

## FRANCHISE DISCLOSURE DOCUMENT



### V's BARBERSHOP FRANCHISE, LLC

An Arizona limited liability company

2320 W. Mission Lane, #3

Phoenix, Arizona 85021

(602) 414-4800

[renaeg@vbarbershop.com](mailto:renaeg@vbarbershop.com)

[www.vbarbershop.com](http://www.vbarbershop.com)

The Franchised Business is an upscale barbershop that provides high-quality haircuts, old-fashioned shaves, and men's facial services in a uniquely masculine environment under the V's Barbershop® service marks and trademarks.

The total investment necessary to begin operation of a V's Barbershop® is between \$265,000 and \$600,900. This includes \$55,500 - \$66,200 (including a \$40,000 initial franchise fee) that must be paid to the franchisor or its affiliate(s).

You may but are not obligated to sign a Development Agreement with us at the same time that you sign the franchise agreement. You will pay the initial franchise fee for each location included in your Development Agreement at the time that you sign the Development Agreement. The initial investment necessary to begin operation of a V's Barbershop Development Agreement is \$30,000-\$60,000 for one (1) to two (2) V's Barbershop locations (\$30,000 each). This includes \$30,000-\$60,000 that must be paid to the franchisor or its affiliate(s).

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this Disclosure 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 Renae Germinaro at V's Barbershop Franchise, 2320 W. Mission Lane, #3, Phoenix, Arizona 85021; (602) 414-4800 (ext. 5); [renaeg@vbarbershop.com](mailto:renaeg@vbarbershop.com).

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: **APRIL 18, 2025**

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only V’s Barbershop® Franchised Business in my area?</b>	Item 12 and the “Territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a V’s Barbershop® Franchised Business franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need to Know About Franchising Generally

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

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

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

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

**Competition from franchisor.** Even if the Franchise Agreement grants you a Territory, the franchisor may have the right to compete with you in your Territory.

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

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

### Some States Require Registration

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

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state. Your state also may have laws that require special disclosures or amendments to 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 and Development Agreement require you to resolve disputes with us by mediation, arbitration, and/or litigation only in Arizona. Out-of- state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with us in Arizona than in your home state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement even if your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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. If so, check the "State Specific Addenda" pages for your state.

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## **ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

The Franchisor, V's Barbershop Franchise, LLC (sometimes referred to as "V's" or "we") is an Arizona limited liability company organized on November 17, 2006. The only name under which we do business is V's Barbershop Franchise, LLC. Our website is located at [www.vbarbershop.com](http://www.vbarbershop.com). Our agents for service of process are identified in Exhibit A.

We began offering V's Barbershop franchises in March 2007. We are not engaged in any other business, and we do not directly operate businesses of the type being franchised.

We are in the business of granting franchises to operate V's Barbershop locations, which are upscale barbershops that provide high-quality haircuts, shaves, and men's facial services in a uniquely masculine environment under the V's Barbershop service marks and trademarks (a "V's Barbershop" or the "Franchised Business"). Catering to patrons of all ages, V's Barbershops combine the best of the traditional neighborhood barbershop with modern professional services, updated venue amenities and sophisticated operational practices. The franchisee (sometimes referred to as the "Franchisee" or "you") will operate a V's Barbershop.

We may also offer you a Development Agreement (See Exhibit K), which grants you the right to open an agreed upon number of V's Barbershops in a defined but non-exclusive geographic area over an agreed upon period of time. If you sign a Development Agreement in addition to a Franchise Agreement, you will have the right, subject to certain conditions, to establish and operate the number of additional V's Barbershops specified in the Development Agreement. We may grant you discounts on Initial Franchise Fees in conjunction with your execution of a Development Agreement. The V's Barbershops included with a Development Agreement must be located within the geographic area agreed upon between us (the "Search Territory"), the size of which will depend upon how many additional V's Barbershops you will open. There is no minimum number of units that you are obligated to open pursuant to a Development Agreement. You may be obligated to execute a franchise agreement that differs from the franchise agreement included with this Franchise Disclosure Document in connection with your execution of franchise agreements pursuant to a Development Agreement. We do not grant you any exclusive rights in the Search Territory.

Our predecessor, V's Franchising Corporation, an Arizona corporation, sold us all of its assets in February 2007, including assigning to us certain proprietary information and other intellectual property and the franchise agreements that V's Franchising Corporation had previously executed with its franchisees. V's Franchising Corporation does not operate businesses of the type being franchised. V's Franchising Corporation offered franchises of the type being franchised between September 2005 and February 2007 and sold two franchises. See Item 20.

Our parent company, V's Barbershop Holdings, LLC, an Arizona limited liability company ("V's Barbershop Holdings"), operated V's Barbershops from January 2012 until December 2017 in Phoenix, Arizona. See Item 20. It does not currently own or operate any V's Barbershops.

V's Ventures, Inc., an Arizona corporation and an Affiliate of V's, operated V's Barbershops between November 1999 and January 2012 when it transferred its assets to V's Barbershop Holdings.

V's Barbershop Provisions, LLC ("VBP") is an Arizona limited liability company formed on March 16, 2023. VBP sells products at wholesale to V's franchisees and directly to end-users via the internet.

For purposes of this Disclosure Document, the term "Affiliate" means any person or entity controlling, controlled by, or under common control with another person or entity. Our Affiliates include, among other persons, our shareholders, directors, officers, employees, representatives, and agents. Your Affiliates include, among other persons, your Principals, managers, and employees.

Although the market for hair care is mature, the market for upscale barbershops and men's grooming products is growing. Competition comes primarily from "mom and pop" barbershops that have operated for many years and chain beauty salons catering to women but serving men as well. Other competitors fall within the concept of sports-themed, low-priced barbershops. In addition, there are other upscale barbershops, most of which differ from V's Barbershop in various respects. Some of your competitors may include V's Barbershops operated by other V's franchisees, including businesses which may be in the same area as your V's Barbershop franchise. See Item 12. Existing or new competitors in the market may offer similar services and goods and engage in aggressive promotions that may include significant coupons, discounts, promotions, and offers that may impact your business.

There are state and local laws, regulations, and ordinances applicable to the operation and management of a barbershop, including barber, hairstylist, cosmetologist, management and barbershop licensing and operational requirements. You are advised to investigate the laws, regulations, and ordinances applicable to your V's Barbershop. Information regarding the licensing and operational requirements in other states can be obtained by contacting the appropriate regulatory agencies in those states.

We do not have any Affiliates that offer franchises in any line of business or that provide products or services to our franchisees. Except as stated above, we do not have any predecessors (persons from whom we acquired, directly or indirectly, the major portion of our assets).

Neither V's, V's Barbershop Holdings, V's Ventures, Inc. V's Barbershop Provisions, LLC nor V's Franchising Corporation has offered, or currently offers, any franchise in any other line of business.

The principal business address of V's, V's Barbershop Holdings, V's Ventures, Inc., and V's Franchising Corporation is 2320 W. Mission Lane, #3, Phoenix, Arizona 85021.

## ITEM 2: BUSINESS EXPERIENCE

**Diego Valenzuela II, Managing Member and CEO.** Diego Valenzuela II ("Jim Valenzuela") has been the Managing Member of V's since its organization in November 2006 and has been the Chief Executive Officer of V's since February 2007. He has also been the President and Chief Executive Officer, and the Director, of V's Ventures, Inc. since February 1999. He was the President and Secretary, and the Director of V's Franchising Corporation, our predecessor, between March 2005 and February 2007. He has been the Managing Member of V's Barbershop Holdings since January 2012. All of these positions are located in Phoenix, Arizona.

**Chris Mitchell, Chief Financial Officer.** Chris Mitchell has been our Chief Financial Officer since February 2007. He has also been the Chief Financial Officer of V's Ventures, Inc. since October 2003. Prior to February 2007 (since March 2005), he was the Vice President and Treasurer of V's Franchising Corporation. All of these positions are located in Phoenix, Arizona.

**Emily Brown, Chief Operating Officer.** Ms. Brown was our Director of Operations from February 2007 until she became our Chief Operating Officer in April 2018. From January 2006 through

February 2007, she was the Director of Administration for V's Franchising Corporation. All of these positions are located in Phoenix, Arizona.

**Renae Germinaro, Director of Franchise Relations.** Ms. Germinaro has been our Director of Franchise Relations since December 2023, and prior to that served as our Franchisee Support Manager in Phoenix, Arizona since September 2014.

**Amanda Vogt, Chief Digital Officer.** Ms. Vogt has been our Chief Digital Officer since December 2023, and prior to that served as our Digital Brand Manager since February 2017, in Phoenix Arizona. Since 2014, Ms. Vogt has also been the Owner and Founder of Wired Rebellion in Scottsdale, Arizona. From May 2012 through July 2018, Ms. Vogt was a Senior Web Designer for Communication Links, a marketing agency in Scottsdale, Arizona.

**Zechariah Trujillo, Warehouse Manager.** Mr. Trujillo has been our Warehouse Manager since February 2022. From September 2014 through December 2021, he served as a Warehouse Associate for WR Group, Inc. in Phoenix, Arizona.

**Catherine Valenzuela, Merchandising Specialist.** Ms. Valenzuela has been our Merchandising Specialist since May 2023 in Phoenix Arizona. Prior to joining our team, Ms. Valenzuela was a student and worked in retail Sales Associate at Dillard's in Phoenix, Arizona from October 2020 through April 2021.

**Brady Wheeler, Director of Content Strategy.** Mr. Wheeler has been our Director of Content Strategy since April 2024. Since January 2023, Mr. Wheeler has also been a freelance copywriter with Five Wheelers Advisory in Phoenix, Arizona. From November 2021 through April 2024, Mr. Wheeler was a Marketing Content Creator, Sr. with Northern Arizona University in Flagstaff, Arizona. From December 2020 through November 2021, Mr. Wheeler was a reporter with the Arizona Daily Sun in Flagstaff, Arizona. From June 2020 through December 2020, Mr. Wheeler was the Editor in Chief of the Lumberjack in Flagstaff, Arizona.

**Patrick Butler, Director of Barbershop Experiences.** Mr. Butler has been our Director of Barbershop Experiences since January 2025. Prior to joining V's Barbershop, he served the previous 10 years as the National Director of Creative and Technical Education for Floyd's 99 Barbershop in Greenwood Village, Colorado.

### **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**

The Initial Franchise Fee for your first V's Barbershop is \$40,000, payable when you sign the Franchise Agreement. If this is your second or subsequent V's Barbershop or if you are currently in, or have been honorably discharged from the U.S. armed forces, the Initial Franchise Fee will be \$36,000

If you enter into a Development Agreement to open at least three V's Barbershop units or are an existing franchisee and you are purchasing at least two additional units, the Initial Franchise Fee for each of those additional units will be \$30,000 (not including the first unit).

There are no additional discounts on Initial Franchise Fees and there are no discounts for renewal fees.

You are not obligated to enter into a Development Agreement with us as part of entering into a Franchise Agreement.

Initial Franchise Fees are not refundable and will be used for our general purposes.

Except as stated above, Initial Franchise Fees are presently the same for all new franchises of V's Barbershops.

The training fee (only applicable in conjunction with transfer, renewal, or relocation) is \$0 - \$1,000 per attendee (the "Training Fee"). The Training Fee for up to two people during the same timeframe is included with your Initial Franchise Fee.

If you are required to, or desire to, attend our Training Program in connection with your second or subsequent Franchise Agreements, in connection with a renewal, relocation, or transfer, or if you desire additional people to attend our Training Program the fee will range from \$1,000 - \$5,000, the fee is \$1,000 per additional Training Program per person, and up to 5 attendees. This fee is not refundable.

The Initial Barber Supplies and Inventory range between \$15,000 - \$20,000 and is payable to us or our affiliates upon ordering. This fee is non-refundable.

Employee Uniforms range from \$250-\$1,000. This fee is non-refundable and payable to us upon ordering.

**ITEM 6: OTHER FEES**

<b>Column 1</b> <b>Type of Fee <sup>1</sup></b>	<b>Column 2</b> <b>Amount</b>	<b>Column 3</b> <b>Due Date</b>	<b>Column 4</b> <b>Remarks</b>
<b><u>WEEKLY FEES</u></b>			
Royalties <sup>1,2</sup>	6% of Gross Sales up to \$500,000; 3.5% of Gross Sales above \$500,000.	Payable weekly.	
Advertising Payment <sup>2,3</sup>	Between 1% and 3% of Gross Sales.	Payable weekly.	If your Advertising Payment is less than 3%, you must spend the difference between your Advertising Payment and 3% of your Gross Sales on local store marketing

Column 1 Type of Fee <sup>1</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			in a manner consistent with our requirements.
<b><u>MONTHLY FEES</u></b>			
Computer Software Maintenance Fee	\$275-\$300 per month.	Payable monthly to our third-party provider.	This fee includes support and updates to your required POS software. See Item 8. This fee may vary or exceed this range if Franchisee uses additional services and/or exceeds the communication services provided.
Technology Fee	\$150 per month per V's Barbershop	Payable monthly.	This fee includes certain PC support and software updates. May be increased by Franchisor upon 30 days written notice.
<b><u>PERIODIC OR ONE TIME FEES</u></b>			
Inventory, Trademarked Items and Certain Other Items <sup>4</sup>	Will vary.	Payable upon ordering.	
Real Estate Broker's Fee	Will vary (estimated to be up to \$10,000) but is usually paid by the landlord.	Upon signing a lease.	Paid to real estate broker on our approved list, or otherwise approved by us
Training Fee <sup>5</sup>	\$1,000 per V's Training Program per person.	Payable prior to attending training	If you request or we require: (i) you to complete or recomplete the Training Program; or (ii) additional individuals to complete or recomplete the Training Program; (iii) you are executing the Franchise Agreement in connection with a

Column 1 Type of Fee <sup>1</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			renewal, relocation, or transfer; or (iv) we determine that you require additional training to comply with your obligations under the Franchise Agreement.
Extension Fee <sup>6</sup>	\$5,000 per Franchise Agreement to extend the deadline to open your V's Barbershop by 1 year.	Payable if you wish to extend the deadline in the Franchise Agreement to open.	
Remediation Fee <sup>7</sup>	\$50/hr. per person involved and reasonable travel expenses	See Note 7.	
Transfer Fee <sup>8</sup>	\$5,000 or our expenses in connection with the transfer, whichever is greater.	Payable upon request for transfer.	
Renewal Fee	1/4 of then-current initial franchise fee, but not more than \$40,000.	Payable upon request for renewal.	
Short Term Extension Fee	\$3,500	Upon approval by us.	We may, in our sole discretion, agree to extend the term of your Franchise Agreement for one (1) year. If we agree to such a short-term extension, you will pay us the Short Term Extension Fee.
Relocation Fee	\$5,000.	Payable upon your request for relocation of your business premises.	
Interest	18% per annum on Royalties, Advertising Payments, and other amounts unpaid within 10 days; on amounts paid by us or our Affiliates on your behalf.	Payable as incurred.	
Document Late Fee <sup>9</sup>	\$100 per week or part thereof.	Payable as incurred.	
Late Fee	5% of the unpaid amount or \$100, whichever is greater, on Royalties, Advertising Payments,	Payable as incurred.	

