination Without Notice**

You shall be in default under this Franchise Agreement, and we may automatically terminate all rights granted to you by this Franchise Agreement without notice if: (i) you file or cause to be filed a petition in bankruptcy or you are adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws); or (ii) you admit to your inability to meet your financial obligations as they become due, or make a disposition for the benefit of its creditors (unless prohibited by law); or (iii) a receiver or custodian (permanent or temporary) is appointed for any of your assets or property; or (iv) a final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment), except that we may provide you with additional time to satisfy the judgment if you demonstrate that you are using commercially reasonable efforts to resolve the issues related to the judgment.

24.2 **Option to Terminate Without Opportunity to Cure**

We may, in our sole discretion, terminate this Franchise Agreement immediately upon written notice to you, without opportunity to cure, upon the occurrence of any of the following events, each of which constitute material events of default under this Franchise Agreement.

24.2.1 Failure to Open. If you fail to open your Franchised Business within the time period required.

24.2.2 Material Misrepresentation. If you or any Owner commits any fraud or makes any material misrepresentation to us, whether occurring before or after the Effective Date.

24.2.3 Violation of Law. If you fail, for a period of 10 days after having received notification of noncompliance from us or any governmental or quasi-governmental agency or authority, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Business.

24.2.4 Criminal Offense. If you or any of your Owners, officers, directors, or key employees is convicted of or pleads guilty or nolo contendere to a felony or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect our reputation, the System, or the Marks. If the crime or offense is committed by an Owner other than the Operating Partner, then we may, in our sole discretion, terminate if such Owner fails to sell its ownership interest in the Entity to any of the other Owners within 30 days after the conviction or guilty plea, whichever first occurs.

24.2.5 Under-Reporting. If an audit or investigation discloses that you have knowingly maintained false books or records, or submitted false reports to us, or knowingly understated its Gross Sales or withheld the reporting of same, or, if, on two or more occasions in any single 24 month period, any audits or other investigations reveals an under-reporting or under-recording error of two percent (2%) or more, or on any single occasion any audit or other investigation reveals an under-reporting or under-recording of five percent (5%) or more.

24.2.6 Intellectual Property Misuse. If you materially misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill of our rights, or you take any action which reflects materially and unfavorably upon the operation and reputation of the Franchised Business, the System, or the "Snip-its Salon" brand generally. If your employees or independent contractors engage in any of the same actions described above, unless you shall have exercised your best efforts to prevent such disclosures or use.

24.2.7 Health or Safety Violations. If the construction, management or operation of your Franchised Business presents a health or safety hazard to your customers, employees or the public.

24.2.8 Abandonment. If you abandon or fail to operate your Franchised Business for three consecutive business days unless you had received our prior written authorization to do so, except in cases where such failure was caused by a catastrophe described in Section 7.5 of this Franchise Agreement.

24.2.9 Failure to Pay. If you fail to pay any amount owed to us or an affiliate of ours within ten days after receipt of a demand for payment.

24.2.10 Unauthorized Transfer. If you attempt to sell, Transfer, encumber or otherwise dispose of any interest in you, this Franchise Agreement or the Franchised Business in violation of Section 16 of this Franchise Agreement.

24.2.11 Brand Covenants. If you or any of your Owners violates any of the Brand Covenants.

24.2.12 License/Permits. If a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Franchised Business, even if you or the Owner still maintain appeal rights.

24.2.13 Failure to Complete Initial Training. If you or any required attendee fails to attend and complete the initial training program within the time period prescribed in this Franchise Agreement.

24.2.14 Repeated Defaults. If you commit a default of any obligation under this Franchise

Agreement and have previously received two or more written notices of default from us within the preceding 12 months, regardless of whether any default is cured.

24.2.15 Cross Default. If we terminate any other agreement between you and us, or if any affiliate of ours terminates any agreement between you and the affiliate because of your default.

24.2.16 Franchise Owner Agreement Default. If any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement.

24.2.17 Premises Issues. If: (i) you fail to secure a fully executed lease within the time period required; or (ii) the Premises or your assets are seized, taken over or foreclosed by a government official in the exercise of its duties, or by a creditor or lienholder provided that a final judgment against you remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or (iii) a levy of execution of attachment has been made upon the license granted by this Franchise Agreement or upon any property used in the Premises, and it is not discharged within five days of such levy or attachment; or (iv) you permit a mechanics lien to be recorded against the Premises or any equipment at the Premises which is not released within 60 days, or if any person commences any action to foreclose on the Premises or said equipment; or (v) a condemnation or transfer in lieu of condemnation has occurred; or (vi) you default under the lease for your Premises and you do not cure the default within the cure period set forth by the landlord or your lease is otherwise terminated due to your default.

24.3 **Termination with Notice and Opportunity to Cure**

In addition to our Termination Rights, we may, in our sole discretion, terminate this Franchise Agreement upon 30 days' written notice if you or an Owner fails to comply with any other provision of this Franchise Agreement (including failure to comply with any provision in the Confidential Operating Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver a notice of default to you pursuant to this Section, we may suspend performance of any of our obligations under this Franchise Agreement until you fully cure the breach.

25. LIQUIDATED DAMAGES

Upon termination of this Franchise Agreement: (i) by us due to your material default of this Franchise Agreement; or (ii) following any termination of this Franchise Agreement by you without cause, you agree to pay to us, within 15 days after the effective date of this Franchise Agreement's termination, in addition to any other amounts owed under this Franchise Agreement, liquidated damages equal to the combined Accounting Period average of Royalties and Marketing Fund Contributions you owed to us, beginning with the date you opened your Franchised Business through the date of early termination, multiplied by: (i) 78; or (ii) the number of Accounting Periods remaining in the Term of this Franchise Agreement had it not been terminated, whichever is less, but in no case will such damages be less than $30,000.

You and we acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Franchise Agreement's termination and the loss of cash flow from Royalties and Marketing Fund Contributions due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalties and Marketing Fund Contributions would have grown over what would have been this Franchise Agreement's remaining Term. You and we consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalties and Marketing Fund Contributions. It does not cover any other damages, including damages to

our reputation with the public and landlords and damages arising from a violation of any provision of this Franchise Agreement other than the Royalty payments and Marketing Fund Contributions. You agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Franchise Agreement other than the payment of Royalties and Marketing Fund Contributions.

Notwithstanding the foregoing, in the event that this Franchise Agreement is terminated by us or by you because the lease for your Premises expires by its own terms prior to the date that this Franchise Agreement is set to expire and you are unable to renew the lease despite using commercially reasonable efforts, then term of this Franchise Agreement shall expire in conjunction with the expiration of the lease for your Premises and you will not be required to pay any liquidated damages. This expiration shall only apply upon expiration of the lease for your Premises under the circumstances described and shall not apply to any termination, cancellation or expiration of the lease for any other purpose.

26. POST TERM OBLIGATIONS

The obligations contained in this Section shall be referred to as your "Post Term Obligations." After the termination, expiration or Transfer of this Franchise Agreement, you agree to undertake each and every one of the obligations listed in this Section.

26.1 **Cease Operations**

Immediately cease to be a franchise owner of the Franchised Business under this Franchise Agreement and cease to operate the Franchised Business under the System. You agree to not hold yourself out to the public as a present or former franchise owner of the Franchised Business.

26.2 **Intellectual Property**

Immediately cease to use the Intellectual Property in any manner whatsoever and not use any trademarks or trade names that may be confusingly similar to the Intellectual Property. You acknowledge and agree that any continued use of the Marks would constitute trademark infringement.

26.3 **Monetary Obligations**

Pay us all amounts you owe us and our affiliates.

26.4 **Surviving Covenants**

Comply with all covenants described in this Section and otherwise in this Franchise Agreement that apply after the expiration, termination or Transfer of this Franchise Agreement or of an ownership interest by an Owner.

26.5 **Branded Items**

Return all copies of the Confidential Operating Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms and any other materials bearing or containing any of the Marks, our copyrights or other identification relating to a Franchised Business, unless we allow you to Transfer such items to an approved transferee.

26.6 **Technology and Data**

Return all copies of any software we license to you (and delete all such software from your computer memory and storage), provide us the then-current customer list and contracts that your Franchised Business has entered into and transfer all login information and data from any Technology, social media accounts and email addresses from your Franchised Business.