Column 1 Type of Fee <sup>1</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	and other amounts unpaid within 10 days.		
Technology Communication Fee	\$100 per week for each week, or portion of a week, that your point-of-sale system, or in store digital menu board is not maintained with the current approved software (including updates thereto) and required internet connection so that we can access your computer systems performance data and sales data with our standard access software.	Within 10 days of the end of the week that we cannot access your system.	
Lost Documents Fee <sup>10</sup>	\$2,500.	Payable as incurred.	
Store Resale Assistance Fee <sup>11</sup>	5% of sales price with a minimum fee of \$5,000.	Payable upon the closing of the sale of your store if you request us to assist you with the sale of your store.	
Expenses of Correction or Disposal <sup>12</sup>	Will vary under the circumstances.	Payable as incurred.	
Expenses of Examining and/or Testing <sup>13</sup>	Will vary under the circumstances.	Payable as incurred.	
Audit Fee	Costs & expenses of the audit plus 18% per annum interest on the underpayment if the audit reveals that you have underpaid us or our Affiliates or submitted financial information to us that is inaccurate in any material respect.	Payable promptly after the audit.	
Interim Operating Fee <sup>14</sup>	As determined by us, in our discretion.	Payable as incurred.	
Information Technology Support Fee	The costs and fees incurred by us in providing IT support services to you	Upon invoice or may be withdrawn by us via EFT or ACH	
Liquidated Damages upon Breach of	\$40,000 for each location operated in default of an agreement with us plus 10% of	Payable as incurred.	

<b>Column 1</b> <b>Type of Fee <sup>1</sup></b>	<b>Column 2</b> <b>Amount</b>	<b>Column 3</b> <b>Due Date</b>	<b>Column 4</b> <b>Remarks</b>
Restrictive Covenant	the sales from all services and products sold by or from a such location.		
Liquidated Damages upon Breach of Covenant Against Soliciting Vendors, Suppliers and Customers	An amount equal to 50% of the amount received by you (or the person with which you are associated) from the vendor, supplier or customer, or the amount paid to the vendor, supplier, or customer.	Payable as incurred.	
Reimbursement of Amount Expended by V's or its Designee to Cure your Breaches of your Lease	Will vary under the circumstances; payable if V's or its designee assumes any of your obligations under your lease.	Payable as incurred.	
Indemnification of V's for Damages Suffered or Incurred for your Actions or Omissions or in connection with your V's Barbershop	Will vary under the circumstances.	Payable as incurred.	
Currency <sup>15</sup>	Costs of conversion to U.S. dollars.	Payable as incurred.	
Taxes <sup>16</sup>	Sales, use, gross receipts & similar taxes.	Payable within 10 days.	
Meeting Attendance Fee	Not to exceed \$2,500 per year per person.	Upon invoice. May be withdrawn via EFT or ACH.	
Meeting Non-Attendance Fee	Not to exceed \$1,000 per year per person.	Upon invoice. May be withdrawn via EFT or ACH.	

**NOTES:**

1. All fees other than Royalties may be modified by us from time to time without your approval but will be no greater than the fees then being charged to new franchisees. All fees in the above table are imposed by V's and, except as stated, will be payable to and collectible by V's. If the proposed transferee is disapproved by us, 75% of the Transfer Fee, less all of our out-of-pocket expenses relating to the proposed transfer, will be refunded to you. All fees in the above table are non-refundable. All fees above are uniformly imposed and collected although, we reserve the right, on a

case by case basis, to reduce, modify, or waive certain fees.

If the Franchisee is a married individual, the Franchisee's spouse must sign the Spousal Consent to the Franchise Agreement. Each person (and his/her spouse), corporation, partnership, limited liability company or other entity that owns, directly or indirectly, a 5% or greater equity interest in the franchised entity (a "Principal") must sign an agreement, in the form of Exhibit F to the Franchise Disclosure Document, to pay, perform, and guarantee all of the franchisee's obligations to us and our Affiliates contained in the Franchise Agreement.

2. The term "Gross Sales" means the aggregate amount of sales of all products and services, and all other receipts or receivables whatsoever, from all business conducted either: (i) upon or originating from the premises of your V's Barbershop; or (ii) Under the Trademarks (as defined below), whether or not upon or originating from the premises of the Franchised Business, without deduction for uncollected or uncollectible credit accounts and without allowances for bad debts. In addition, the term "Gross Sales" includes the proceeds received or realized by you or your Affiliates in connection with any business interruption insurance maintained by or for the benefit of you or your Affiliates. "Gross Sales" does not, however, include the amount of any taxes imposed by any governmental taxing authority directly on sales and collected from customers (if such tax is added to the selling price and actually paid by you to such taxing authority), any credit granted by us to you under any coupon redemption, e-commerce rebate payments, or similar promotion or any refund or credit given with respect to any products returned or exchanged by a customer (provided that the sales price thereof was included in Gross Sales). The term "Gross Sales" will also not include receipts or receivables with respect to gift cards, as sales of products and/or services paid for with gift cards will be included in Gross Sales at the time such sales occur.

You are required to sign a preauthorization form to enable us to draw against your bank account for the full amount of the Royalties, Advertising Payments, and any other amounts that you owe to us or our Affiliates or your advertising cooperative. The form of that authorization is contained in Exhibit I to this Disclosure Document.

We may require you to submit or allow us to access your Gross Sales results and/or to make your Gross Sales results available, and/or submit or make available such other information as we may reasonably require to us via the internet or other electronic means. If the required Gross Sales results and other required information has not been submitted by 9:00 a.m. (Phoenix, Arizona time) on Wednesday of a particular business week and we do not have complete Gross Sales information from you, the amount drawn against your bank account as the Royalties and Advertising Payments with respect to that business week will be the amount drawn the previous business week plus 10%, as an estimate of that business week's Royalties and Advertising Payments and you may be assessed a \$100 (per week or part thereof) late fee.

Since Royalties will typically be drawn automatically from your bank account, they will not be paid late unless there are inadequate funds in your bank account. Royalties will be increased to up to 15% of Gross Sales with respect to any period during which you are in default of your financial obligations under the Franchise Agreement. (The Royalties paid or owing to us with respect to the period during which you are in default are referred to as "Breaching Royalties.") Breaching Royalties will be charged for a minimum 14-day period, regardless of the length of the actual breach.

3. Your Advertising Payment will be between 1% and 3% of your Gross Sales as determined by us in our sole discretion and may be modified by us up to a maximum of 3% at any time upon 30 days

written notice to you. Other franchisees' Advertising Payments may be calculated at a different rate or on a different basis. See Item 11 with respect to how the Advertising Payments will be used. If your Advertising Payment to us is less than 3% of your Gross Sales, you will be required to expend the difference between your Advertising Payment and the amount equal to 3% of your Gross Sales on local store marketing. We may require you to submit to us, on an annual basis or more frequent basis at our sole discretion, reports detailing your local store marketing expenditures to confirm that you are spending the minimum amount on local store marketing. Those reports will be submitted in the same manner and at the same time as other reports required by the Franchise Agreement. If we determine, in our reasonable discretion, that you are not complying with your obligations to spend the difference on local store marketing, we may, in addition to other remedies available under the Franchise Agreement and the law, require you to contribute the total amount that you should have spent on local marketing plus default interest to the Advertising Fund and to pay us the cost of our inspection and/or audit of your local store marketing expenditures.

Although no local or regional advertising cooperatives presently exist, they may be established at some point in the future. You must participate in the advertising cooperative in your marketing area, as designated by us. The V's Barbershops within each marketing area will administer the advertising cooperative, which may assess a fee for administration or advertising, in addition to the Advertising Payments paid to us. V's (or its Affiliates) will be entitled to one vote per V's Barbershop that it owns. (Therefore, V's (or its Affiliates') voting power will depend upon the number of V's Barbershops owned by V's (or its Affiliates) in relation to the total number of V's Barbershops in your marketing area). See Item 11. We will have the right to approve or prohibit any proposed Coop marketing proposals, materials produced, programs, fees, or plans.

In addition, if V's or your advertising cooperative includes your V's Barbershop in any online or printed directories including social media websites in its marketing area, you must reimburse V's or your advertising cooperative, respectively, for your pro rata portion of the cost of that advertising or placement.

There may be additional advertising requirements contained in your lease agreement. The extent of such advertising requirements in your lease may or may not be subject to negotiation; consequently, the extent of any such advertising obligation, if any, may be unknown to V's.

4. See Items 5, 7 and 8.

5. You, the franchisee (or, if the franchisee is a corporation, partnership, limited liability company or other entity, a designated member of Franchisee's management team), must attend and complete, to our satisfaction, our Training Program. Although we generally permit franchisees to train their managers, we may require your manager to attend and complete, to our satisfaction, our Training Program.

We may also charge this fee if: (i) you request or we require you to complete or recomplete the Training Program (see Item 11); or (ii) you request or we require additional individuals to complete or recomplete the Training Program; (iii) you are executing the Franchise Agreement in connection with a renewal, relocation or transfer; or (iv) we determine that you require additional training to comply with your obligations under the Franchise Agreement. Training of the additional people may or may not be held at the same time as training of the initial two people, at our election.

In addition, all Training Program attendees bear their own travel, lodging and meal expenditures in

connection with attending our Training Program.

Additional Training Programs and refresher courses may be required upon renewal and from time to time. We may charge a fee for your attendance. You will be required to bear your own travel, lodging and meal expenditures in connection with attendance. In addition, you must attend, at your expense, all annual and other meetings and conference calls of franchisees that we determine are mandatory for all franchisees, or certain groups of franchisees (as designated by us), such as franchisees within a particular geographic region.

6. You are required to open your V's Barbershop Franchised Business within 12 months of signing the Franchise Agreement. You may extend the deadline to open your V's Franchised Business by 1 year by paying us the Extension Fee. The Extension Fee currently being charged is \$5,000 per Franchise Agreement. We reserve the right to modify, increase, decrease or waive the Extension Fee in our sole and absolute discretion.

7. If we identify cleanliness, sloppiness, deferred maintenance, non-compliance with the Franchise Agreement, or failure to carry essential products, we may charge you a Remediation Fee for the time that we spend assisting you to correct these deficiencies. The Remediation Fee will be an hourly rate (currently \$100/hr. per person involved), including consultation time and travel time, plus our reasonable travel, lodging, and meals expenses.

8. If the proposed transferee is disapproved by us, 75% of the Transfer Fee, less all out-of-pocket expenses relating to the proposed transfer, will be refunded to you.

9. If you fail to deliver or provide to us any statement, report or other document or information required to be delivered (for example, certificates of insurance, marketing expenditure reports and financial statements), by the applicable deadline, you will be assessed a Document Late Fee of \$100 per week, or part thereof (until that statement, document or other information has been delivered or provided).

10. Payable if your copy of the Operation Manual, Training or other materials (including printed copies of web or cloud based documents) are lost or stolen, or if for any other reason you cannot demonstrate to us that your copy of the Operation Manual, Training materials, or other materials provided to you in conjunction with this Disclosure Document are in your possession, or you cannot or will not return your copy of the Operation Manual and/or usernames or passwords that allow you to access a digital version of the Operations Manual upon the expiration or termination of the Franchise Agreement.

11. We will, upon your request, assist you in identifying a buyer for your V's Barbershop Franchised Business. If you retain us to assist you in identifying a Buyer for your V's Barbershop Franchised Business, you will pay us a Store Resale Assistance Fee equal to 5% of the purchase price for your V's Barbershop Business. The Store Resale Assistance Fee will be paid, in full, at the closing of the transaction regardless of any financing terms that you may agree to with the Buyer unless we agree, in our sole and absolute discretion, to allow you to pay us the Store Resale Assistance Fee over time.

12. If any products or other tangible items located at the premises of your V's Barbershop, or any conditions at the Location, may be considered unhealthy, unsafe, unsanitary, immoral, or otherwise reflect adversely upon the goodwill associated with your V's Barbershop, the V's Barbershop franchise

system (“System”) and/or the Trademarks, we may require you to remove those products or items from the premises and correct that condition. If you do not do so immediately, we may do so at your expense.

13. If you request that we approve certain vendors, suppliers, products, or other items, we may require you to submit samples, production information, or specifications for examination or testing, at your expense, to determine if the request meets our standards and specifications. See Item 8.

14. Payable if you abandon or otherwise fail to properly operate your V’s Barbershop and we elect to operate your V’s Barbershop for a reasonable period on your behalf. However, if you finance your investment in a V’s Barbershop through an SBA-guaranteed loan, our right to operate your V’s Barbershop will be limited as stated in the Franchise Agreement.

15. Computation of any amounts to be paid which require conversion between currencies will be made at the selling rate for United States Dollars quoted by our primary bank on the date on which payment is made.