26.7 **Entity Name**

Ensure that any names or registrations related to your use of the Marks are canceled.

26.8 **Identifiers and Advertisements**

Immediately stop using all telephone numbers, advertisements, domain names and social media accounts associated with the Franchised Business. Notify all telephone companies, listing agencies, social media companies and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use the following, and immediately transfer to us: (A) the telephone numbers, accounts and/or domain names, if applicable, related to the operation of your Franchised Business; and (B) any online listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so).

26.9 **Modifications**

Remove all trade dress, equipment, software and property owned by us and make such modifications and alterations to the Premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party using any of the inventory, the Premises, Vehicles, equipment used in the operation of the Franchised Business; provided, however, that this subsection shall not apply if your Franchised Business is transferred to an approved transferee or if we exercise our right to purchase your entire Franchised Business. If you fail to do so, you must pay us any expenses we incur to de-identify your Premises.

26.10 **Customers**

We may contact customers of your Franchised Business and offer such customers continued rights to use one or more Snip-its Salon franchises on such terms and conditions we deem appropriate, which in no event will include assumption of any then-existing liability arising or relating to those customers or act or failure to act by you or your Franchised Business.

26.11 **Compliance Evidence**

Provide us with written satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Franchise Agreement.

27. RIGHT TO PURCHASE

27.1 **Generally**

Upon the expiration or termination of this Franchise Agreement for any reason, we will have the right but not the obligation to purchase from you some or all of the assets used in the Franchised Business ("Acquired Assets"). We may exercise our option to begin this process by giving written notice to you at any time following expiration or termination up until 30 days after the later of: (a) the effective date of expiration or termination; or (b) the date you cease operating the Franchised Business (the "Specified Date"). We have the right to inspect the assets used in the Franchised Business in order to determine which we wish to acquire and any refusal by you to cooperate with our right to inspect will extend the Specified Date by an equal period. The term "Acquired Assets" means, without limitation, equipment, furnishings, fixtures, signs and inventory (non-perishable products, materials and supplies) used in the Franchised Business, all licenses necessary to operate the Franchised Business (if transferable) and the real estate fee simple or the lease or sublease for the Premises. Customer information and customer lists are owned by us and accordingly are not included within the definition of "Acquired Assets" and must be returned to us without charge upon expiration or termination. You may not sell the information or lists to a third party. We will be entitled to have the provisions in this Section enforced by a court of competent jurisdiction should you fail to meet your obligations. We will have the unrestricted right to assign this option to purchase the Acquired Assets. We or our assignee will be entitled to all customary representations and warranties, including that the Acquired Assets are free and clear (or, if not, accurate and complete disclosure) as to: (1) ownership, condition and title; (2) liens and encumbrances; (3) environmental and hazardous substances; and (4) validity of contracts and liabilities inuring to us or affecting the Acquired Assets, whether contingent or otherwise.

27.2 **Purchase Price**

The purchase price for the Acquired Assets ("Purchase Price") will be their fair market value (or, for leased assets, the fair market value of the lease), determined as of the Specified Date in a manner that accounts for reasonable depreciation and condition of the Acquired Assets; provided, however, that the Purchase Price will take into account the termination of this Franchise Agreement. The Purchase Price for the Acquired Assets will not factor in the value of any trademark, service mark, or other commercial symbol used in connection with the operation of the Franchised Business, nor any goodwill or "going concern" value for the Franchised Business. We may exclude from the Acquired Assets purchased in accordance with this Section any equipment, furnishings, fixtures, signs, and inventory that are not accepted as meeting then-current standards for a Franchised Business or for which you cannot deliver a Bill of Sale in a form satisfactory to us.

If you and we cannot agree upon a fair market value, we shall appoint an independent, third party appraiser with experience appraising businesses comparable to your Franchised Business in the United States ("Qualified Appraiser") within 30 days after the Specified Date. We shall pay for 50% of the cost of this Qualified Appraiser, and you shall pay the other 50% of the cost.

The Qualified Appraiser shall appraise the Acquired Assets as described above ("Appraised Value"). If you agree with the Appraised Value, the Appraised Value shall be the Purchase Price. If you disagree with the Appraised Value, upon written notice to us, you may hire an additional Qualified Appraiser at your expense. In such situation, the Qualified Appraiser chosen by you shall appraise the Acquired Assets at fair market value determined as described above. The average of the two values provided by the Qualified Appraisers shall be the Purchase Price.

27.3 **Access to Franchised Business**

The Qualified Appraiser will be given full access to the Franchised Business, the Premises and your books and records during customary business hours to conduct the appraisal and will value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section.

27.4 **Exercise of Option; Operation**

Within 10 days after the Purchase Price has been determined, we may fully exercise our option to purchase the Acquired Assets by notifying you of our decision in writing ("Purchase Notice"). The Purchase Price will be paid in cash or cash equivalents at the closing of the purchase ("Closing"), which will take place no later than 60 days after the date of the Purchase Notice. From the date of the Purchase Notice until Closing:

You will operate the Franchised Business and maintain the Acquired Assets in the usual and ordinary course of business and maintain in full force all insurance policies required under this Franchise Agreement, and during such time, we may exercise Step-in Rights, and be entitled to the Management Fee. Alternatively, we may require you to close the Franchised Business during that time period without removing any Acquired Assets from the Franchised Business.

27.5 **Due Diligence**

For a period of 30 days after the date of the Purchase Notice ("Due Diligence Period"), we will have the right to conduct such investigations as we deem necessary and appropriate. You will grant us and our representatives access to the Franchised Business and the Premises at all reasonable times for the purpose of conducting inspections of the Acquired Assets; provided that such access does not unreasonably interfere with your operations of the Franchised Business.

Prior to the end of the Due Diligence Period, we will notify you in writing of any objections that we have to any finding disclosed in any title to lien search, survey, environmental assessment or inspection. If you cannot or elect not to correct any such title defect, environmental objection or defect in the working condition of the Acquired Assets, we will have the option to either accept the condition of the Acquired Assets as they exist or rescind our option to purchase on or before the Closing.

27.6 **Closing**

We will have the right to set off against and reduce the Purchase Price by any and all amounts owed by you to us or our affiliates, and the amount of any encumbrances or liens against the Acquired Assets or any obligations assumed by us. If you cannot deliver clear title to all of the purchased Acquired Assets as indicated in this Section, or if there are other unresolved issues, the Closing will be accomplished through an escrow.

28. DISPUTE RESOLUTION

28.1 **Mediation Requirement**

Except for any "Litigation Exceptions" as defined below, without limiting our Termination Rights, all claims or disputes between you and us or our affiliates arising out of, or in any way relating to, this Franchise

Agreement, or any of the parties' respective rights and obligations arising out of this Franchise Agreement, shall be submitted first to non-binding mediation ("Required Mediation") prior to a hearing in binding arbitration. Before commencing any mediation against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. Such mediation shall take place in the city closest to our principal place of business (currently Burnsville, Minnesota) under the auspices of the American Arbitration Association ("AAA"), or other mediation service acceptable to us in our sole discretion, in accordance with AAA's Commercial Mediation Procedures then in effect. You may not commence any action against us or our affiliates with respect to any such claim unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator's fees. We reserve the right to specifically enforce our right to mediation.

28.2 **Litigation**

If the parties cannot fully resolve and settle a dispute through Required Mediation, all unresolved issues involved in the dispute shall be resolved in the appropriate federal or state court located in the city closest to our principal place of business (currently Burnsville, Minnesota).

28.3 **Disputes Not Subject to Mediation**

If any of the following exceptions occur, either party may immediately file a lawsuit in accordance with this Section without going through the Required Mediation (for purposes of this Franchise Agreement, the following shall be referred to as the "Litigation Exceptions"): (i) any action that involves an alleged breach of any Brand Covenant; (ii) any action petitioning specific performance to enforce your use of the Marks or the System or to prevent unauthorized duplication of the Marks or the System; (iii) any action for equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, or other relief in the nature of equity, including an action to enjoin an alleged violation or harm (or imminent risk of violation or harm) to any of our rights in the Intellectual Property, our copyrighted works, Marks, the System, or in any of our specialized training, trade secrets, or other Confidential Information, brought at any time, including prior to or during any pending mediation or arbitration proceedings; (iv) any action seeking compliance with the Post Term Obligations; or (v) any action in ejectment or for possession of any interest in real or personal property.

28.4 **Venue**

All disputes and claims must be mediated and, if applicable, litigated in the principal city (and, if applicable, court) closest to our principal place of business (currently Burnsville, Minnesota); provided that for claims brought under the Litigation Exceptions, we have the option to bring suit against you in any state or federal court within the jurisdiction where your Franchised Business is or was located, or where any of your owners lives. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Franchise Agreement, and the parties waive any objections that they would otherwise have in this regard. Each of the parties specifically waives any defense of inconvenient forum, and waives any bond, surety, or other security that might be required of any other party with respect to venue.

28.5 **Fees and Costs**

If you breach any term of this Franchise Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable attorneys' fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings.

If we or you must enforce this Franchise Agreement in a judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable fees for accountants, attorneys, and expert witnesses, costs of investigations and proof of facts, court costs, travel and living expenses, and other dispute-related expenses.

If either party commences any legal action or proceeding in any court in contravention of the terms of this Section, that party shall pay all costs and expenses that the other party incurs in the action or proceeding, including, without limitation, costs and attorneys' fees as described in this Section.

28.6 **Jury Trial and Class Action Waiver**

WE AND YOU IRREVOCABLY WAIVE: (I) TRIAL BY JURY IN ANY PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRING SUIT; AND (II) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

28.7 **Confidentiality**

Except as required by applicable law, including the required disclosure in our franchise disclosure document, the entire mediation, arbitration or litigation proceedings and related documents are confidential. Except as necessary to enforce the decision of an arbitrator, should we agree to use one, all conduct, statements, promises, offers, views and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees or representatives and by the arbitrator, are confidential. These matters will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding involving the parties, and will not be disclosed to anyone who is not an agent, employee, expert witness, or representative for any of the parties; however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration.

28.8 **Acknowledgment**

The parties acknowledge that nothing herein shall delay or otherwise limit our Termination Rights. A notice or request for mediation will have no effect on the status of any demand for performance or notice of termination under this Franchise Agreement.

28.9 **Survival**

We and you agree that the provisions of this Section shall apply during the Term of this Franchise Agreement and following the termination, expiration, Transfer or non-renewal of this Franchise Agreement. You agree to fully perform all obligations under this Franchise Agreement during the entire mediation or litigation process.

29. SECURITY INTEREST

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage and real estate (including your interests under all real property and personal property leases and all improvements to real estate) of the Franchised Business, together with all similar property now owned or hereafter acquired, including additions, substitutions, replacements, proceeds and products thereof, wherever located, used in connection with the Franchised Business.

You are prohibited from granting a security interest in the Franchised Business or in any of your assets without our prior written consent, which shall not be unreasonably withheld. We may take a subordinate position in the security interest if a Small Business Administration-participating or third-party lender requires a first or senior lien, and the appropriate subordination documentation is executed by all parties. This security interest shall be security for any and all Royalties, damages, expenses or other sums owed to us hereunder and for any other amounts you owe to us. You agree to execute any documents, including but not limited to, a UCC-1 (or replacements or extensions for the UCC-1) that we reasonably believe to be necessary to perfect said security interest prior to the opening of the Franchised Business, and hereby appoint us as its attorney-in-fact for the purpose of executing such documents should you fail to do so. Except with respect to your sales of inventory in the ordinary course of business, you shall not sell, transfer, lease, sublease, assign, remove, waste, destroy, encumber or relocate any of the property described herein as subject to our security interest. Further, you shall take no other action which interferes with our security interest in said property, unless and until we release our security interest in the same.

30. GENERAL PROVISIONS

30.1 **Governing Law**

Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Franchise Agreement and the franchise relationship shall be governed by the laws of the state where your Franchised Business is located (without reference to its principles of conflicts of law), but any law of that State that regulate the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

30.2 **Relationship of the Parties**

You understand that you are an independent contractor and are not authorized to make any contract, agreement, warranty or representation or create any obligation on our behalf under this Franchise Agreement. You understand and agree that nothing in this Franchise Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Franchised Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and

other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Franchise Agreement.

30.3 **Severability and Substitution**

Each section, subsection, term and provision of this Franchise Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Franchise Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Franchise Agreement. If a court concludes that any promise or covenant in this Franchise Agreement is unreasonable and unenforceable, including without limitation, the Brand Covenants: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

30.4 **Waivers**

We and you may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall apply only the to the specifically waived provisions and shall not affect any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Franchise Agreement (including the right to demand exact compliance with every term, condition and covenant in this Franchise Agreement, or to declare any breach of this Franchise Agreement to be a default, and to terminate the Franchise Agreement before the expiration of its Term) by virtue of: (i) any custom or practice of the parties that varies with the terms of this Franchise Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Franchise Agreement or to insist upon exact compliance by the other with its obligations under this Franchise Agreement, including any mandatory specification, standard or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other "Snip-its Salon" franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Franchise Agreement.

30.5 **Approvals**

Whenever this Franchise Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Franchise Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have denied your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. Except where this Franchise Agreement states that we may not unreasonably withhold our approval or consent, we may withhold such approval or consent, in our sole discretion. You are not entitled to any other relief or damages for our denial of approval.

30.6 **Force Majeure**

No party shall be liable for any loss or damage that arises directly or indirectly through or as a result of any failure or delay in the fulfilment its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Franchise Agreement where the delay or failure is due to Force

Majeure. In the event of Force Majeure, the parties shall be relieved of their respective obligations only to the extent each party, respectively, is prevented or delayed in performing its obligations during the period of Force Majeure. As used in this Franchise Agreement, the term "Force Majeure" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such event to the other party, which in no case shall be more than 48 hours after the event, and provide them with the information regarding the nature of the event and its estimated duration. The affected party will provide the other party with periodic reports regarding the status and progress of the Force Majeure event. Each party must use its best efforts to mitigate the effect of the event of Force Majeure upon its performance of the Agreement and to fulfill its obligations under the Franchise Agreement.

Upon completion of a Force Majeure event, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Franchise Agreement. Any delay resulting from an event of Force Majeure will extend performance accordingly or excuse performance (other than payment of money), in whole or in part, only to the extent reasonable under the circumstances. However, in the event the Force Majeure continues for a period of six months or more, then the unaffected party may, at its option, terminate this Franchise Agreement by thirty (30) days prior written notice to the party asserting such Force Majeure. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the event, nor does that event affect any obligation to pay money owed under the Franchise Agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect your obligations to comply with any restrictive covenants in this Franchise Agreement during or after the Force Majeure event.

30.7 **Delegation**

We have the right in our sole and absolute discretion to delegate to third party designees, whether these designees are our agents or independent contractors with whom we have contracted the performance of any portion or all of our obligations under this Franchise Agreement, and any right that we have under this Franchise Agreement. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Franchise Agreement.

30.8 **Binding Effect**

This Franchise Agreement is binding upon the parties to this Franchise Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Franchise Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Franchise Agreement; provided, however, that the Additional Insureds and the Indemnified Parties are intended third party beneficiaries under this Franchise Agreement with respect to indemnification obligations of the franchisee.

30.9 **Integration**

This Franchise Agreement constitutes the entire agreement between the parties and may not be changed except by a written document signed by both parties. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Franchise Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Franchise Agreement. The attachment(s) are part of this Franchise Agreement, which, together with any amendments or addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of

the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Franchise Agreement. As referenced above, all mandatory provisions of the Confidential Operating Manual are part of this Franchise Agreement; however, notwithstanding the foregoing, we may modify the Confidential Operating Manual at any time.

The terms of our agreement are not enforceable unless they are specifically contained in this Franchise Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, and serves to show that there is no intention to enter into contract relations other than the terms contained in this Franchise Agreement. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Franchise Agreement, would affect the economic terms of this bargain. Nothing in this Franchise Agreement is intended to disclaim any of the representations we made in the franchise disclosure document.

30.10 Covenant of Good Faith

If applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Franchise Agreement (and the relationship of the parties that is inherent in this Franchise Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Franchise Agreement that may favorably or adversely affect your interests; (ii) we will use our judgment in exercising that discretion based on our general assessment of our own interests and balancing those interests against the general interests of our franchisees (including ourselves and our affiliates if applicable), and not based on your or any other franchisee's specific individual interests; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

30.11 Cumulative Rights

The rights of the parties under this Franchise Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Franchise Agreement will preclude any other right or remedy available under this Franchise Agreement or by law.