16. You will be required to reimburse us for any taxes that we pay, other than income taxes on our net income, based upon the operation of your Franchised Business

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee <sup>1</sup>	\$40,000	\$40,000	Lump sum	Upon signing Franchise Agreement	V’s
Initial Training Fee <sup>2</sup>	\$0	\$5,000	Lump sum	Upon signing of Franchise Agreement if you are acquiring your V’s Barbershop through a transfer or this is not your first V’s Barbershop	V’s
Initial Real Estate Expenses <sup>3</sup>	\$2,500	\$14,500	Lump sum	Upon signing lease	Landlord
Travel & Living Expenses While Training	\$0	\$2,000	As Incurred	As incurred	Airlines, hotels & restaurants (see Item 11)
Your Attorneys’ Lease Review Fee	\$5,000	\$5,000	Lump sum	Before signing lease	Approved attorney

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Space Planner Fee <sup>4</sup>	\$1,200	\$1,800	Lump sum	Upon order of millwork from approved third-party vendor	Approved Space Planner
Architect Fees <sup>5</sup>	\$8,000	\$12,000	As incurred	Paid to V's approved architects and space planners	Approved architect
Project Management Fees	\$0	\$30,000	As incurred	As required by your agreement with project management firm	Approved project management firm
Leasehold Improvements <sup>6</sup>	\$60,000	\$250,000	As incurred	As incurred	Contractor selected by you and approved by V's
Furniture, Fixtures, Equipment, in-store artwork and signage <sup>7</sup>	\$119,800	\$201,900	Lump sum	Prior to ordering; before shipment	Approved vendors & suppliers
Computer Hardware and Software	\$3,500	\$6,500	Lump sum	Prior to ordering; before shipment	Approved vendors & suppliers
Initial Barber Supplies and Inventory <sup>8</sup>	\$15,000	\$20,000	As incurred	Upon ordering; before shipment	V's or its Affiliates
Employee Uniforms	\$500	\$1,200	Lump sum	Upon ordering; before shipment	V's
Grand Opening Advertising	\$5,000	\$5,000	As incurred	Within one month prior to opening and three months after opening	Media, etc.
Initial Insurance Premiums	\$500	\$1,500	Lump sum	Before opening	Insurance carrier
Permits and Licenses	\$500	\$2,000	Lump sum	Before opening	State Barber Board and other governmental entities
Utility Deposits & Installation	\$500	\$1,500	Lump sum	Before opening	Utility companies
Miscellaneous <sup>9</sup>	\$1,500	\$6,000	As incurred	As incurred	Attorney, marketing kit, misc. vendors, suppliers, etc.

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Additional Funds/Working Capital-3 months <sup>10</sup>	\$1,500	\$25,000	As incurred	As incurred	Vendors, suppliers, etc.
Total <sup>11</sup>	<b>\$265,000</b>	<b>\$630,900</b>			

The amounts of all the non-fixed expenditures, other than the permits and licenses, will be determined when you contact and negotiate with the respective vendor, supplier, etc. The costs of permits and licenses will be determined by contacting the appropriate governmental entity.

No part of your initial investment in the franchise will be financed by us.

**All fees in the above table are non-refundable.**

**NOTES:**

1. The Initial Franchise Fee for your first V's Barbershop is \$40,000, payable when you sign the Franchise Agreement. If this is your second or subsequent V's Barbershops or if you are currently in or have been honorably discharged from the U.S. armed forces, the Initial Franchise Fee will be \$36,000 provided that the Initial Franchise Fee may be lower if you are acquiring multiple units. The Initial Franchise Fee is not refundable.

If you are an existing V's Barbershop franchisee and you are purchasing no less than two additional franchise agreements from us, the Initial Franchise Fee for those two additional franchise agreements will be \$30,000 each.

2. The Training Fee for up to two people is included with your Initial Franchise Fee. If you are executing a franchise agreement for your V's Barbershop in conjunction with a transfer of any kind or a renewal and we require you in our sole discretion to complete our Training Program, you will be obligated to pay us a Training Fee of \$1,000 per person. This does not include any travel related expenses that you may incur in getting to our offices in Phoenix, Arizona or staying here during the Training Program.

3. You must lease the premises for your V's Barbershop. Typical locations are upscale strip/lifestyle shopping centers with close proximity to parking lots. The typical V's Barbershop has between 1,000 and 1,500 square feet. Your real estate costs will vary, depending upon your geographic area and the location of your V's Barbershop. Rental rates have typically ranged from \$3,500 to \$7,500 per month depending upon the geographic market, market conditions, and the location you select for your V's Barbershop. When required, the security deposit has typically been equal to one month's rent.

In addition, you will be required to engage a real estate broker on our approved list, or otherwise approved by us, to assist you in selecting a site and negotiating the letter of intent for the lease. The real estate broker's fee, which is estimated to be up to \$10,000, is usually paid by the landlord. If any portion of the broker's fee is not paid by the landlord, you may be required to pay the broker's fee.

4. You are required to retain our approved space planner to assist you in the placement and allotment of space, equipment, and fixtures in your V's Barbershop location. Our approved space planner will charge you a fee of \$1,200 for one layout, one revision and a final preliminary plan set. For each additional layout revision, there will be a \$150 fee per revision. The services apply to each space that is demised and laid out for lease consideration, typically after a letter of intent has been executed and prior to lease signing.

5. You are required to retain an architect selected by you and approved by us to design your leased location in a manner consistent with our standards and specifications and inclusive of the preliminary plan set. The cost of retaining an approved architect will vary depending upon your location, market conditions, and other business related factors.

6. This estimate also includes an allowance of \$25 per square foot paid by the Landlord ("Tenant Allowance"), which is the average amount that we estimate will be paid by Landlords of V's Barbershops to assist in the build-out of V's Barbershops throughout the United States. Your Landlord may offer you a Tenant Allowance that is less than or greater than our estimate of the Tenant Allowance. There is no guarantee that your Landlord will contribute any Tenant Allowance to your site and building improvements. You are required to use a licensed and bonded contractor selected by you and approved by us for the construction of the premises. Your millwork will be purchased from our approved vendor and the fabrication of your millwork will not be part of your contractor's work. To avoid excessive construction costs, we recommend that you obtain a minimum of three competitive bids from contractors. These expenses may be higher if additional work is required, depending upon the size and configuration of your premises and other factors.

7. This figure represents an estimate of the expenses associated with purchasing the furniture, fixtures, equipment, and signage required before you can open your V's Barbershop for business. The exact requirements are detailed in the Millwork Installation Guide and may also vary depending upon any customization, size, and specific configuration needs of your premises.

8. Includes the purchase of an initial supply of grooming supplies and other items including, without limitation, hair, face, shave and other retail and back bar products, gift cards and holders, and trademarked items (such as hats, t-shirts and capes).

9. Includes miscellaneous items, such as legal fees and expenses in connection with incorporating, non-barber store supplies, initial store cash, and initial marketing kits.

10. Our estimate of the additional funds that you will need is based upon our prior experience in operating V's Barbershops and information provided to us by existing franchisees. This estimate includes additional barber supplies and inventory (not included in initial inventory), salaries for barbers and shoeshine personnel, additional rent, additional insurance premiums, utility expenses and other working capital items. This estimate does not include any amount for your compensation and assumes that you personally manage your V's Barbershop. See Item 6 regarding weekly Royalties and Advertising Payments.

11. All costs (other than the Royalties and Advertising Payments) will be up to 200% higher in Alaska, Hawaii, and some urban/metropolitan areas. We relied upon our Affiliate's and our franchisees' experience operating V's Barbershops to compile these figures.

**YOUR ESTIMATED INITIAL INVESTMENT  
DEVELOPMENT AGREEMENT**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Development Fee <sup>(1)</sup>	<b>\$0</b>	<b>\$60,000</b>	Lump Sum	At execution of Development Agreement	Us

1. The Development Fee is \$30,000 per V's Barbershop location as long as you agree to open up two (2) additional V's Barbershops. The estimated Development Fee reflects your purchase of the right to execute two (2) additional V's Barbershop franchise agreements in a defined geographic area.

2. You are not obligated to enter into a Development Agreement or pay us a Development Fee. The Development Fee is only paid if you agree to open additional V's Barbershop locations.

**ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

**Purchases from or through us and Our Approved Vendors and Suppliers**

You must purchase certain equipment, inventory, trademarked items, grooming supplies, and other items (including, without limitation, grooming supplies and related accessories, hair, face, shave and other retail and back bar products, gift cards and holders and trademarked items (such as barber uniforms, t-shirts and capes)) from us, our Affiliates, or our approved vendors and suppliers prior to the opening of your V's Barbershop and throughout the term of the Franchise Agreement. We or our Affiliates may be your only approved vendor/supplier for certain items. The quantity of certain equipment and other items that you must purchase from us, our Affiliates, or our approved vendors and suppliers will vary, in part, depending upon the layout of the premises of your V's Barbershop.

There are certain branded items that you will use in the operation of your V's Barbershop that are only available from Franchisor and its Affiliates or designees. There is equipment that you may, in your discretion, purchase directly from us or our Affiliates and from which we will generate revenue.

We are an approved supplier of antique barber chairs, but you are not required to purchase antique barber chairs from us. If you do not purchase your antique barber chairs from us, you must purchase them from a Franchisor approved third-party supplier of barber chairs. If you purchase barber chairs from us, we may mark them up from our cost in connection with our sale of the chairs to you. The estimated cost of antique barber chairs is included in the Furniture, Fixtures and Signage line item of Item 7. The terms of purchase of barber chairs directly from us or from an approved third party shall be detailed on the applicable purchase order.

You must engage a real estate broker on our approved list, or otherwise approved by us, to assist you in selecting a site and negotiating the letter of intent for the lease. You must also engage: (i) an approved space planner; and (ii) an approved local architect in connection with the review and preparation of preliminary and final plans that comply with our specifications as well as state and municipal regulations in which your V's Barbershop may be located.

Our Affiliate, V's Barbershop Provisions, LLC ("VBP") is currently the only approved vendor for

retail, backbar, grooming, and other hair and skin care products (“Retail Products”) that are sold at or from your V’s Barbershop and/or through our direct to consumer website vbarbershop.com or any existing or additional websites from which we offer Retail Products. You are obligated to purchase Retail Products directly from VBP and will not be permitted to purchase Retail Products from any other party without our express written consent. Other than the Franchisor and VBP, none of our owners own any interest in an approved supplier.

We and our Affiliates may make a profit, or receive a rebate or other consideration, in connection with your purchase of antique barber chairs, Retail Products, or other products purchased from us, our Affiliates or our designated vendors and suppliers.

We do not currently seek or accept rebates, commissions or any other payments or consideration from approved vendors although we reserve the right to do so in the future. We receive revenue from the sale by us or of our Affiliates of Retail Products purchased by franchisees and/or by consumers via the internet. Some vendors may contribute to the cost of hosting annual or area meetings for franchisees, if and when such meetings are held. In this case, we may accept contributions and will deposit the contribution into our general operating account.

### **Purchases in Accordance with our Standards and Specifications**

In addition to the items described above that you must purchase from or through us, our Affiliates, and/or our approved vendors and suppliers, all of which must comply with our standards and specifications, before you open your V’s Barbershop, we will review and approve, or deny approval of, the site, within the area designated in the Franchise Agreement, that you have chosen for your V’s Barbershop. You must provide us with a letter of intent, a site plan or layout, and any additional materials requested by us. The letter of intent must include the terms of the Addendum to Lease, in the form attached to this Disclosure Document as Exhibit J (the “Addendum to Lease”).

In addition, we will, within 30 days after we receive the proposed lease (and the letter of intent, signed by both you and the landlord, with respect to the site, together with any additional materials required by us), review and approve, or deny approval of, the lease. The lease must include the Addendum to Lease. In addition, we may require the lease to contain additional provisions that we deem necessary or appropriate. See Item 11.

As described above, your lease is subject to the Company’s approval. To obtain our approval, the lease must include the following provisions:

1. The premises are used exclusively as a V’s Barbershop Franchised Business.
2. The Company will have the right to enter the premises to make any modifications necessary to protect our Proprietary Marks.
3. Upon the written request of the Company, the landlord will supply us with a written copy of the lease, your account information, sales reports, and any other related information.
4. The Lease Addendum. Included in the Lease Addendum will be language giving the Company the option, but not the obligation, to assume the lease and occupy the business premises, with the right to sublease or assign the lease to another franchisee, upon the default, termination or expiration of the Franchise Agreement or lease agreement. The Landlord will be required to provide the

Company with written notice of any default of the lease agreement and provide the Company no less than 30 days upon termination of your rights under the lease to exercise its option to assume the lease agreement.

5. The lease may not be amended, assigned, or sublet without the Company’s prior written (including electronic) approval.

Your V’s Barbershop must be constructed, built out, equipped, and decorated in strict compliance with our requirements (including the number of barber chairs required by Franchisor). You must obtain appropriate construction documents, and all mechanical, plumbing, electrical and architectural plans must be sealed and stamped, as we may require, even if the site’s local government does not require that those documents be sealed and stamped. In addition, a set of FINAL plans, as approved by the city, must be provided to us for our files, along with copies of applicable contractors licenses and/or lien releases when requested.

You will need to secure insurance in types and amounts that meet our requirements, as we amend them from time to time. We may amend the required coverages at any time. If we require you to obtain additional insurance coverages or to increase the amounts of available coverage with respect to insurance coverage, your premiums may increase, perhaps dramatically. Insurance premiums may also be impacted by factors beyond yours and/or our control. The current insurance coverage requirements for V’s Barbershop Franchised Businesses are:

Type of Coverage	Minimum Coverage Amount
General Liability - Per Occurrence	\$2,000,000
General Liability - Aggregate	\$4,000,000
Business Personal Property Limit	\$275,000 or Replacement Cost
Professional Liability	\$1,000,000
Liquor Liability (if applicable)	\$1,000,000
Fire Damage Legal Liability	\$300,000
Medical Payments	\$10,000
Property Deductible	No more than \$2,500
Business Interruption Extra Expense	Actual Loss Sustained - 12 Months
Extended Business Income Coverage	60 days
Employment Practices Liability	\$100,000
Workers' Compensation	Per state requirements
Stop Gap or Employers Liability	\$1,000,000
Hired, Owned & Non-Owned Auto	\$1,000,000
Cyber Liability	\$50,000

**Other Items**

We also reserve the right to require you to purchase certain inventory and other items from us, our

Affiliates, and approved or designated suppliers and/or in accordance with our standards and specifications, should they change or be modified, amplified, or improved, on an ongoing basis and/or the right to centralize the ordering and/or purchasing of certain furniture, fixtures, equipment, inventory, supplies, private label items and other items on an ongoing basis.

### **Selection of Vendors and Suppliers and Standards and Specifications**

Our approved vendors and suppliers and our standards and specifications for certain items, to the extent that they have been formulated, have been selected and/or formulated based upon our evaluation of each vendor, supplier and/or item and the experience of our Affiliates and franchisees.

You may request that we approve certain vendors, suppliers, or items by notifying us in writing. We may require you to submit samples or specifications for examination or testing, at your expense, to determine if the requested vendor, supplier, or item meets our standards and specifications. We will notify you whether we have approved or rejected that vendor, supplier, or item, in our discretion, within 60 days after receipt of all applicable information. Any approval granted may be revoked upon written notice to you.

In some instances, we may, directly or indirectly, purchase and lease barber chairs to franchisees. If we lease barber chairs to you or another franchisee, we may derive revenue and profit as part of our agreement to lease such equipment to you or other franchisees. You are not required to lease barber chairs from us.

Based on the most recent audited financial statements, in the calendar year ending December 31, 2024, \$0 of our total revenue of \$2,077,379 or 0% was derived from the sale or lease of products, marketing materials, inventory, and supplies purchased from us or our affiliates.

VBP had total revenue of \$543,525 during the calendar year ending December 31, 2024. \$515,296 or 95% of its total revenue was derived from the sale or lease of products or services to franchisees.

Franchisor or VBP may, but are not obligated to, pay franchisees a rebate based upon VBP's sales of Retail Products to customers within a franchisee's Applicable Radius.

In connection with establishing your V's Barbershop, approximately 90-95% of your purchases and leases of goods and services will be for items purchased or leased from us, from vendors and suppliers approved by us and/or in accordance with our specifications. In connection with operating your V's Barbershop, approximately 50% of your purchases and leases of goods and services will be for items purchased or leased from us, our Affiliates, or from vendors and suppliers approved by us and /or in accordance with our specifications.

### **Purchase Arrangements and Cooperatives; Material Benefits**

We have negotiated purchase arrangements with various vendors and suppliers for the benefit of franchisees and may do so again in the future. We have established distribution cooperatives and required distributors in certain markets and will require franchisees to utilize such distributors where applicable. We do not provide any material benefits to you based upon your use of designated or approved sources.

## 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 Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	2, 4, 6, 16; Exhibit J (Addendum to Lease)	8, 11, 12
b. Pre-opening purchases/leases	2, 4, 16; Exhibit J (Addendum to Lease);	5, 6, 7, 8, 11
c. Site development and other pre-opening requirements	2, 3, 4, 8, 16; Exhibit J (Addendum to Lease)	5, 6, 7, 8, 11
d. Initial and ongoing training	3, 4, 16	5, 6, 7, 11, 12, 15
e. Opening	3, 4, 16	5, 6, 7, 8, 11
f. Fees	2, 3, 4, 5, 7, 12, 16, 17; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement); Exhibit H (Manager and Employee Agreement); Exhibit I (Preauthorization to Debit Funds); Exhibit J (Addendum to Lease); Exhibit K (Development Agreement)	5, 6, 7, 8, 11, 12
g. Compliance with standards and policies/ Operation Manual	4, 5, 8, 9, 16, 17, 23, 25; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement); Exhibit H (Manager and Employee Agreement); Exhibit I (Preauthorization to Debit Funds); Exhibit K (Development Agreement)	5, 6, 7, 8, 11, 12, 13, 14, 15, 16
h. Trademarks and proprietary information	4, 6, 8, 9, 10, 11, 16, 17; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement); Exhibit H (Manager and Employee Agreement)	1, 5, 6, 8, 11, 12, 13, 14, 16
i. Restrictions on products/services offered	4, 8, 16; Exhibit J (Addendum to Lease)	5, 6, 8, 12, 13, 16
j. Warranty and customer service requirements	4, 16	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/ service purchases	4, 7, 16	5, 6, 8, 16

Obligation	Section in Agreement	Item in Disclosure Document
m. Maintenance, appearance, and remodeling requirements	4, 8, 16	6, 8, 17
n. Insurance	4, 5, 16	6, 7
o. Advertising	4, 7, 8, 16	6, 7, 11, 13, 14
p. Indemnification	8(e), 13, 16; Exhibit I (Addendum to Lease)	6, 13, 14
q. Owner's participation/ management/ staffing	4, 11, 16; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement)	6, 7, 8, 11, 13, 14, 15
r. Records and reports	4, 7, 12, 16	7, 8
s. Inspections and audits	4, 12, 16	6
t. Transfer	3, 14, 16; Exhibit J (Addendum to Lease); Exhibit K (Development Agreement);	5, 6, 11, 17
u. Renewal	3, 15(b)	5, 6, 11, 17
v. Post-termination obligations	8, 9, 10, 11, 14, 17, 19; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement); Exhibit H (Manager and Employee Agreement); Exhibit J (Addendum to Lease)	6, 11, 13, 14, 17
w. Non-competition covenants	10, 11, 14; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement); Exhibit H (Manager and Employee Agreement)	6, 15, 17
x. Dispute resolution	28; Exhibit K (Development Agreement) – Section 3	17
y. Other		
(Spousal Consent)	4, 11, 14, Spousal Consent; Exhibit J (Addendum to Lease); Exhibit K (Development Agreement)	6, 15
(Principals' Guarantee)	4, 11, 14; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound)	6, 15
(Amendments)	4, 7, 23; Exhibit K (Development Agreement) – Section 3	6, 11, 17

## ITEM 10: FINANCING

We do not currently offer direct or indirect financing. We do not currently guarantee your notes, leases, or other obligations.

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

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

### **Before Your V's Barbershop Opens**

1. **Site and Lease Approval.** Before you open your V's Barbershop, we will review and approve, or deny approval of, the site, within the area designated in the Franchise Agreement that you have chosen for your V's Barbershop. You must provide us with a letter of intent, a site plan or layout and any additional materials requested by us. The letter of intent must include the terms of the Addendum to Lease, in the form attached to this Disclosure Document as Exhibit J and be signed by you and the landlord. We will consider some or all of the following criteria as we review, approve, or deny approval of the site: the potential customer base, the rental costs, competition, traffic patterns, population density and composition, visibility, proximity to other V's Barbershops, layout of the proposed space and other business factors of the site in determining whether to grant our approval of the site. We will notify you of our decision within 30 days after we have received all required materials. We will not unreasonably withhold our approval of the site. Our approval of the site is only affirmation that the site meets our minimum requirements. (Franchise Agreement, Section 2(c)).

The criteria for our approval of a V's Barbershop, as stated above, will be included in the Franchise Disclosure Document and Franchise Agreement that you receive in connection with that location. If you sign a Development Agreement with us, the criteria for each subsequent V's Barbershop will be identified in the Franchise Disclosure Document provided at that time.

In addition, we will, within 30 days after we receive the proposed lease (and the letter of intent, signed by both you and the landlord, with respect to the site, together with any additional materials required by us), review and approve, or deny approval of, the lease. The lease must include the Addendum to Lease. In addition, we will require the lease to contain provisions that we deem necessary or appropriate. Although we have the right to approve or deny approval of the lease, the terms of the lease (other than those required by us) are your decision. We will not unreasonably withhold our approval of the lease. In a manner consistent with the applicable Franchise Agreement, we will have the right to approve or disapprove of the location for each V's Barbershop that you ultimately open that is granted pursuant to a Development Agreement. (Franchise Agreement, Section 2(d)).

You must provide to us additional documentation and information regarding the proposed site that we may request, the proposed lease, current financial statements and such other financial documentation and information regarding your financial condition and your Principals' financial condition as we may request. However, if we determine that you do not have the financial capacity to perform your obligations with respect to the site or the lease, we may deny approval of the site and/or lease, and that denial will be deemed reasonable. In that event, we or our Affiliates may operate a V's Barbershop at that site or may permit another franchisee to do so.

Although there is no deadline by which you must select a site that is approved by us, if you do not open your V's Barbershop within one year after the Effective Date of the Franchise Agreement or 180 days after the landlord makes the site for your V's Barbershop available to you, whichever occurs first (the "Opening Deadline"), we may terminate the Franchise Agreement provided that you may extend the deadline to open your V's Barbershop for one (1) year by paying the Extension Fee (See Section 7(j) of the Franchise Agreement). The deadlines in the Franchise Agreement will apply even

if we have not approved the site that you have chosen for your V's Barbershop or the proposed lease that you submit to us. Although we will approve (or not approve) the site and lease you select and present to us, it will be your responsibility to select the premises in which your V's Barbershop will be established and operated. The decision to establish and operate your V's Barbershop at those premises will be yours. (See Section 2 of the Franchise Agreement).

If you sign a Development Agreement in addition to a Franchise Agreement, you will have the right, subject to certain conditions, to establish and operate the number of additional V's Barbershops specified in the Development Agreement. We may also grant you discounts on Initial Franchise Fees in conjunction with your execution of a Development Agreement. The V's Barbershops included with a Development agreement must be located within the geographic area agreed upon between us (the "Search Territory"), the size of which will depend upon how many additional V's Barbershops you will open. In a manner consistent with the applicable Franchise Agreement, we will have the right to approve or disapprove of the location for each V's Barbershop that you ultimately open that is granted pursuant to a Development Agreement. The criteria for our approval of such locations will be the criteria included with the Franchise Disclosure Document and franchise agreement provided to you when you sign a subsequent franchise agreement

2. **Initial Equipment and Inventory.** We require that you purchase your initial inventory of retail products from us, or Affiliates, or our approved vendors or designated vendors, including trademarked items and other items prior to the opening of your V's Barbershop. (Section 4(c) of the Franchise Agreement). We will assist you in identifying the equipment, signs, fixtures, opening inventory and supplies that you will use at your V's Barbershop. Generally, you will purchase these things directly either from us, our Affiliates, or from approved suppliers. We do not install these items. Your contractor will be responsible for installation of all equipment, signage, and fixtures. (Franchise Agreement, Section 4(c)).

3. **Training.** Before you open your V's Barbershop, we will train up to two people, at our expense (other than your travel, lodging and meal expenditures in connection with attending training), to operate a V's Barbershop using our operational and business procedures, policies, and practices. The Training Program may include online coursework, in-person training, or both. You will not be entitled to attend the Training Program at our expense with respect to your second and subsequent franchise agreements, in connection with a transfer of an existing V's Barbershop, or in connection with an agreement signed with respect to a renewal or relocation. You, the franchisee (or, if the franchisee is a corporation, partnership, limited liability company or other entity, a designated member of the Franchisee's management team), must attend and complete the entire Training Program. Although we generally permit franchisees to train their managers, we may require your manager to attend and complete, to our satisfaction, our Training Program. We will provide training for more than two people if you request that additional people be trained (and we agree to do so). The cost for additional training is \$1,000 per additional Training Program per person (plus travel, lodging and meal expenditures in connection with attending the training). Training of the additional people may or may not be held at the same time as training of the initial two people, at our election.

The Training Program must be completed before you open your V's Barbershop for business.

The following is a summary of the initial Training Program. The initial Training Program does not include technical training as a barber. The number of hours may vary, depending upon your background and your ability to comprehend the information.

<b>TRAINING PROGRAM</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>
Welcome	1	0
Introduction to V's Culture	1	0
Understanding and Following V's Operation Manual	2	0
Pre-Operational Requirements and Protocol	2	0
Operational Software & Online Platform Tools	4	8
Barbershop Employees	2	0
V's Service Philosophy and Procedures	1	0
Managing Your V's Barbershop including Scheduling	1	1
Personnel Management	0	1
Business Operating Procedures	1	2
Introduction and Where to Buy Supplies	2	1
Marketing & Brand Management	4	1
Opening Your V's Barbershop	4	1
Questions & Answers	2	2
On-site Operations	0	8
<b>Total</b>	<b>27</b>	<b>25</b>

The Training Program will be conducted on an as-needed basis and includes both online and phone support and training and on-site training at our corporate office and at one or more of the V's Barbershops in the Phoenix, Arizona metropolitan area (or at other locations designated by us). If you are opening a new V's Barbershop location, the Training Program will begin after your lease has been signed and before your V's Barbershop build-out has been completed, at a time selected by us. If you are acquiring an existing V's Barbershop location in conjunction with a transfer, the Training Program will begin after the transfer has been completed at a time, and location acceptable to us. The instructional materials may include our Operation Manual and certain resources available through our intranet and/or online classroom environment. Our instructors will be Jim Valenzuela, Chris Mitchell, Emily Brown, and Renae Germinaro. Jim Valenzuela and Chris Mitchell have been training franchisees in their respective areas since V's Franchising Corporation began franchising in September 2005. Emily Brown has been training franchisees in her area since January 2006. Renae Germinaro has been training since 2015. See Item 2 with respect to their prior experience. A final exam may be administered during the Training Program and, if given, must be passed to our satisfaction. Neither you, nor anyone else attending the Training Program, will be deemed to be an employee of V's Barbershop for any purpose.

If you, the franchisee (or, if the franchisee is a corporation, partnership, limited liability company or other entity, a designated member of Franchisee's management team), fail to complete the Training Program, in our discretion, we may terminate the Franchise Agreement. In that event, you must return to us all materials delivered to you in connection with the Franchise and you must otherwise comply with your obligations under the Franchise Agreement. If your manager is required to attend the Training Program and he fails to complete it, in our discretion, you must select another person as your manager, and you may be asked to pay an additional training fee to repeat the Training Program.

The Company may hold local, regional, or national franchise meetings. When the Company holds these types of meetings, you and your Manager may be required to attend. We may charge you an

attendance fee to attend these meetings, but in no case will the attendance fee exceed \$1,000 per person per year during the term of your Franchise Agreement. (Section 3 of the Franchise Agreement). We may also charge you a non-attendance fee but in no case will the non-attendance fee exceed \$1,000 per person per year.