30.12 Survival

All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Franchise Agreement (or the Transfer of an ownership interest in the Franchised Business) will continue in full force and effect, even after the termination, expiration or Transfer of the Franchise Agreement, until they are fully satisfied or expire by their own terms.

30.13 Construction

The headings in this Franchise Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Franchise Agreement unless otherwise specified. All references to days in this Franchise Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Franchise Agreement is

applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other, the feminine and the possessive.

30.14	**Time is of the Essence**

Time is of the essence in this Franchise Agreement and every term thereof.

30.15	**Notice**

All notices given under this Franchise Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient), or certified mail or delivered by a recognized courier service, receipt acknowledged, to the following addresses (which may be changed upon ten business days' prior written notice):

You: As set forth on Attachment A ("Franchisee Notice Address")

Us: 211 S. River Ridge Circle, Suite 100, Burnsville, Minnesota 55337

Notice shall be considered given at the time delivered by hand, or one business day after sending by fax, email or comparable electronic system, or three business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

(Signature Page Follows)

The parties to this Franchise Agreement have executed this Franchise Agreement effective as of the Effective Date set forth in Attachment A.

FRANCHISOR:

THE SNIP-ITS FRANCHISE COMPANY, LLC,
a Massachusetts limited liability company

By: _____

Printed Name: _____

Title: _____

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Or if Franchisee is an individual(s)

_____

Printed Name:_____

_____

Printed Name:_____

_____

Printed Name:_____

ATTACHMENT A TO FRANCHISE AGREEMENT

FRANCHISE DATA SHEET

1. **Effective Date**. The Effective Date of the Franchise Agreement is: _____, 20___.

2. **Franchisee**. The Franchisee identified in the introductory paragraph of the Franchise Agreement is: _____

3. **Notice Address**. Franchisee's Notice Address is:

   Attn: _____
   _____
   _____
   _____

4. **Initial Franchise Fee**. The "Initial Franchise Fee" is: (check one):

   ____ $35,000 for a single Franchise.

   ____ $31,500 for a single Franchise. A one-time discount of $3,500 has been applied to the standard Initial Franchise Fee. Franchisee is an honorably discharged veteran and this is Franchisee's first Snip-its Franchised Business.

   ____ This Franchise Agreement is the first signed under a Multi-Franchise Addendum, and the Initial Franchise Fee is the amount set forth in the Multi-Franchise Addendum.

   ____ Not applicable; this Franchise Agreement is signed as a Successor Franchise Agreement, as a result of a Transfer, or as the second or later Franchise Agreement signed under a Multi-Franchise Addendum.

5. **Location**. If a particular site for the Premises has been selected and approved at the time of the signing of this Franchise Agreement, it shall be entered in Attachment A-1 as the Premises location, and the Territory shall be as listed in Attachment A-1, if applicable. If a particular site has not been selected and approved at the time of the signing of this Franchise Agreement, once Franchisor has approved a location for the Premises, Franchisee and Franchisor will execute Attachment A-1.

6. **General Description of Site Selection Territory**. (If the location of the Premises is not determined as of the signing of this Franchise Agreement): _____
   _____.

(***Signature Page Follows***)

FRANCHISOR:

THE SNIP-ITS FRANCHISE COMPANY, LLC,
a Massachusetts limited liability company

By: _____

Printed Name: _____

Title: _____

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Or if Franchisee is an individual(s)

_____

Printed Name:_____

_____

Printed Name:_____

_____

Printed Name:_____

ATTACHMENT A-1 TO THE FRANCHISE AGREEMENT

PREMISES AND TERRITORY

You have received approval for site location for the Premises that satisfies the demographics and location requirements minimally necessary for a Premises and that meets our minimum current standards and specifications for the buildout, interior design, layout, floor plan, signs, designs, color and décor of a Premises. You and we have mutually agreed upon a Territory based on the site for the Premises which is indicated below. You acknowledge that the Territory is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

Location for the Premises:

The Premises for your Franchised Business as provided in Section 2 of the Franchise Agreement is:

Territory (select one):

The Territory for your Franchised Business as provided in Section 4 of the Franchise Agreement is:

(***Signature Page Follows***)

FRANCHISOR:

THE SNIP-ITS FRANCHISE COMPANY, LLC,
a Massachusetts limited liability company

By: _____

Printed Name: _____

Title: _____

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Or if Franchisee is an individual(s)

_____

Printed Name:_____

_____

Printed Name:_____

_____

Printed Name:_____

ATTACHMENT B TO THE FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: _____

Form of Ownership
(Check One)

____ Individual(s) ____ Partnership ____ Corporation ____ Limited Liability Company

INSTRUCTIONS: If the franchisee is an individual (or individuals), please complete section I below only. If the franchisee is a business entity, please complete sections II and III below.

SECTION I (For Individual(s)*):

Name	Address

*If you plan to operate your Franchised Business through a business entity in the future, you will need to notify us, transfer this Franchise Agreement to the Entity, and sign all of our transfer documents.

SECTION II (For Entities):

A. State and date of Formation/Incorporation: _____

B. Management (managers, officers, board of directors, etc.):

Name	Title

C. Owners (Members, Stockholders, Partners):**

Please include each person who is a direct and indirect owner of franchisee (attach additional sheets if necessary). If any of the owners are also business entities, please list the owners of each of those business entities also.

Name	Address	Percentage Owned

**If any members, stockholders or partners are entities, please list the owners of such entities up through the individuals.

SECTION III (For Entities):

A. Identification of Operating Partner. Your Operating Partner as of the Effective Date is _____ _____. You may not change the Operating Partner without prior written approval.

B. Identification of Salon Manager. Your Salon Manager, if applicable, as of the Effective Date is _____. You may not change the Salon Manager without prior written approval.

This form is current and complete as of _____, 20___.

FRANCHISEE:

_____

a(n) _____

Date: _____

By: _____

Printed Name: _____

Title: _____

ATTACHMENT C TO THE FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

As a condition to the granting by The Snip-its Franchise Company, LLC ("we" or "us") of a franchise agreement with _____ ("Franchisee"), each of the undersigned individuals ("Owners"), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement ("Franchise Owner Agreement").

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20___ ("Franchise Agreement"). Capitalized words not defined in this Franchise Owner Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Owners' Role. Owners are the beneficial owners or spouses of the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives, and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Franchise Owner Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Franchise Owner Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Franchise Owner Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Franchise Owner Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Franchise Owner Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential will also be deemed Confidential Information for purposes of this Franchise Owner Agreement.

2.2 Spouses. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to their spouses. Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to spouses. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if his or her spouse uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the spouse.

3. Covenant Not to Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration, termination or transfer of the Franchise Agreement are hereby incorporated into this Franchise Owner Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Franchise Owner Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Franchise Owner Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Franchise Owner Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to remain bound to the maximum extent permitted by law, as if that covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Franchise Owner Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend, and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (i) Franchisee's failure to pay the amounts owed (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (ii) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we are not obligated to exhaust all remedy (whether legal or equitable) against or pursue relief from the Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Franchise Owner Agreement. The enforcement of Owners' obligations can take place before, after, or simultaneously with the enforcement of any of the Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or

compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death, and the obligations of any other Owners will continue in full force and effect.

5. Transfers. Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources, and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge, or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that attempting to Transfer an interest in the Franchisee without our express written consent, except those situations provided in the Franchise Agreement where our consent is not required, will be a material breach of this Franchise Owner Agreement and the Franchise Agreement. We may, from time to time, without notice to Owners, assign or transfer any or all of Owners' rights, duties and obligations or any interest therein in this Owners Agreement and, notwithstanding any assignment(s) or transfer(s), the rights, duties and obligations shall be and remain for the purpose of this Owners Agreement. Each and every immediate and successive assignee or transferee of any of the rights, duties or obligations of any interest therein shall, to the extent of such party's interest in the rights duties and/or obligations, be entitled to the benefits of this Owners Agreement to the same extent as if such assignee or transferee were us.

6. Notices.

6.1 Method of Notice. Any notices given under this Franchise Owner Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Franchise Owner Agreement is:

The Snip-its Franchise Company, LLC
211 S. River Ridge Circle, Suite 100
Burnsville, Minnesota 55337

The current address of each Owner for all communications under this Franchise Owner Agreement is designated on the signature page of this Franchise Owner Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Franchise Owner Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Franchise Owner Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Franchise Owner Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Franchise Owner Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Franchise Owner Agreement, and any other claim or controversy between the parties, will be governed by the choice of law, jurisdiction, and venue provisions of the Franchise Agreement.