The Company may require you to complete the Training Program or a different Training Program if: (i) you request or we require you to complete or recomplete the Training Program; or (ii) you request or we require additional individuals to complete or recomplete the Training Program; (iii) you are executing the Franchise Agreement in connection with a renewal, relocation or transfer; or (iv) we determine that you require additional training to comply with your obligations under the Franchise Agreement. You will pay us \$1,000 per person with respect to any Training Program that we provide you because we determine that you require additional training. (Section 3 of the Franchise Agreement).

4. **On-site Opening Assistance.** In connection with your first V's Barbershop, one or more of our management team members will assist you in your opening preparations and/or operations for a minimum of two days during business hours during the week before and/or after the opening of your V's Barbershop. (Franchise Agreement, Section 3(g)).

5. **Consultation.** Before you open your V's Barbershop, we will consult with you by telephone, Monday through Friday, 8:00 a.m. to 5:00 p.m. (Phoenix, Arizona time), with respect to all aspects of starting and operating a V's Barbershop. We may, in our discretion, and depending upon the geographic proximity between you and us, provide on-site consultation at your request at our then-current hourly rate (including consultation and travel time), plus travel, lodging and meal expenditures, at times agreed upon between you and us. See Item 6. (Franchise Agreement, Section 3(h)).

6. **V's Operations Manual.** Before you open your V's Barbershop, we will loan to you a copy of our Operation Manual and/or provide you with access to the digital version of our Operations Manual via our intranet site to which franchisees are granted access and which contains the most recent version(s) of the Operations Manual. We may, from time-to-time, modify the Operation Manual. Our Operation Manual presently contains 154 pages. The table of contents of our Operation Manual is contained in Exhibit C to this Disclosure Document. Our Operations Manual contains, among other things, standards of operations, operating and business policies and procedures, the equipment and fixtures required to operate your V's Barbershop, lists of approved vendors and suppliers and specifications.

You must operate your V's Barbershop strictly in accordance with our policies and procedures, as contained in our Operation Manual, as it may be amended from time to time. Our Operation Manual is **strictly confidential**, and you must promptly return all printed copies of the Operations Manual and/or usernames and passwords that provide access to the Operations Manual to us upon the expiration or termination of the Franchise Agreement. (Franchise Agreement, Section 4(a)).

7. **Pricing.** As a service to you and our other franchisees, we may, but are not obligated to, utilize our experience and the data obtained from our Affiliates and franchisees to establish and maintain a suggested schedule of prices for products and services at your V's Barbershop and, subject to applicable law, we may designate certain pricing and pricing policies with respect to the services or products offered, provided and sold at your V's Barbershop, which prices and policies you will be required to comply with. In addition, we, and/or our Affiliates, approved vendors and suppliers may establish, or have established, required prices for products and services at your V's Barbershop and, if so established, you will be required to comply with those prices. Further, we, our Affiliates, and/or

our approved vendors and suppliers will be entitled to exercise the maximum level of control over resale prices and practices permitted by applicable law and, to the extent that we and/or they exercise our/their right, you will be required to comply with those controls. (Franchise Agreement, Section 4(j))

### **After Your V's Barbershop Opens.**

1. **Consultation.** See the section entitled “Before Your V's Barbershop Opens- Consultation” above. We may conduct periodic investigations, both with notice and without notice, of your V's Barbershop. These inspections may include inspections by employees of the Franchisor, third-party providers of inspection services, and mystery shopping services, of our choosing, to regularly “shop” your barbers and your V's Barbershop in order to allow us to continually provide feedback regarding the upkeep, maintenance, and presentation of the premises itself, as well as your adherence to V's policies and procedures. Mystery shopping services may be performed anonymously, and the results will be shared with the franchisee. Shortly after the inspections are performed, the results will be shared with the franchisee (either in-person or by electronic transmission).
2. **V's Operation Manual.** See the section entitled “Before Your V's Barbershop Opens-V's Operation Manual” above. (Franchise Agreement, Section 4(a))
3. **Pricing.** See the section entitled “Before Your V's Barbershop Opens-Pricing” above. (Franchise Agreement, Section 4(j))
4. At any time that you (or any of your Affiliates) are in default of the obligations under the Franchise Agreement (for example, your failure to pay Royalties), or any other agreement with us or any of our Affiliates, we and our Affiliates may: (i) defer the performance of our respective obligations under the Franchise Agreement (for example, our obligation to approve your site in a timely manner) or such other agreement, or defer the opening of your V's Barbershop, until your (or your Affiliate's) breach has been cured; and/or (ii) require you to attend and pay for additional training. Our (or our Affiliate's) exercise of that right will not constitute a waiver of our rights under the Franchise Agreement or such other agreement, including, without limitation, our (or our Affiliate's) right to terminate the Franchise Agreement or such other agreement. (Franchise Agreement, Section 23(d)).

### **Time between Signing Franchise Agreement and the Opening of your V's Barbershop**

We estimate that the typical length of time between signing the Franchise Agreement and the opening of a V's Barbershop will be between 6 and 12 months. The factors that will affect the length of time for your V's Barbershop to open include, among other things, whether the site is built or needs to be completed, the difficulty of obtaining and negotiating a lease for a satisfactory site, delivery and installation of equipment and signage, the amount and nature of leasehold improvements required, the length of time necessary to complete leasehold improvements, compliance with local ordinances and building codes, obtaining all required permits and licenses, scheduling, completion of our Training Program, the length of time necessary to hire skilled and experienced barbers and your own time commitments.

### **Advertising**

Advertising payments collected from you and other franchisees will be used to pay promotional, marketing, public relations, brand development and advertising expenses, including hiring marketing,

public relations and advertising agencies, expenses associated with internet and social media sites, production of circulars, media, advertisements, coupons and promotional materials (including point of purchase materials), store inspections, mystery shopping programs, and other expenditures that promote, enhance or further the V's Barbershop brand or System.

We are not required to spend any amount on advertising in a franchisee's territory. We are also not required to spend any particular percentage of the Advertising Payments in the area in which any particular franchisee is located.

We charge an advertising fee of between 1% and 3% of Gross Sales on a weekly basis (the "Advertising Payment"). The Advertising Payment will be determined by us in our sole discretion and may be modified by us up to a maximum of 3% at any time upon 30 days written notice (including electronic communication) to you. Other franchisees' Advertising Payments may be calculated at a different rate or on a different basis. See Item 11 with respect to how the Advertising Payments will be used. If your Advertising Payment to us is less than 3% of your Gross Sales, you will be required to expend the difference between your Advertising Payment and the amount equal to 3% of your Gross Sales on local store marketing. We may require you to submit to us, on an annual basis or more frequent basis at our sole discretion, reports detailing your local store marketing expenditures to confirm that you are expending no less than required amount on local store marketing. Those reports will be submitted in the same manner and at the same time as other reports required by the Franchise Agreement. If we determine, in our reasonable discretion, that you are not complying with your obligations to spend the difference on local store marketing, we may, in addition to other remedies available under the Franchise Agreement and the law, require you to contribute the total amount that you should have spent on local marketing plus default interest to the Advertising Fund and to pay us the cost of our inspection and/or audit of your local store marketing expenditures.

We will administer the Advertising Payment Fund. We will have no fiduciary or other duty to you with respect to the use of Advertising Payments. Any amounts in the Advertising Payment Fund not spent during the fiscal year in which they are collected will be used during the following (or, if a deficit exists, prior) fiscal years; any amounts expended for advertising purposes in excess of the amount in the Advertising Payment Fund during any fiscal year (together with amounts not expended during prior fiscal years) will be debited from the following years' or the prior years' Advertising Payment Fund. We may receive payments from the Advertising Payment Fund in connection with providing goods and services for advertising, public relations, or marketing. The Advertising Fund is not audited. Only upon your written request we will prepare an unaudited financial statement for the Advertising Payment Fund and make such statement available to you for review.

Print, radio, online, television and other advertising media may be used, depending upon the total volume of Advertising Payments generated. Advertising coverage is expected to be local in the near future; however, if and as the geographic locations of V's Barbershops expand, regional and/or national advertising may be used. Advertising generated by us or by local, regional, or national advertising agencies is expected to be used. We do not use the Advertising Payment Fund to directly solicit new franchise sales although we may include notes in other advertising program administered by the Advertising Fund that franchises are available.

We collected \$492,390 in Advertising Payments from franchisees during 2024, which were spent as follows:

Category	Percentage
Production	14%
Media Placement	84%
Administrative Expenses	2%
Total	100%

In connection with your grand opening, you must conduct a grand opening marketing and advertising campaign in accordance with a plan approved by us prior to the grand opening. You will be required to spend at least \$5,000 in connection with that grand opening marketing and advertising campaign.

You are encouraged to spend additional funds for your own additional advertising.

You may use your own advertising and promotional materials, provided that all materials are approved by us prior to distribution or placement and that your use of the Trademarks is otherwise in accordance with brand standards and the Franchise Agreement. In addition, all advertising and promotional materials generated by or for you will be subject to V's prior approval, must be completely factual and must conform to the highest standards of ethical advertising. You may not advertise or solicit customers outside of the Applicable Radius (as defined below) without our consent.

Although no local or regional advertising cooperatives presently exist, they may be established at some point in the future. You will be required to participate in the advertising cooperative in your marketing area, as designated by us. The V's Barbershops within each marketing area will administer the advertising cooperative, which may assess a fee for administration or advertising, in addition to the Advertising Payments paid to us. We may change, dissolve or merge any of the advertising cooperatives. We will not require advertising cooperatives to prepare periodic financial statements or operate from written governing documents, but the advertising cooperatives may elect to do so. If we so elect, we and/or our Affiliates may participate in one or more of the advertising cooperatives, as a voting member or as a non-voting member.

The Company may initiate, in its sole discretion, national and/or local marketing programs intended to enhance sales at your Franchised Business. These may include, by way of illustration and not of limitation, coupons, gift cards, combination, or interchange programs with other companies, print advertising, television advertising, direct mail, and email messaging. You are obligated to participate fully in all marketing programs initiated by the Company according to their terms as prescribed by the Company, and you are required to honor discounts and redeem coupons, (excluding Father & Son discounts and Military, Police and Fireman discounts which are everyday mandated discounts and are not part of any new marketing initiatives) that are part of any local, regional or national marketing programs or promotions sponsored or approved by the Company or the Advertising Fund. (Sections 4(a), (j) and (k), 7 and 8 of the Franchise Agreement). We are not required to spend any amount on advertising in a franchisee's territory.

We formed a Franchise Advisory Board (the "VFAB") to advise us with respect to, among other things, our advertising plans, policies, and procedures. The initial three members of the VFAB were appointed by us. The appointed VFAB members created a procedure by which subsequent VFAB members are elected by V's Barbershop franchisees. When active, the VFAB meets quarterly by telephone, web conference, or in person. Our representative(s) attend all VFAB meeting as an ex-officio member. The VFAB is a purely advisory board and has no authority to make any decisions or

to demand that we do or not do anything.

### **Point of Sale, the Internet and E-mail**

You must purchase certain computer hardware and software for your V's Barbershop. The computer hardware and software will be used as your Point of Sale (POS) system for your V's Barbershop and will be configured by vendors approved by us. The hardware will include a desktop computer system and/or a tablet or similar device, a cash drawer, receipt printer, bar code scanner and related accessories. The specifications and requirements of the hardware and software will vary from time to time, depending upon market conditions and other factors. We may require you to update your POS from time to time to add, introduce, and implement new payment systems, techniques, or requirements. We will notify you in writing of these changes and you will be required to comply within a time period that will not be less than 30 days. The initial cost of purchasing and configuring the hardware and software is approximately \$3,500 – \$6,500.

You must also enter into a support contract with our approved or designated supplier for monthly POS computer software maintenance and support. The monthly maintenance fee for maintenance and support of your POS System currently ranges from \$275 - \$300 and is subject to change dependent upon any additional modules or services you choose to use, with our permission. The monthly maintenance fee is also subject to change as determined by the supplier providing such services to you.

You will pay us a monthly Technology Fee (See Item 6). The monthly Technology Fee helps to offset the expenses associated with our development, license, and maintenance of certain technology services on your behalf and on behalf of all franchisees. The Technology Fee is currently \$150 per month per V's Barbershop location although we may increase the Technology Fee upon thirty (30) days written notice to you.

You will be required to set up a credit card machine in your V's Barbershop and have the machine programmed to accept tips and gift cards that we use from time to time. The charges associated with credit card and gift card transactions are compiled per transaction and, therefore, will vary from store to store. We estimate that the costs associated with credit card transactions will be between 2% and 3% of your Gross Sales. These fees are subject to change based upon market conditions and our ability to negotiate rates on behalf of the System.

The manufacturers of the hardware will provide warranties of various durations. Except as stated above, neither we, nor any third-party, are required to provide ongoing maintenance, repairs, upgrades, or updates.

You must, at your expense, maintain the computer system, credit card processing system and related equipment, including the hardware and software that we require from time to time. You must, at your expense, replace, upgrade, and/or update the computer system, credit card processing system and related equipment, including the hardware and/or software, when we believe that it is necessary. There are no contractual limitations on the frequency or cost of that obligation. (Section 4(q) of the Franchise Agreement).

You may not install any hardware component or software program without our express consent. (Section 4(o) of the Franchise Agreement).

You must purchase and install video cameras in your V's Barbershop capable of delivering current video images of your V's Barbershop in a manner consistent with our Operations Manual. The cameras must be purchased from an approved supplier. The cameras must provide secure internet connections to computers, smart phones, tablets, and other electronic devices. You are obligated to grant us access to the video feeds at all times including log-in information.

We will have independent access to the financial and other information, records and data generated by your POS system to gather any appropriate information we deem necessary or to download as we see fit. There are no contractual limitations on our right to access that information, records, and data. You will be required to assist and cooperate with us in establishing and maintaining that system, including, at your expense, acquiring any necessary hardware or software and setting the system to automatically transmit data and information designated by us to us. (Section 12(b) of the Franchise Agreement).

You must obtain and maintain continuous high-speed Internet access in a manner that will enable you to download required information (without regard to size) and to otherwise interact with us and other persons, in such manner as we may specify. (Section 4(o) of the Franchise Agreement). You must purchase approved network firewalls and/or other security devices or software in connection with your Internet access at all times.

We require you to purchase an accounting software program that we specify or that meets our standards and specifications (such as QuickBooks®) from us or an approved vendor or supplier and/or we may require you to use obtain accounting services from a provider of those services that we specify or an approved provider of those services.

You will be required to purchase certain computer hardware and software from our approved supplier or suppliers of such equipment. See Item 11 for more information on the computer hardware and software that you are required to purchase.

You must purchase your audio and video content (such as cable and satellite television, music systems and entertainment systems) and credit card and gift card processing services from our approved vendors and suppliers and/or in accordance with our standards and specifications. If we include a series of interior pages on our web site that identify you and other franchisees and/or configure our web site to accommodate your web page and we may permit you to customize and/or post certain information to your web page, you must engage our webmaster to do so, at your expense. See Item 12.

You must use us or our approved vendors to provide marketing, pay per click ("PPC"), Search Engine Optimization ("SEO"), and Search Engine Marketing ("SEM") inclusive but not limited to online display ads, Social Media advertisements, placement, or development, and/or website development work unless we approve an alternative supplier of such services.

Except as we expressly permit, you may not use, or authorize anyone else to use, the Trademarks to advertise, promote, offer, or sell any services and/or products through the Internet. We may include a series of interior pages on our web site that may identify you and other franchisees and/or configure our web site to accommodate your web page. We may permit you, at your expense, to have our webmaster customize and/or post certain information to your web page, subject to compliance with the Franchise Agreement and the Operation Manual and our approval.

We will have access to all data and reports from your Store and may modify certain settings in your Store remotely via an internet connection. You may not withhold or modify our access to this data and reports.

You will be issued a V's designated e-mail (example: [smith75@vbarbershopfranchisee.com](mailto:smith75@vbarbershopfranchisee.com)) and you must maintain this e-mail address to communicate with us, establish all social media platforms or subscriptions, and communicate with vendors or any other persons. You should check and respond to your e-mail on a timely basis. Texting (or similar message application based communications) or social media messaging platforms are not an approved form of communication for you or your employees with respect to V's Barbershop business. You must not and must ensure that your barbers do not utilize texting or similar mobile based communication in conjunction with any V's Barbershop business. (Section 4(p) of the Franchise Agreement).

## **Social Media**

Franchisor will establish and control the access rights to all brand specific social media accounts. You must use only approved content and materials in connection with social media accounts. We reserve the right to require that you use or stop using specific social media platforms at any time and/or to assign existing accounts on any social media platform to us or our designee. You must identify us as a primary administrator and provide us with primary administration rights for any social media or digital marketing accounts that you use in conjunction with your V's Barbershop. We may assume control of your social media accounts if you post any materials that we believe, in our sole discretion, is inconsistent with V's Barbershops, or that we deem offensive, illegal, or improper. We may respond to commentary or other items related to your account content. You must get our written consent to use any social media platform other than the pre-approved social media platforms. You must also ensure that your employees are aware of our social media policies and comply with such policies.

We may, at any time, upon written notice to you, require you to retain a Designated Supplier of social media, public relations, and digital marketing services ("Social Media Services"). There may be a fee payable to such Designated Supplier in connection with Social Media Services. You will be required to retain and utilize such Designated Supplier(s) upon written notice from us.

## **Insurance**

You will need to secure insurance in types and amounts that meet our requirements, as we amend them from time to time. We may amend the required coverages at any time. If we require you to obtain additional insurance coverages or to increase the amounts of available coverage with respect to insurance coverage, your premiums may increase, perhaps dramatically. Insurance premiums may also be impacted by factors beyond yours and/or our control.

## **ITEM 12: TERRITORY**

You will not receive an exclusive Territory. You may face competition from other franchisees, from outlets or from other channels of distribution or competitive brands that we control.

We may market, directly or indirectly, services and/or products inside or outside the Applicable Radius (including, without limitation, identical, similar, or other services and products) through channels of distribution other than V's Barbershops, including the Internet. We may also market services and/or products (including, without limitation, identical, similar, or other services and products) within the

Applicable Radius provided that such services and products are offered in locations other than V's Barbershop locations. We are not obligated to pay you any compensation for orders accepted from customers in the Applicable Radius.

## **Franchise Agreement**

You will operate your V's Barbershop at a location you select, and we approve. You may not provide services or sell products from a location other than your V's Barbershop, or ship or deliver products from a location other than your V's Barbershop unless approved by us. If you have selected, and we have approved, a location at the time you sign the Franchise Agreement, that location will be identified in the Franchise Agreement. If you have not selected, or we have not yet approved, a location, a geographic area will be identified in the Franchise Agreement; in that case, you must select a location approved by us within that geographic area (See Items 8 and 11). The location that you select, and we approve, is referred to as the "Location."

Except as we expressly permit, you may not use, or authorize anyone else to use, the Trademarks to advertise, promote, offer, or sell any services and/or products through the Internet in your Territory or outside your Territory. See Item 11.

Subject to certain conditions, we may not operate, or grant any other person the right to operate, a V's Barbershop within the Applicable Radius of the Location unless you do not exercise your right of first refusal to establish and operate an additional V's Barbershop at the location at which we desire to operate, or grant another person the right to operate, a V's Barbershop (the "New Location"). You must also sign the then-current franchise agreement in connection with that additional V's Barbershop and pay the then-current franchise fee. The terms of the then-current franchise agreement may differ from the terms of the Franchise Agreement (including, without limitation, the franchise fee, the royalties, and the Advertising Payments). The term "Applicable Radius" means a 5-mile radius or, if less, the radius (rounded up to the next one-half mile) determined by measuring a population of 50,000 around the subject location, based upon the source of the population statistics selected by us. Because population density may change, the Applicable Radius may change.

Your right of first refusal is not contingent upon your achievement of a certain sales volume or market penetration. However, you will not have a right of first refusal if:

1. You or your Affiliates are in default of any of your obligations under the Franchise Agreement (or any other agreement with us or our Affiliates).
2. Any of the V's Barbershops operated by you or your Affiliates are not in full compliance with all operational and other requirements, rules and policies contained in our Operation Manual.
3. You do not qualify for acceptance as a franchisee under our then-current qualifications (including, without limitation, financial qualifications) for franchisees.
4. You (and your Principals, directors, officers, managers, and employees) do not sign the then-current franchise agreement (and such other ancillary agreements and documents as we may then require in connection with the signing of the then-current franchise agreement).
5. You and your Principals do not sign a general release of us and our Affiliates, in the form that we may require.

6. No particular location (an address or an intersection) is identified in the Franchise Agreement (for example, if only a geographic area is identified), no right of first refusal will exist until a lease is signed with respect to a particular location.
7. The New Location is within the Applicable Radius but is also subject to another person's right of first refusal, or other rights.
8. The New Location is within a dense retail traffic area (such as Las Vegas or Honolulu) or a unique or non-traditional marketplace (such as an airport, train station, hotel, casino, stadium and sports and entertainment venue), as designated by us (a "Special Location"); or
9. The Location is within a Special Location.

We presently intend to develop V's Barbershops (including franchised and company-owned units) throughout the United States and, perhaps, internationally. Accordingly, one or more future V's Barbershops may have an adverse effect on the revenues and profitability of existing V's Barbershops, including your V's Barbershops.

Any relocation of your V's Barbershop must be for a legitimate business reason, will be subject to a \$5,000 Relocation Fee and will require you to sign the then-current form of franchise agreement (except that you will not be required to pay a franchise fee, you will not be entitled to attend our Training Program at our expense and the term will be the term remaining under the Franchise Agreement). Any relocation of your V's Barbershop will be subject to our approval. In connection with any relocation, your V's Barbershop may not be closed for business for more than 30 days.

If the Franchisee is a married individual, the Franchisee's spouse must sign the Spousal Consent to the Franchise Agreement. Each Principal (and his spouse) must sign an agreement, in the form of Exhibit F, in which he agrees to pay, perform, and guarantee all of the franchisee's obligations to us and our Affiliates contained in the Franchise Agreement.

If you desire to establish and operate additional V's Barbershop(s), we will evaluate your prior operations of your existing V's Barbershops, your financial condition, and other factors that we deem relevant. See also the section below entitled "Development Agreement."

We and our Affiliates intend to market the sale of Retail Products through channels of distribution other than V's Barbershops including the Internet. We are not obligated to pay you any compensation for the sale of Retail Products to customers in your Territory.

### **Development Agreement**

If you sign a Development Agreement in addition to a Franchise Agreement, you will have the right, subject to certain conditions, to establish and operate the number of additional V's Barbershops specified in the Development Agreement. We may also grant you discounts on Initial Franchise Fees in conjunction with your execution of a Development Agreement. The V's Barbershops included with a Development agreement must be located within the geographic area agreed upon between us (the "Search Territory"), the size of which will depend upon how many additional V's Barbershops you will open. In a manner consistent with the applicable Franchise Agreement, we will have the right to approve or disapprove of the location for each V's Barbershop that you ultimately open that is granted pursuant to a Development Agreement. The criteria for our approval of such locations will be the

criteria included with the Franchise Disclosure Document and franchise agreement provided to you when you sign a subsequent franchise agreement. The Search Territory is not exclusive. You may face competition from other franchisees, from outlets that we own in the future or from other channels of distribution or competitive brands that we control.

You must sign the then-current franchise agreement in connection with that additional V's Barbershop and pay the balance of the franchise fee. The terms of the then-current franchise agreement may differ from the terms of the Franchise Agreement (including, without limitation, the royalties, and the Advertising Payments).

You will not have the rights described above, however, if:

1. You or your Affiliates are in default of any of your obligations under the Development Agreement, any franchise agreement (or any other agreement with us or our Affiliates).
2. Any of the V's Barbershops operated by you or your Affiliates are not in full compliance with all operational and other requirements, rules and policies contained in our Operation Manual.
3. You do not qualify for acceptance as a franchisee under our then-current qualifications (including, without limitation, financial qualifications) for franchisees.
4. You (and your Principals, directors, officers, managers, and employees) do not sign the then-current franchise agreement (and such other ancillary agreements and documents as we may then require in connection with the signing of the then-current franchise agreement).
5. The location that we desire to operate, or grant another person the right to operate, is within a Special Location.

### **ITEM 13: TRADEMARKS**

We grant you the nonexclusive right to operate a V's Barbershop under the "V's Barbershop" service mark and trademark, as well as our other current or future trademarks, service marks, trade names, logotypes, Trade Dress (as defined below), product identifiers, selections, and/or designations (collectively, the "Trademarks"). The term "Trade Dress" means the trade dress used in connection with V's Barbershops, including, without limitation, the total appearance and image of V's Barbershop, the products and packaging, all related features such as size, texture, shape, color or color combinations, and graphics of V's Barbershops and the products and packaging, and all advertising and marketing techniques used to promote V's Barbershops, as well as specifically including all signage, boards, displays, service descriptions, product configurations and packaging and any color schemes and designs utilized in connection with V's Barbershops, interior walls, counters, millwork, chairs and floors.

You must use the Trademarks in connection with the operation of your V's Barbershop. You may not use the Trademarks (or any substantially similar name) in your corporate name. Use of the Trademarks must be accompanied by the registration (®), service mark (SM), trademark (TM) or other symbol, as designated by V's, in close proximity to the Trademarks. You must use the Trademarks only in the manner required by V's and in no other manner.

You will not have the exclusive right to use Trademarks, nor will you acquire, by use or otherwise, any

right, title, or interest in or to the Trademarks, other than as expressly contained in, and limited by, the Franchise Agreement. Your right to use the Trademarks is limited and temporary. Upon expiration or termination of the Franchise Agreement, you may not, directly, or indirectly, use the Trademarks in any manner or for any purpose whatsoever, and you may be required by us to renovate the premises of your V's Barbershop to eliminate the Trademarks and de-identify such premises to remove all Trade Dress, returning it to a "vanilla shell," at your expense.

We and our Affiliates may market, directly or indirectly, services and/or products inside or outside the Applicable Radius (including, without limitation, identical, similar, or other services and products) under the Trademarks (or other trademarks) through channels of distribution other than V's Barbershops, including the Internet, department stores, big box stores, drugstores, or similar retail outlets. We have the unlimited right to market services and products under the Trademarks outside the Applicable Radius.

Certain principal Trademarks are registered to V's Barbershop Holdings with the United States Patent and Trademark Office on the Principal Register. The registered principal Trademarks are as follows:

Mark	Registration Number	Registration Date	Register
V's Barbershop	3091514	May 9, 2006	Principal
V's Barbershop & Shoeshine	3091157	May 9, 2006	Principal
	3091515	May 9, 2006	Principal
	3080584	April 11, 2006	Principal
It's a Guy Thing	3206918	February 6, 2007	Principal
America's Best Barbershop	3416377	April 22, 2008	Supplemental
The Barbershop is Back	3506057	September 23, 2008	Principal
Bringing Back Handsome	4007420	August 2, 2011	Principal
	5756351	May 21, 2019	Principal

Mark	Registration Number	Registration Date	Register
	6030355	April 7, 2020	Principal
	6195882	November 10, 2020	Principal
Barbershop in a Bottle	6,511,800	October 5, 2021	Principal

For all principal and supplemental federal registrations, all necessary affidavits and/or renewal applications have been filed for all marks.

In January 2019, we assigned all intellectual property rights, including rights to our principal trademarks, to our parent, V's Barbershop Holdings. V's Barbershop Holdings, in turn, licenses the right to use such intellectual property rights to us. We are authorized to offer franchises using the principal trademarks pursuant to a license agreement with V's Barbershop Holdings dated January 30, 2019.

V's Ventures, Inc. and Advanced Botanical Research LLC entered into a Mutual Consent to Use Agreement with respect to the mark "It's a Guy Thing," whereby V's Ventures, Inc. agreed not to use that mark in connection with men's aftershave lotion, skin cream, skin toner, cosmetics, skin soaps and perfumery for men (the "ABR Goods"); accordingly, we and you may not use that mark in connection with the ABR Goods. In addition, another person appears to be using the name "V's Barber Shop" in connection with barbershop services in the Nashville Tennessee area and may have been using that name before we began doing so; therefore, that person may have superior prior rights with respect to the name "V's Barber Shop" in the Nashville, Tennessee area.