7.3 Equitable Remedies. Owners acknowledge and agree that the covenants and obligations of the Owners relate to special, unique and extraordinary matters and that a violation of any of the terms of such covenants and obligations will cause us irreparable injury for which adequate remedies are not available at law. Therefore, Owners agree that we shall be entitled to an injunction, restraining order or such other equitable relief (without the requirement to post bond) as a court of competent jurisdiction may deem necessary or appropriate to restrain Owners from committing any violation of the covenants and obligations contained in this Franchise Owner Agreement. If equitable relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If equitable relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Franchise Owner Agreement constitutes the entire, full, and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings, or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Franchise Owner Agreement, other than those in this Franchise Owner Agreement. No other obligations, restrictions, or duties that contradict or are inconsistent with the express terms of this Franchise Owner Agreement may be implied into this Franchise Owner Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Franchise Owner Agreement), no amendment, change, or variance from this Franchise Owner Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Franchise Owner Agreement, and any portions thereof, will be considered severable. If any provision of this Franchise Owner Agreement or the application of any provision to any person, property, or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Franchise Owner Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement to the fullest extent permitted by law), and the parties agree to be bound by the modified provisions.

8.3 No Third Party Beneficiaries. Nothing in this Franchise Owner Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors, and assigns) any rights or remedies under or by reason of this Franchise Owner Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Franchise Owner Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Franchise Owner Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Franchise Owner Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Franchise Owner Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Franchise Owner Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors, and (permitted) assigns.

8.6 Continuing Nature of this Owners Agreement. This Franchise Owner Agreement shall be continuing and shall not be discharged, impaired or affected by: (1) the insolvency of Franchisee or the payment in full of all of the obligations under the Franchise Agreement at any time; (2) the validity or invalidity of any of the terms of the Franchise Owner Agreement; (3) the existence or non-existence of Franchisee as a legal entity; (4) any statute of limitations affecting the liability of Owners or the ability of us or our successors or assigns to enforce this Franchise Owner Agreement; (5) the transfer or assignment of all or a portion of the ownership in Franchisee and/or the assets of Franchisee; (6) the execution of an owners agreement or any other form of guaranty by any additional direct, indirect or beneficial owner of Franchisee in favor of us or our successors or assigns; (7) any right of offset, counterclaim or defense of any Owner; or (8) the expiration, termination or assignment of the Franchise Agreement or any other agreement between you and us.

8.7 Successors. References to "Franchisor," "Owners," "the undersigned," or "you" include the respective parties' heirs, successors, assigns, or transferees.

8.8 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Franchise Owner Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Franchise Owner Agreement shall be cumulative.

8.9 No Personal Liability. Owners agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Franchise Owner Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to Owners for any reason.

8.10 Franchise Owner Agreement Controls. In the event of any discrepancy between this Franchise Owner Agreement and the Franchise Agreement, this Franchise Owner Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Franchise Owner Agreement as of the Effective Date of the Franchise Agreement.

OWNER(S):

Sign: _____

Printed Name: [Insert Name of Owner]

Address:

Sign: _____

Printed Name: [Insert Name of Spouse]

Address:

Sign: _____

Printed Name: [Insert Name of Owner]

Address:

Sign: _____

Printed Name: [Insert Name of Spouse]

Address:

Sign: _____

Printed Name: [Insert Name of Owner]

Address:

Sign: _____

Printed Name: [Insert Name of Spouse]

Address:

Sign: _____

Printed Name: [Insert Name of Owner]

Address:

Sign: _____

Printed Name: [Insert Name of Spouse]

Address:

EXHIBIT D

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchisees as of December 31, 2022:

Name	Entity Name	Address	City	State	Zip Code	Phone
Roger Ury	Ury Family Investments, LLC	3415 W. Frye Rd. Suite 4	Chandler	AZ	85226	(480) 963-0800
Roger Ury	Ury Family Investments, LLC	2743 S Market St. #108	Gilbert	AZ	85295	(480) 963-8111
Andrew and Megan Hirsch	SoCal Kids Cuts, LLC	8170 E Santa Ana Canyon Rd #191	Anaheim	CA	92808	(714) 363-3981
Derek and Johanna Rigaud	DJE2 Enterprises, LLC	730-E Allied Way	El Segundo	CA	90245	(310) 322-7647
Yan Hu	Hair to Toe, LLC	182 W Foothill Blvd. Suite D-7	Pasadena	CA	91016	(310) 876-9607
Kristin Bonanno	Pupattola, LLC	110 Albany Turnpike Unit 719	Canton	CT	06019	(860) 693-1217
Kristin Bonanno	Bellilo, LLC	405 Queen St	Southington	CT	06489	(860) 621-6762
Jill Raedels	Bay State Kids Cuts, LLC	95 Washington Street #L-35, STE 52, The Promenade Shops	Canton	MA	02021	(781) 821-1900
Kristin Bonanno	Elda Rose, LLC	5090 Worcester Rd.	Framingham	MA	01702	(508) 350-7500
Kristin Bonanno	Pupattola, LLC	225 Highland Ave.	Needham	MA	02494	(617) 566-SNIP
Jill Raedels	Bay State Kids Cuts, LLC	70 Worcester Providence Tpk Suite 531	Millbury	MA	01527	(508) 865-SNIP
Jill Raedels	Kidz Cuts, Inc.	300 Andover Street, Peabody Place, Route 14	Peabody	MA	01960	(978) 532-1400
Dean and Patricia Harrington	Sweet Pea Does and Pirate, Cutz, Inc.	231 C Highland Ave. King Philips Crossing	Seekonk	MA	02771	(508) 336-2626
Adele and Erik Overley	Overley Investments, LLC	1406 S Main Chapel Way, STE 112, Waugh Chapel Towne Center	Gambrills	MD	21054	(410) 451-0303
Jill Raedels	Little Dipper Ent., LLC	4317-C Park Road Park Road Shopping Center	Charlotte	NC	28209	(704) 522-1112
Scott and Debra Prince	Three Princes, Inc.	8625 Lindholm Dr Suite B, Birkdale Village	Huntersville	NC	28078	(704) 987-0940
Rohit Sharma	Easy Peasy Kids Kuts, LLC	395 Mount Hope Ave Suite 550	Rockaway	NJ	07866	(862 244-4041
Victor and Haley Duarte	Reagan & Reese, LLC	8085 Blue Diamond Rd. Suite 102	Las Vegas	NV	89178	(702) 914-0332
Victor and Haley Duarte	Reagan & Reese, LLC	8426 Farm Rd. Suite 130	Las Vegas	NV	89131	(725) 204-8190