Except as set forth in the preceding paragraph, there are no agreements currently in effect that significantly limit our rights to use or license the use of the principal Trademarks. Except as set forth in the preceding paragraph, there are no superior prior rights or infringing uses of the principal Trademarks actually known to us, which rights or uses could materially affect your use of the principal Trademarks in any state.

All affidavits required to be filed for the principal Trademarks through the date of this Disclosure Document have been filed. There are no (a) currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board or the trademark administrator of any state or any court, (b) pending infringement, opposition, or cancellation proceedings or (c) pending material litigation regarding our use or ownership rights in the principal Trademarks.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Trademarks. We will decide, in our discretion, whether to institute any action in connection with

infringement of or challenge to the Trademarks and will control all proceedings and litigation. We are not required to protect your right to use the Trademarks or protect you against claims of infringement or unfair competition arising out of your use of the Trademarks. However, we will indemnify you for all damages for which you are held liable in any lawsuit arising out of your appropriate use of the Trademarks in compliance with the Franchise Agreement, provided that you notify us immediately when you learn about any related claim, proceeding or lawsuit, we have had the opportunity to defend such lawsuit and you have cooperated with us in connection with such defense. We have the right to defend any such claim, proceeding or lawsuit on your behalf, but are not required to do so.

We may, in our discretion, modify or discontinue use of any of the Trademarks and/or use one or more additional or substitute service marks or trademarks. If we decide to do so, you must also do so, at your expense.

#### **ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

V's Ventures, Inc. and V's Franchising Corporation owned certain proprietary information and rights in numerous items, such as service and product offerings, advertising designs, processes, techniques, formats, formulae, and information contained in our Operation Manual. V's Ventures, Inc. and V's Franchising Corporation assigned that proprietary information and those rights to us on February 5, 2007. Some of those items are suitable for copyright protection and/or are protectable as trade secrets. To date, none of such information or rights has been registered for copyright protection. However, our copyright protection will extend for 120 years from the date of each item's creation or 95 years from the date of each item's publication, whichever is shorter.

There are no currently effective material determinations of the United States Patent and Trademark Office, the United States Copyright Office or any court regarding the copyrights or the proprietary information. There are no agreements currently in effect that significantly limit our rights to use or license the use of the copyrights and proprietary information. There are no superior prior rights or infringing uses of the principal copyrights and proprietary information actually known to us, which rights or uses could materially affect your use of the principal copyrights and proprietary information in any state.

All advertising, promotional and other materials generated by or for you in connection with your V's Barbershop will be deemed a work-made-for-hire, and all ownership rights, including any copyrights, in such advertising, promotional and other materials will be deemed to be assigned by you to us.

If you or your Principals, directors, officers, managers and employees conceive, invent, create, design and/or develop any ideas, techniques, methods, processes or procedures, formulae, products, packaging or other concepts and features relating to store operations, business practices or cutting or styling hair in connection with the Franchised Business (the "Innovations"), you (or they) will be deemed to have assigned all of your (or their) rights, title and interest in the Innovations, including any intellectual property rights, to us. You and your Principals, directors, officers, managers, and employees must also cooperate with us in connection with protecting the Innovations. See Item 15.

If you reproduce any items or materials suitable for copyright protection, you must make sure that each item bears a copyright notice in the form specified by us. You must use the proprietary information only in the manner required by us and in no other manner. This information is **strictly confidential**, and you may not disclose to any person, or use, any of that information for any purpose, except disclosure to a person who has signed and delivered to us a confidentiality agreement and use

as necessary in connection with the operation of your V's Barbershop. In addition, you must fully and strictly comply with all security measures required by us for maintaining the confidentiality of all information designated by us as trade secrets. See Item 15.

You will not have the exclusive right to use the Innovations or any of V's Barbershop copyrights or proprietary information, nor will you acquire, by use or otherwise, any right, title, or interest in or to the Innovations, the copyrights, or the proprietary information, other than as expressly contained in, and limited by, the Franchise Agreement. Your right to use the Innovations, the copyrights and the proprietary information is limited and temporary. Upon expiration or termination of the Franchise Agreement, you may not, directly, or indirectly, use the Innovations, the copyrights, or the proprietary information in any manner or for any purpose whatsoever.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Innovations, the copyrights, and the proprietary information. We will decide, in our discretion, whether to institute any action in connection with infringement of or challenge to the Innovations, the copyrights and the proprietary information, and will control all proceedings and litigation. We are not required to protect your right to use the Innovations, the copyrights, or the proprietary information or to defend you against claims arising from your use of the Innovations, the copyrights, or the proprietary information. However, we will indemnify you for all damages for which you are held liable in any lawsuit arising out of your use of the Innovations, copyrights, and proprietary information in compliance with the Franchise Agreement, provided that you notify us immediately when you learn about any related claim, proceeding or lawsuit, we have had the opportunity to defend such lawsuit and you have cooperated with us in connection with such defense. We have the right to defend any such claim, proceeding or lawsuit on your behalf, but are not required to do so.

We may, in our discretion, modify or discontinue use of the Innovations, the copyrights and the proprietary information and/or use other information and/or rights in their place. If we decide to do so, you must do so also, at your expense.

Although the Company has not filed an application for a copyright registration for the Operating Manual, we claim a common law copyright and the information is proprietary.

The franchisee and each of his Principals, directors, officers, managers, and employees will be bound by certain provisions protecting our proprietary rights. See Item 15.

No patents or pending patent applications are material to the franchise.

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

You, the Franchisee (or, if the franchisee is a corporation, partnership, limited liability company or other entity, a designated member of the Franchisee's management team), must attend and complete our Training Program.

We do not require that you personally supervise your V's Barbershop. However, if you do not personally supervise your V's Barbershop, the business must be directly supervised "on- premises" by a manager or team captain who meets our qualifications and requirements as set forth in the Manuals. Although we generally permit franchisees to train their managers, we may require your manager to attend and complete, to our satisfaction, our Training Program. Your manager must devote his full-

time efforts to your V's Barbershop. Your manager need not have an equity interest in the Franchisee.

We strongly recommend that you personally participate in the supervision of your V's Barbershop and devote a substantial amount of time to your V's Barbershop, whether or not you hire a manager. Franchisees that do not devote their full-time efforts to the establishment and operation of their V's Barbershops may have lower Gross Sales, higher operating costs, and lesser name recognition in their areas than those franchisees that do devote their full time efforts to their V's Barbershops.

If the Franchisee is a married individual, the Franchisee's spouse must sign the Spousal Consent to the Franchise Agreement. Each Principal (and his spouse) must sign an agreement, in the form of Exhibit E, in which he agrees to pay, perform, and guarantee all of the franchisee's obligations to us and our Affiliates contained in the Franchise Agreement. In addition, each Principal, director, and officer of Franchisee must sign an agreement in the form of Exhibit G to this Disclosure Document and each manager and employee must sign an agreement in the form of Exhibit H to this Disclosure Document. Those agreements contain a restrictive covenant, confidentiality provisions and certain other provisions contained in the Franchise Agreement.

#### **ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer, provide, and sell at your V's Barbershop all services and products designated by us, in a manner consistent with our comprehensive standards and requirements. In addition, you must offer, provide, and sell at your V's Barbershop all new services and products designated by us. If we decide to eliminate certain services or products from V's Barbershops, you must stop offering, providing, and selling those services and products. Our right to change the service and product offerings of V's Barbershops is unrestricted.

You may not offer, provide, or sell any services or products at or from your V's Barbershop, or conduct any other business at or from your V's Barbershop, unless we specifically approve the offering, provision and sale of those services or products. In addition, you may not offer, provide, or sell any products or services specified by us in any configuration, form, or manner (including items for resale) other than those specifically approved by us. You may not provide services or sell products from a location other than your V's Barbershop, or ship or deliver products except as we may permit or require. You may not advertise or solicit customers outside of the Applicable Radius without our consent. However, you may provide services to any customer. You may not offer, provide, or sell at your V's Barbershop any service or product that may be injurious to our business, the goodwill associated with the Trademarks or your V's Barbershop.

While we do not currently permit or require you to ship or deliver Retail Products from your V's Barbershop, we may, in the future, permit or require you to store, deliver, and ship Retail Products from your V's Barbershop. We will notify you in writing if and when we implement such options or requirements for the sale, delivery, and shipment of Retail Products. If we require you to store, deliver, and ship Retail Products, you will be required to maintain inventory of Retail Products in amounts and types as we designate to you.

Except as we expressly permit, you may not use, or authorize anyone else to use, the Trademarks to advertise, promote, offer, or sell any services and/or products through the Internet. See Item 12.

We may select certain of our franchisees that are permitted and/or required to participate in new service or product tests, new or modified service or product offerings and other programs, initiatives,

and campaigns that we may, from time-to-time, develop.

As a service to you and our other franchisees, we may, but are not obligated to, utilize our experience and the data obtained from our Affiliates and franchisees to establish and maintain a suggested schedule of prices for products and services at your V’s Barbershop and, subject to applicable law, we may designate certain pricing and pricing policies with respect to the services or products offered, provided and sold at your V’s Barbershop, which prices and policies you will be required to comply with. In addition, we, our Affiliates, and/or our approved vendors and suppliers may establish, or have established, required maximum prices for products and services at your V’s Barbershop and, if so established, you will be required to comply with those maximum prices. Further, we, our Affiliates, and/or our approved vendors and suppliers will be entitled to exercise the maximum level of control over resale prices and practices permitted by applicable law and, to the extent that we and/or they exercise our/their right, you will be required to comply with those controls.

**ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

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

**THE FRANCHISE RELATIONSHIP**

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
a. Length of the franchise term	15(a)	10 years from date you open for business; 5 years if Franchise Agreement is a renewal; remaining term if signed in connection with a relocation or transfer.
	Exhibit K (Development Agreement)	Deadline to sign the franchise agreement for your last unit.
b. Renewal or extension of the term	15(b)	Unlimited 5-year renewal periods provided that Franchisee complies with the renewal obligations including payment of renewal fees.
	Exhibit K (Development Agreement)	None.
c. Requirements for franchisee to renew or extend	15(b)	No breaches; timely notification; payment of renewal fee; remodel and update your V’s Barbershop; sign a general release of us and our Affiliates; attend required Training Programs and refresher courses; sign the then-current form of franchise agreement, and related documents (you will be subject to the terms of that franchise agreement, including the royalties, Advertising Payments, and other charges; however, the term will be the remaining Renewal Term).  Upon renewal, the Franchise Agreement to be signed may have materially different

Provision	Section in Agreement	Summary
		terms and conditions from the original Franchise Agreement.
d. Termination by franchisee	Not applicable	subject to applicable state law
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	4, 16; Exhibit J (Addendum to Lease); Exhibit K (Development Agreement);	See (g) and (h)
g. "Cause" defined - curable defaults	16(a), (b), (e), (i), (q); Exhibit K (Development Agreement)	Failure to pay outstanding amounts or perform other curable obligations; breach of lease; operation of your V's Barbershop in a manner or engaging in any other conduct that may adversely affect our goodwill or reputation, our services or products or the Trademarks, if curable; violation of health, safety or sanitation laws or regulations.
h. "Cause" defined - non-curable defaults	16(b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (p), (r), (s); Exhibit J (Addendum to Lease).  Exhibit K (Development Agreement)	Failure to perform non-curable non-monetary obligations; repeated failure to perform obligations; loss of possession of your premises; breach of lease; loss of license or permit; underpayment of amounts due to us or our Affiliates; submission of inaccurate financial information; insolvency; operation of your V's Barbershop in a manner, or engaging in any other conduct, that may adversely affect our goodwill or reputation, our services or products or the Trademarks, if non-curable; failure to open your V's Barbershop within 1 year of the Effective Date or 180 days after your site is available to you (the "Opening Deadline"); transfer (or attempt to transfer) your V's Barbershop in default of the Franchise Agreement; failure to transfer your V's Barbershop within 90 days of your death, disability or dissolution of marriage; failure to complete our Training Program; your representations or warranties are untrue; commission of fraud; ceasing operation of, or abandoning, your V's Barbershop; termination of any other agreement (including a Franchise Agreement or Development agreement)

Provision	Section in Agreement	Summary
		between us or our Affiliates and you or your Affiliates; conviction of, or pleading guilty or no contest to, a felony or other crime or offense that may adversely affect our goodwill or reputation, our services or products or the Trademarks; engaging in any conduct that violates any law or regulation; commission of an act of moral turpitude. A default of a Franchise Agreement or Development Agreement is a non-curable default of your other Franchise Agreements and Default Agreements.
i. Franchisee’s obligations on termination/non-renewal	8, 9, 10, 11, 17, 19; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement); Exhibit H (Manager and Employee Agreement)	Promptly return Operation Manual, all training materials and all other property; cease using the Trademarks, the Copyrights, the Innovations and the Proprietary Information; cancel assumed names and other business registrations; notify the telephone company and other listing agencies of the termination of your right to use the Trademarks and of your assignment of your telephone numbers to us; cease identifying yourself with us and the Trademarks; renovate your business premises to eliminate the Trademarks and de-identify the premises to remove all Trade Dress; pay all outstanding amounts; if we elect, sell us your assets in accordance with a stated formula; we may assume your lease.
j. Assignment of contract by franchisor	22; Exhibit K (Multi-unit Agreement)	No restrictions upon our ability to assign our rights.
k. “Transfer” by franchisee – defined	14(b), 16(k); Exhibit K (Development Agreement)	Sale or other transfer (by operation of law or otherwise) of the franchise or your V’s Barbershop; assignment of any right granted under the Franchise Agreement; transfer of an equity interest in you (if any entity) (by operation of law or otherwise); merger or consolidation of you (if an entity)