Name	Entity Name	Address	City	State	Zip Code	Phone
Samantha Maxsween	Kiddie Klipz, Inc.	5663 East Circle Drive R Suite 500	Cicero	NY	13039	(315) 452-KIDS
Munisha Chadha	Cute Cuts, Inc.	1966 Jericho Turnpike Elwood Shopping Center	East Northport	NY	11731	(631) 486-7477
Munisha Chadha	Cute Cuts 2, Inc.	98 East Main Street	Smithtown	NY	11787	(631) 257-7989
Brian Bodenski and Nicholas Smith	Bodenski & Smith, LLC	35514 Detroit Rd Suite 105	Avon	OH	44011	(440) 934-2001
Eric and Edi Gorze	Leaping Lizards, LLC	89 First Street Suite 203	Hudson	OH	44236	(330) 653-3353
Tricia Thompson	Kidsnips of OK, LLC	1301 S I-35 Service Rd Suite 108	Moore	OK	73160	(405) 378-2366
Tricia Thompson	Kidsnips of OK, LLC	2229 NW 138th Street Quail Springs Village	Oklahoma City	OK	73134	(405) 302-0656
Erik and Rebecca Zola	The Ocean State Group, LLC	399 Bald Hill Rd.	Warwick	RI	02886	(401) 275-2323
Jill Raedels	Pay the Piper, LLC	6070 Garners Ferry Rd. Suite B	Columbia	SC	29209	(803) 764-0219
Jill Raedels	Wish Upon A Star, LLC	1507 C. Woodruff Road	Greenville	SC	29607	(864) 329-1251
Jill Raedels	Care First, LLC	5175 Sunset Blvd. Suite 2	Lexington	SC	29072	(803) 520-7259
Zahid and Sameena Hasan	Snipit Kidz, LLC	6713 Hillcrest Ave. University Park at Snider Plaza	Dallas	TX	75205	(214) 265-0220
Jason Porter	PVI Enterprises, Inc.	10919 Loretta Rd. Suite 100 (HEB)	Houston	TX	77070	(281) 751-3307
Jason Porter	PVI Enterprises, Inc.	2522 Rice Blvd.	Houston	TX	77005	(281) 698-5739
Jason Porter	PVI Enterprises, Inc.	14096 Memorial Dr. (Kirkwood)	Houston	TX	77079	(832) 852-3571
Jason Porter	PVI Enterprises Inc.	6501 S Fry Rd. #200 Grand Lakes Market Place	Katy	TX	77494	(832) 852-3412
Renee Yttredahl	Y4 Enterprises, LLC	2950 Craig Drive Suite 302	McKinney	TX	75072	(972) 542-5466
Jason Porter	PVI Enterprises, Inc.	2811 Business Center Dr.	Pearland	TX	77584	(281) 751-3036
Zahid and Sameena Hasan	Snipit Kidz, LLC	4720 Highway TX-121 Suite 130	Plano	TX	75024-7025	(972) 370-2000
Jason Porter	LAFZ Investments, LLC	2711 La Frontera Blvd. Suite 220	Round Rock	TX	78681	(737) 206-8808
Jason Porter	PVI Enterprises, Inc.	15890 Southwest Fwy	Sugar Land	TX	77478	(281) 751-3356

Name	Entity Name	Address	City	State	Zip Code	Phone
Jason Porter	PVI Enterprises, Inc.	1201 Lake Woodlands Drive The Woodlands Mall	The Woodlands	TX	77380	(281) 751-3076
Gaukhar Kolossovskaya	I&G	15600 NE 8th St. Suite F-4, Crossroads Shopping Center	Bellevue	WA	98008	(425) 429-2570
Sadie Sui	S.SIU Investments, LLC	4506 California Ave. SW	Seattle	WA	98116	(206) 935-0434

Franchisees with Unopened Outlets as of December 31, 2022:

Name	Entity Name	Address	City	State	Zip Code	Phone
Andrew Hirsch and Megan Hirsch	SoCal Kids Cuts, LLC (7 Unopened Outlets)	1126 8th St.	Hermosa Beach	CA	90254	(310) 989-7111
Yan Hu	Hair to Toe, LLC (2 Unopened Outlets)	12729 Gilmore	Los Angeles	CA	90066	(310) 876-9607
Victor & Haley Duarte	Reagan and Reese, LLC (3 Unopened Outlets)	64 Midnight Ridge Road	Las Vegas	NV	89135	(401) 744-2219
Brian Bodenski and David Smith	Bodenski & Smith, LLC (2 Unopened Outlets)	35651 Detroit Rd.	Avon	OH	44011	(440) 716-8100

Former Franchisees:

The name and last known address of every franchisee who had a Snip-its Salon Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2022 to December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Name	Entity Name	Address	City	State	Zip Code	Phone
Kristin Bonanno	Ciao Y'all, LLC (Still operates 4 Outlets)	55 Whittier Ave. North	Waltham	MA*	02451	(781) 838-2751
Denise Dietz-Morgan	DADM Kidz Cuts II, LLC	130 Birchwood Dr.	Schenectady	NY	12303	(518) 495-7608
Sameena Hasan	Kiddie Hair, Inc. (Still operates 2 Outlets)	2277 Sussex Lane	Allen	TX	75013	(469) 667-4686

*Outlet was operated in Connecticut

EXHIBIT E

FRANCHISE CONFIDENTIAL OPERATING MANUAL
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Confidential Operating Manual

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EXHIBIT F

STATE ADDENDA
AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR THE SNIP-ITS FRANCHISE COMPANY, LLC

The following modifications are made to the Snip-its Franchise Company, LLC ("Franchisor," "us," "we," or "our") Franchise Disclosure Document ("FDD") given to franchisee ("Franchisee," "you," or "your") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20___ ("Franchise Agreement"). When the term "Franchisor's Choice of Law State" is used, it means the state where your Snip-its Salon Franchise is located. When the term "Supplemental Agreements" is used, it means "none".

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum ("State Addendum") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Minnesota. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California. The Franchise Agreement contains a mediation provision. The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

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

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

The last paragraph of Section 2 of the Franchise Agreement is revised to state: As part of accepting our grant for you to own and operate a Snip-its Franchised Business, you hereby represent that: (i) you are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances; and (ii) you are aware of the fact that we may have negotiated terms or offered concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

Section 7.2 of the Franchise Agreement is revised to remove the following language: "You acknowledge that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for the Premises."

The second paragraph of Section 7.3 of the Franchise Agreement is revised to state: We will only review the lease to determine that it complies with the terms of this Franchise Agreement and will not provide you with any business, economic, legal or real estate analysis or advice with regards to the lease. If you hire our approved vendor, they may assist you in negotiating the lease for your Premises. However, you are solely responsible for the terms of the lease. You must promptly send us a copy of your fully executed lease and any Lease Addendum for our records. The lease may not be materially amended, assigned or terminated without our written approval. If the landlord terminates the lease for the Premises, that termination will constitute a material breach of this Franchise Agreement.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit I of the FDD on the page entitled, "State Effective Dates."

2. States which have refused, by order or otherwise, to register these Franchises are:

None

3. States which have revoked or suspended the right to offer the Franchises are:

None

4. States in which the proposed registration of these Franchises has been withdrawn are:

None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any

statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Fee Deferral

Franchisor agrees to defer collection of the initial fees until Franchisor has performed all of its pre-opening obligations and Franchisee has opened its franchise business. The Illinois Attorney General's Office has imposed this deferral requirement due to the Franchisor's financial condition.

INDIANA

Item 8 of the FDD is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

> Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two years within the Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

> Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

> Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

> Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

> No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt

by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to The Snip-its Franchise Company, LLC, 211 S. River Ridge Circle, Suite 100, Burnsville, Minnesota 55337 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Representations in the Franchise Agreement are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Fee Deferral

When you sign the Franchise Agreement you must pay us an initial franchise fee (the "Initial Franchise Fee"). As required by the State of Maryland, all fees paid to us by you, including payments for goods and services received from us before the Salon opens, will be deferred pending satisfaction of all of our material pre-opening obligations to you. The Initial Franchise Fee is fully earned by us and is non-refundable. The Initial Franchise Fee is uniformly applied

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include 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 us to refuse to renew your 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 which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than 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 you do not receive at least six months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us 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 us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us 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).

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

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

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

   > No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding

brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

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

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any section of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 18 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

Item 5: Collection of all initial fees and payments owed to Franchisor or an affiliate will be deferred until such time as the Franchisor completes its initial obligations and you commence business operations.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials_____Date_____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument

executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to The Snip-its Franchise Company, LLC, 211 S. River Ridge Circle, Suite 100, Burnsville, Minnesota 55337 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____
Print Name: _____
Its: _____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including, but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

SOUTH DAKOTA

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for The Snip-its Franchise Company, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Fee Deferral

Item 5 of the Disclosure Document is amended as follows: The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WASHINGTON

ADDENDUM TO FRANCHISE AGREEMENT, FRANCHISE DISCLOSURE QUESTIONNAIRE, AND FRANCHISE DISCLOSURE DOCUMENT

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an

action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Fee Deferral

Item 5, "Initial Fees," shall be amended by the addition of the following statement: The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Multi-3 franchise, Multi-5 franchise and Multi-5 Plus franchise the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐ California	☐ Michigan	☐ Rhode Island
☐ Hawaii	☐ Minnesota	☐ South Dakota
☐ Illinois	☐ New York	☐ Virginia
☐ Iowa	☐ North Dakota	☐ Washington
☐ Indiana	☐ Ohio	☐ Wisconsin
☐ Maryland		

Dated: _____ , 20____

FRANCHISOR:

THE SNIP-ITS FRANCHISE COMPANY, LLC

By: _____

Title: _____

FRANCHISEE:

_____

By: _____

Title: _____

Rev. 030123

EXHIBIT G

CONTRACTS FOR USE WITH THE SNIP-ITS SALON FRANCHISE

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Snip-its Salon Business. The following are the forms of contracts that The Snip-its Franchise Company, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked "Sample," they are subject to change at any time.

EXHIBIT G-1

SNIP-ITS SALON FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____, 20___ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of The Snip-its Franchise Company, LLC, a Massachusetts limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Snip-its Salon business;

WHEREAS, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or **(the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release)**, and Franchisor has consented to such **(transfer/successor franchise agreement/amendment/termination/other reason)**; and

WHEREAS, as a condition to Franchisor's consent to **(transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason)**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the

franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Massachusetts.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

_____

By: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Date _____

_____

Signature

_____

Typed or Printed Name

_____

Signature

_____

Typed or Printed Name

Rev. 092122

EXHIBIT G-2

SNIP-ITS SALON FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement ("SP Agreement") is entered into by the undersigned ("you" or "your") in favor of The Snip-its Franchise Company, LLC, a Massachusetts limited liability company, and its successors and assigns ("us," "we," or "our"), upon the terms and conditions set forth in this SP Agreement.

1. **Definitions**. For purposes of this SP Agreement, the following terms have the meanings given to them below:

"Competitive Business" means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a Snip-its Salon business operating pursuant to a franchise agreement with us.

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Snip-its Salon business or the solicitation or offer of a Snip-its Salon franchise, whether now in existence or created in the future.

"Franchisee" means the Snip-its Salon franchisee for which you are a manager or officer.

"Franchisee Territory" means the territory granted to you pursuant to a franchise agreement with us.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Snip-its Salon business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means our confidential operations manual for the operation of a Snip-its Salon business, which may be periodically modified by us.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Snip-its Salon business, including "Snip-its Salon," and any other trademarks, service marks, or trade names that we designate for use by a Snip-its Salon business. The term "Marks" also includes any distinctive trade dress used to identify a Snip-its Salon business, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or

attempting to induce any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two-year period after you cease to be a manager or officer of Franchisee's Snip-its Salon business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one-year period after you cease to be a manager or officer of Franchisee's Snip-its Salon business.

"Restricted Territory" means the geographic area within: (i) a five-mile radius from Franchisee's Snip-its Salon business (and including the premises of the approved location of Franchisee); and (ii) a five-mile radius from all other Snip-its Salon businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a two and a half-mile radius from Franchisee's Snip-its Salon business (and including the premises of the approved location of Franchisee).

"System" means our system for the establishment, development, operation, and management of a Snip-its Salon business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this SP Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Snip-its Salon business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee's Snip-its Salon business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this SP Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee's Snip-its Salon business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this SP Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this SP Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this SP Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this SP Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SP AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this SP Agreement will cause substantial and irreparable damage to us and/or other Snip-its Salon franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this SP Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this SP Agreement are exclusive of any other, but may be combined with others under this SP Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this SP Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this SP Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This SP Agreement will be governed by, construed, and enforced under the laws of Massachusetts, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this SP Agreement.

c. Each section of this SP Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this SP Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this SP Agreement agrees that the court may impose such limitations on the terms of this SP Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this SP Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this SP Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this SP Agreement to ensure that the terms and covenants in this SP Agreement are enforceable under applicable law.

(Signature Page Follows)

EXECUTED on the date stated below.

Date_____ _____

Signature

_____

Typed or Printed Name

Rev. 120619

EXHIBIT G-3

SNIP-ITS SALON FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Confidentiality Agreement") is entered into by the undersigned ("you") in favor of The Snip-its Franchise Company, LLC, a Massachusetts limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Confidentiality Agreement.

1. Definitions. For purposes of this Confidentiality Agreement, the following terms have the meanings given to them below:

*"*Snip-its Salon *Business"* means a business that provides hair care services for children along with branded entertainment and other related products and services using our Intellectual Property.

"Copyrights" means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Snip-its Salon franchisees to use, sell, or display in connection with the marketing and/or operation of a Snip-its Salon Business, whether now in existence or created in the future.

"Franchisee" means the Snip-its Salon franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Snip-its Salon Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means our confidential operations manual for the operation of a Snip-its Salon Business.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Snip-its Salon Business, including "Snip-its Salon" and any other trademarks, service marks, or trade names that we designate for use by a Snip-its Salon Business. The term "Marks" also includes any distinctive trade dress used to identify a Snip-its Salon Business, whether now in existence or hereafter created.

"System" means our system for the establishment, development, operation, and management of a Snip-its Salon Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Confidentiality Agreement. In order to avoid such damage, you agree to comply with this Confidentiality Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the

Snip-its Salon Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of The Snip-its Franchise Company, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Confidentiality Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Confidentiality Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Confidentiality Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Confidentiality Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS CONFIDENTIALITY AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Confidentiality Agreement will cause substantial and irreparable damage to us and/or other Snip-its Salon franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Confidentiality Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Confidentiality Agreement are exclusive of any other, but may be combined with others under this Confidentiality Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Confidentiality Agreement.

7. Miscellaneous.

a. Although this Confidentiality Agreement is entered into in favor of The Snip-its Franchise Company, LLC, you understand and acknowledge that your employer/employee, independent

contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Confidentiality Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Confidentiality Agreement will be governed by, construed, and enforced under the laws of Massachusetts, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Confidentiality Agreement.

d. Each section of this Confidentiality Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Confidentiality Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Confidentiality Agreement agrees that the court may impose such limitations on the terms of this Confidentiality Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date_____ _____

Signature

_____

Typed or Printed Name

Rev. 032916

EXHIBIT G-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	☐ Checking ☐ Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes The Snip-its Franchise Company, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____

Printed Name: _____

Its: _____

Rev. 032916

Federal Tax ID Number: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

EXHIBIT G-5

SNIP-ITS SALON FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("Approval Agreement") is entered into on _____, 20_____, between The Snip-its Franchise Company, LLC ("Franchisor"), a Massachusetts limited liability company, _____ ("Former Franchisee"), the undersigned owners of Former Franchisee ("**Owners**") and _____, a _____ _____ ("New Franchisee").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20_____ ("Former Franchise Agreement"), in which Franchisor granted Former Franchisee the right to operate a Snip-its Salon franchise located at _____ ("Franchised Business"); and

WHEREAS, Former Franchisee desires to assign ("Requested Assignment") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Approval Agreement, including that New Franchisee sign Franchisor's current form of franchise agreement together with all exhibits and attachments thereto ("New Franchise Agreement"), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("Franchisor's Assignment Fee").

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Approval Agreement, and conditioned upon New Franchisee's signing the New Franchise Agreement pursuant to Section 5 of this Approval Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Approval Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Approval Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Approval Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to

comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Snip-its Salon franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Approval Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("Transaction") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to approving the Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Approval Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Approval Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Approval Agreement, the term "Affiliates" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Approval Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Approval Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Approval Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Approval Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Massachusetts.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed this Approval Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

The Snip-its Franchise Company, LLC

By: _____
Printed Name: _____
Title: _____

FORMER FRANCHISEE:

_____

By: _____
Printed Name: _____
Title: _____

NEW FRANCHISEE:

_____

By: _____
Printed Name: _____
Title: _____

Rev. 031821

EXHIBIT G-6

SNIP-ITS SALON FRANCHISE

LEASE ADDENDUM

This Addendum to Lease ("**Addendum**"), dated _____, 20___, is entered into by and between _____ ("**Landlord**"), _____ ("**Tenant**") and _____ ("**Franchisor**"), collectively referred to herein as the "**Parties**."

A. Landlord and Tenant have entered into a certain Lease Agreement dated _____, 20___, and pertaining to the premises located at _____ ("**Lease**").

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises ("**Premises**") pursuant to a Franchise Agreement ("**Franchise Agreement**") with Franchisor under Franchisor's trademarks and other names designated by Franchisor (herein referred to as "**Franchised Business**" or "**Franchise Business**").

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Landlord hereby consents to Tenant's use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant's use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant's right, title, and interest in the Lease to an assignee of the Tenant or the Franchised Business ("**Franchise Assignee**") at any time during the term of the Lease, including any extensions or renewals thereof. In addition, if Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant's interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably acceptable to Landlord, provided such Franchise Assignee cures a default of the Lease no later than ten days following the end of Tenant's cure period. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchisee Assignee has cured all material defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of the Tenant's rights granted in the Lease including without limitation: (x) any

grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten (10) day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

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

The Snip-its Franchise Company, LLC
211 S. River Ridge Circle, Suite 100
Burnsville, Minnesota 55337

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

c. Tenant and Landlord agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.

6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the

Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

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

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

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copies herein in full.

IN TESTIMONY WHEREOF, witness the signatures of the Parties hereto as of the day, month, and year first written above.

LANDLORD:

_____

By: _____

Printed Name: _____

Title: _____

TENANT:

_____

By: _____

Printed Name: _____

Title: _____

FRANCHISOR:

_____

By: _____

Printed Name: _____

Title: _____

Rev. 112619

EXHIBIT G-6

ATTACHMENT 1

ATTACHMENT 1 TO LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the ___, 20___ ("**Effective Date**"), the undersigned, _____ ("**Assignor**") hereby assigns, transfers and sets over unto _____ ("**Assignee**") all of Assignor's right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A** ("**Lease**") with respect to the premises located at _____. This Collateral Assignment of Lease ("**Assignment**") is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor ("**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee's sole discretion, to: (i) cure Assignor's default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee's rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent per month, or the highest rate allowed by law.

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

(Signatures on following page)

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

By: _____

Printed Name _____
Its: _____

ASSIGNEE:

By: _____

Printed Name _____
Its: _____

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EXHIBIT G-7

SNIP-ITS FRANCHISE

SAMPLE MULTI-FRANCHISE ADDENDUM TO FRANCHISE AGREEMENT

To be completed if Franchisee is purchasing a multi-unit franchise, and this is Franchisee's first franchise agreement with Franchisor

THIS ADDENDUM (the "Addendum") is entered into and made effective as of the date set forth on the signature page hereof, by and between The Snip-its Franchise Company, LLC ("Franchisor") and the franchisee named on the signature page of this Addendum ("Franchisee"). This Addendum relates to that certain Snip-its franchise agreement dated _____, 20___ ("Franchise Agreement"), and supplements the terms of the Franchise Agreement in relation to the opening of additional Snip-its Salon franchises. All capitalized terms not otherwise defined in this Addendum shall have the meaning set forth in the Franchise Agreement. To the extent this Addendum conflicts with the terms of the Franchise Agreement, the terms of this Addendum shall control.

1. Initial Franchise Fee. Franchisee has paid the Initial Franchise Fee listed in Attachment A to the Franchise Agreement. The Initial Franchise Fee is fully earned immediately upon receipt and non-refundable, regardless of whether Franchisee opens any Snip-its Salon franchises.

2. Type of Franchise. Franchisee has purchased the franchise listed in the chart below, which allows Franchisee to open a certain number of additional Snip-its Salon franchises at a later date ("Additional Franchises") without paying an initial franchise fee.

Type of Franchise	Check One
Multi-3 Franchise (up to three Snip-its Salon franchises) Initial Franchise Fee Paid: $75,000 or $71,500[(1)]	_____
Multi-5 Franchise (up to five Snip-its Salon franchises) Initial Franchise Fee Paid: $100,000 or $96,500[(2)]	_____
Multi-5 Plus Franchise (up to ____ Snip-its Salon franchises) Initial Franchise Fee Paid: $100,000 or $96,500[(2)] (first 5 Snip-its Salon franchises) + $10,000 X _____ (number of additional Snip-its Salon franchises beyond 5) = $_____	_____
	Check if Applicable
[(1)(2)]Franchisee is an honorably discharged veteran and is receiving a one-time $3,500 discount on the Initial Franchise Fee	_____

3. Snip-its Franchise Agreements. Franchisee shall exercise the rights under this Addendum only by entering into a separate Snip-its Franchise Agreement with Franchisor for each Additional Franchise. Franchisee acknowledges that the then-current form of Snip-its franchise agreement may differ from the Snip-its Franchise Agreement that is signed in conjunction with this Addendum. Franchisee will not be required to pay a separate Initial Franchise Fee.

4. Limited Rights. This Addendum does not grant Franchisee the right to franchise, license, subfranchise, or sublicense others to operate Snip-its Salons. Only Franchisee (and/or Franchisee-affiliated entities Franchisor approves) may develop, open and operate Additional Franchises pursuant to this Addendum and Snip-its franchise agreements. This Addendum only grants Franchisee the right to enter into Snip-its franchise agreements to open Additional Franchises subject to the terms of the franchise agreement for such Additional Franchises. Franchisee is not granted any territorial rights or other rights except those granted under the franchise agreement pursuant to the Snip-its franchise agreements for the Additional Franchises. Except for the Initial Franchise Fee, Franchisee shall be liable for all costs and expenses incurred in opening the Additional Franchises.

5. Term. This Addendum and Franchisee's right to open Additional Franchises shall terminate as of the date of termination or expiration of the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Addendum on the day and year first written above.

FRANCHISOR:

THE SNIP-ITS FRANCHISE COMPANY, LLC
a Massachusetts limited liability company

By: _____

Printed Name: _____

Title: _____

FRANCHISEE:

[FRANCHISEE ENTITY/FRANCHISEE NAME,
a(n) [Franchisee State] [Franchisee Entity Type]

By: _____

Printed Name: [Franchisee Signatory Name]

Title: [Franchisee Entity Signatory Title]

EXHIBIT H

FRANCHISE DISCLOSURE QUESTIONNAIRE

(This questionnaire is not to be used for any franchise sale in or to residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)

As you know, The Snip-its Franchise Company, LLC ("we" or "us"), and you are preparing to enter into a Franchise Agreement for the operation of a Snip-its Salon franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer in the table provided below.

Do not sign this Questionnaire if you are a resident of Maryland or the franchise is to be operated in Maryland.

l.	Yes__	No__	Have you received and personally reviewed the Franchise Agreement and each attachment or exhibit attached to it that we provided?
2.	Yes__	No__	Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
3.	Yes__	No__	Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4.	Yes__	No__	Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
5.	Yes__	No__	Have you reviewed the Franchise Disclosure Document and the Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
6.	Yes__	No__	Do you understand the risks of developing and operating a Snip-its Salon Franchise?
7.	Yes__	No__	Do you understand the success or failure of your Snip-its Salon Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
8.	Yes__	No__	Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated in Minnesota, if not resolved informally or by mediation (subject to state law)?

9.	Yes__	No__	Do you understand that you must satisfactorily complete the initial training program before we will allow your Snip-its Salon Franchise to open or consent to a transfer of the Snip-its Salon Franchise to you?
10.	Yes__	No__	Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Snip-its Salon Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
11.	Yes__	No__	Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise agreement, and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12.	Yes__	No__	Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Snip-its Salon Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13.	Yes__	No__	Do you understand that the Franchise Agreement, including each attachment or exhibit to the Franchise Agreement, contains the entire agreement between us and you concerning the Snip-its Salon Franchise?
14.	Yes__	No__	Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Date	Date
_____	_____

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

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EXHIBIT I

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	June 21, 2023
Illinois	May 1, 2023
Indiana	August 6, 2022, Renews August 6, 2023
Maryland	June 20, 2023
Michigan	August 31, 2022, Renews August 31, 2023
Minnesota	June 7, 2023
New York	Pending
Rhode Island	May 1, 2023
Virginia	June 6, 2023
Washington	July 3, 2023

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 J

RECEIPTS

RECEIPT

(Retain This Copy)

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 The Snip-its Franchise Company, 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.

Under Iowa law, if applicable, The Snip-its Franchise Company, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires The Snip-its Franchise Company, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If The Snip-its Franchise Company, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Jason Bakker, 211 S. River Ridge Circle, Suite 100, Burnsville, Minnesota 55337, (952) 288-2139

Issuance Date: April 28, 2023

I received a disclosure document issued April 28, 2023 which included the following exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	List of Current and Former Franchisees
Exhibit E	Confidential Operating Manual Table of Contents
Exhibit F	State Addenda and Agreement Riders
Exhibit G	Contracts for use with the Snip-its Salon Franchise
Exhibit H	Franchise Disclosure Questionnaire
Exhibit I	State Effective Dates
Exhibit J	Receipt

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Rev. 012417

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT
(Our Copy)

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Exhibit J	Receipt

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

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Please sign this copy of the receipt, date your signature, and return it to The Snip-its Franchise Company, LLC, 211 S. River Ridge Circle, Suite 100, Burnsville, Minnesota, 55337.