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
l. Franchisor approval of transfer by franchisee	14, 16(k), 22; Exhibit J (Addendum to Lease); Exhibit K (Development Agreement)	Our approval is required
m. Conditions for the franchisor approval of transfer	14	Prospective transferee must satisfy our then-current qualifications; the financial and other terms of the transfer must not have an adverse impact upon the prospective transferee's operation of your V's Barbershop; no existing breaches; submission of written request for a transfer and other required information; payment of Transfer Fee; use of you an escrow agent; timely closing; the prospective transferee (and his agents) must sign the then-current franchise agreement (and the ancillary documents); execution of general release; remodel and update your V's Barbershop; pay all outstanding amounts to us; there are certain exceptions in the case of a majority-owned transfer
n. Franchisor's right of first refusal to acquire franchisee's business	14	We may exercise our right of first refusal and purchase your V's Barbershop
o. Franchisor's option to purchase franchisee's business	14, 17(b)	We (or our designee) may purchase your assets in accordance with a stated formula; see also (n)
p. Death or disability of franchisee	14(h); 16(l)	Your V's Barbershop must be transferred in accordance with the Franchise Agreement upon your death or disability; if a transfer is not effectuated on a timely basis, the Franchise Agreement will be terminated
q. Non-competition covenants during the term of the franchise	10, 11; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement); Exhibit H (Manager and Employee Agreement)	Non-competition during the term of the Franchise Agreement; applicable to you and your Principals, directors, officers, managers, and employees, with certain exceptions subject to applicable state law

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
r. Non-competition covenants after the franchise is terminated or expires	10, 11, 14; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement); Exhibit H (Manager and Employee Agreement)	Non-competition after the term of the Franchise Agreement and upon transfer; applicable to you and your Principals, directors, officers, managers, and employees, with certain exceptions subject to applicable state law
s. Modification of the agreement	4. 23; Exhibit K (Multi- unit Agreement)	We may amend the Operation Manual or change our fees (except for Royalties) without your approval; otherwise, mutual written agreement is required
t. Integration/merger clause	11 (Development Agreement)	Only the terms of the franchise agreement/Development agreement are binding (subject to state law). Any promises outside the disclosure document and franchise agreement may not be enforceable. No provision in any Franchise Agreement is intended to disclaim the express representations made in this Disclosure Documents subject to applicable state law.
u. Dispute resolution by arbitration or mediation	28; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement); Exhibit H (Manager and Employee Agreement)	Mediation; arbitration subject to applicable state law
v. Choice of forum	28; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement); Exhibit H (Manager and Employee Agreement); Exhibit K (Development Agreement)	Subject to state law, Maricopa County, Arizona (See Additional Disclosures Required by Certain State Laws at the end of this Disclosure Document) subject to applicable state law
w. Choice of law	28; Exhibit F to Franchise Disclosure Document (Guaranty and Agreement to Be Bound); Exhibit G (Principal, Director, and Officer Agreement); Exhibit H (Manager and Employee Agreement); Exhibit K (Development Agreement)	Subject to state law, Arizona; waiver by franchisee of right to jury trial, right to class action and punitive, consequential, and special damages (See Additional Disclosures Required by Certain State Laws at the end of the Disclosure Document) subject to applicable state law

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be

enforceable under federal bankruptcy law (11 U.S.C.A. Section 101, *et seq.*).

### ITEM 18: PUBLIC FIGURES

We do not use any public figure to promote V's Barbershops or franchises for V's Barbershops.

### ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

The charts below reflect historic: (1) Unaudited Average and Median Gross Sales for 49 franchise locations that have been open for at least three (3) years as of December 31, 2024; and (2) Unaudited Reported 2024, 2023, and 2022, Average and Median Gross Sales Per Unit for Units Opened At Least One (1) Calendar Year as of December 31, 2024, December 31, 2023, and December 31, 2022.

**Unaudited Reported 2024, 2023, and 2022, Average and Median Gross Sales  
Per Unit for 49 Franchised V's Barbershops Open  
at Least THREE (3) Calendar Years as of December 31, 2024**

	Year		
	2024	2023	2022
Average Gross Sales	\$559,961	\$533,902	\$490,621
Median Gross Sales	\$543,937	\$512,905	\$458,146
Highest Unit Gross Sales	\$1,225,792	\$1,134,269	\$1,049,455
Lowest Unit Gross Sales	\$167,445	\$170,098	\$181,071
Number of Units	49	49	49
Number of Units that Attained or Exceeded the Averages Set Forth Above	21(43%)	22(45%)	23(47%)
Number of Units that Did Not Attain or Exceed the Averages Set Forth Above	28(57%)	27(55%)	26(53%)
Number of Units that Attained or Exceeded the Median Set Forth Above	25(51%)	25(51%)	25(51%)
Number of Units that Did Not Attain or Exceed the Median Set forth Above	24(49%)	24(49%)	24(49%)

#### Notes

1. On December 31, 2024, there were a total of 60 V's Barbershops open for business.
2. Each of the V's Barbershops identified in the charts above were open for at least three (3) calendar years as of December 31, 2024. The chart does not include 11 V's Barbershop franchise locations that were not open for three (3) calendar years as of December 31, 2024. Each of the excluded V's Barbershop locations opened for business on or after January 1, 2022. There are no company owned locations included in this financial performance representation.
3. The term "Gross Sales" means the aggregate amount of sales of all products and services, and all other receipts or receivables whatsoever, from all business conducted either: (i) upon or originating from the premises of the Franchised Business or (ii) under the Trademarks, whether or not upon or originating from the premises of the Franchised Business; without deduction for uncollected or uncollectible credit accounts and without allowances for bad debts. In addition, the term "Gross Sales" includes the proceeds received or realized by Franchisee or his Affiliates in connection with any business interruption insurance maintained by or for the benefit of Franchisee or his Affiliates. Notwithstanding the foregoing, the term "Gross Sales" will not include the amount of any taxes imposed by any governmental taxing authority directly on sales and collected from customers (if such tax is added to the selling price and actually paid by the Franchisee to such taxing authority), any credit granted by Franchisor to Franchisee under any coupon redemption or similar promotion or any refund or credit given with respect to any products returned or exchanged by a customer (provided that the sales price thereof was included in Gross Sales). Further, the term "Gross Sales" will not include receipts or receivables with respect to gift cards, as sales of products and services paid for with gift cards will be included in Gross Sales at the time such sales occur.
4. **Some Units have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**

**Unaudited Reported 2024, 2023, and 2022, Average and Median Gross Sales Per Unit for Units Opened at Least ONE (1) Calendar Year as of December 31, 2024, December 31, 2023, and December 31, 2022**

	Year		
	2024	2023	2022
Average Gross Sales	\$533,557	\$523,463	\$477,912
Median Gross Sales	\$507,727	\$507,170	\$442,486
Highest Unit Gross Sales	\$1,225,792	\$1,134,269	\$1,049,455
Lowest Unit Gross Sales	\$167,445	\$170,098	\$135,781
Number of Units	57	53	52
Number of Units That Attained or Exceeded The Averages Set Forth Above	25(44%)	24(45%)	23(44%)
Number of Units That Did Not Attain or Exceed The Averages Set Forth Above	32(56%)	29(55%)	29(56%)
Number of Units That Attained or Exceeded The Median Set Forth Above	29(51%)	27(51%)	26(50%)

	Year		
	2024	2023	2022
Number of Units That Did Not Attain or Exceed The Median Set Forth Above	28(49%)	26(49%)	26(50%)

1. Each of the V's Barbershops identified in the charts above were open for at least one (1) calendar year as of December 31, 2024, December 31, 2023, or December 31, 2022. The chart does not include one (1) V's Barbershop franchise location that closed in 2022, two (2) franchise locations that closed in 2023, one (1) franchise location that closed in 2024 and three (3) franchise locations that opened in 2024. None of the excluded locations that opened in 2024 closed in 2024. There are no company owned locations included in this financial performance representation

2. The term "Gross Sales" means the aggregate amount of sales of all products and services, and all other receipts or receivables whatsoever, from all business conducted either: (i) upon or originating from the premises of the Franchised Business or (ii) under the Trademarks, whether or not upon or originating from the premises of the Franchised Business; without deduction for uncollected or uncollectible credit accounts and without allowances for bad debts. In addition, the term "Gross Sales" includes the proceeds received or realized by Franchisee or his Affiliates in connection with any business interruption insurance maintained by or for the benefit of Franchisee or his Affiliates. Notwithstanding the foregoing, the term "Gross Sales" will not include the amount of any taxes imposed by any governmental taxing authority directly on sales and collected from customers (if such tax is added to the selling price and actually paid by the Franchisee to such taxing authority), any credit granted by Franchisor to Franchisee under any coupon redemption or similar promotion or any refund or credit given with respect to any products returned or exchanged by a customer (provided that the sales price thereof was included in Gross Sales). Further, the term "Gross Sales" will not include receipts or receivables with respect to gift cards, as sales of products and services paid for with gift cards will be included in Gross Sales at the time such sales occur.

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

Written substantiation for the financial performance representations above will be made available to prospective franchisees upon reasonable request. Please contact Chris Mitchell, Chief Financial Officer at 2320 West Mission Lane, Suite 3, Phoenix, Arizona 85021, (602) 414-4800 (ext. 2); [chrism@vbarbershop.com](mailto:chrism@vbarbershop.com), for written substantiation.

Other than the preceding financial performance representations, V's Barbershop Holdings does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Renae Germinaro at V's Barbershop Franchise, 2320 W. Mission Lane, #3, Phoenix, Arizona 85021; (602) 414-4800 (ext. 5); [renaeg@vbarbershop.com](mailto:renaeg@vbarbershop.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

We do not directly operate V's Barbershops. However, V's Barbershop Holdings or its predecessor,

V's Ventures, Inc., operated V's Barbershops between November 1999 and December 2016.

**Table No. 1**  
**Systemwide Outlet Summary (For Calendar Years 2022 to 2024)**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	53	55	+2
	2023	55	58	+3
	2024	58	60	+2
Company-owned*	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	53	55	+2
	2023	55	58	+3
	2024	58	60	+2

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**(For Calendar Years 2022 to 2024)**

State	Year	Number of Transfers
Arizona	2022	0
	2023	1
	2024	3
New Jersey	2022	0
	2023	0
	2024	1
Texas	2022	2
	2023	0
	2024	0
Total	2022	2
	2023	1
	2024	4

**Table No. 3**  
**Status of Franchised Outlets**  
**(For Calendar Years 2022 to 2024)**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2022	15	1	0	1	0	0	15
	2023	15	1	0	1	0	0	15
	2024	15	1	0	0	0	0	16

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arkansas	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
California	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	1	6
	2024	6	0	0	0	0	0	6
Florida	2022	2	1	0	0	0	0	3
	2023	3	1	0	0	0	1	3
	2024	3	1	0	0	0	0	4
Georgia	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Idaho	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
Indiana	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Michigan	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Minnesota	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Missouri	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Nevada	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New Jersey	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
North Carolina	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Oklahoma	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Pennsylvania	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
South Carolina	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2022	4	0	0	0	0	0	4
	2023	4	3	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Washington	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	53	3	0	1	0	0	55
	2023	55	6	0	1	0	2	58
	2024	58	3	0	0	0	1	60

**Table No. 4**  
**Status of Company-owned Outlets**  
**(For Calendar Years 2022 to 2024)**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Total	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

**Table No. 5**  
**Projected Openings as of December 31, 2024**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets within One Year (1/1/2025-12/31/2025)	Projected New Company-owned* Outlets within One Year (1/1/2025-12/31/2025)
Arizona	8	3	0
California	2	0	0
Idaho	2	1	0

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets within One Year (1/1/2025-12/31/2025)	Projected New Company-owned* Outlets within One Year (1/1/2025-12/31/2025)
Illinois	3	1	0
Michigan	2	0	0
Nevada	1	0	0
North Carolina	3	0	0
Texas	2	0	0
Total	23	5	0

**Existing Company-owned Outlets as of December 31, 2024**

None.

**Franchisees who have not communicated with Franchisor during the Past Ten Weeks**

None.

**Franchisees that have had their Franchises Terminated, Cancelled, Not Renewed or Otherwise Ceased to do Business During Calendar Year 2024 are listed in Exhibit D.**

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the V's Barbershop System.

In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with V's Barbershops. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. To our knowledge, there are no trademark-specific franchisee organizations associated with the V's Barbershop System.

**ITEM 21: FINANCIAL STATEMENTS**

The audited financial statements for the periods ended December 31, 2024, December 31, 2023, and December 31, 2022, are attached to this Disclosure Document as Exhibit D.

**ITEM 22: CONTRACTS**

Attached to this Disclosure Document as Exhibits E through M, respectively, are the form of Franchise Agreement, the form of Guaranty and Agreement to Be Bound, the form of Principal, Director and Officer Agreement, the form of Manager and Employee Agreement, the form of Preauthorization to Debit Funds, the form of Addendum to Lease, the form of Development Agreement, a specimen of the General Release and the form of Franchisee Disclosure Questionnaire.

**ITEM 23: RECEIPT**

At the end of this Disclosure Document are two copies of a Receipt. One should be signed by you and returned to us. You should keep the other for your files.

**Exhibit A  
to Disclosure Document  
State Administrators/Agents for Service of Process**

**List of State Administrators**

(701) 328-2910

**CALIFORNIA:**

Department of Financial Protection  
and Innovation  
1-866-275-2677  
www.dfpi.ca.gov  
[Ask.DFPI@dfpi.ca.gov](mailto:Ask.DFPI@dfpi.ca.gov)

**Los Angeles**

320 West 4th Street, Suite 750  
Los Angeles, CA 90013-2344  
(213) 576-7500

**Sacramento**

2101 Arena Blvd.  
Sacramento, CA 95834  
(916) 445-7205

**San Diego**

1350 Front Street, Room 2034  
San Diego, CA 92101-3697  
(619) 525-4233

**San Francisco**

One Sansome Street, Ste 600  
San Francisco, CA 94104  
(415) 972-8559

**HAWAII:**

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

**ILLINOIS:**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

**INDIANA:**

Securities Commissioner  
Securities Division, Room E-111  
302 West Washington Street  
Indianapolis, IN 46204  
(317) 232-6681

**MARYLAND:**

Office of the Attorney General,  
Division of Securities  
200 St. Paul Place  
Baltimore, MD 21202-2020  
(410) 576-6360

**MICHIGAN:**

Kathryn Barron  
Franchise Administrator Antitrust  
and Franchise Unit, Consumer Protection  
Division,  
Department of Attorney General  
670 Law Building  
525 W. Ottawa Street  
Lansing, MI 48913  
(517) 373-7117

**MINNESOTA:**

Commissioner  
Department of Commerce  
85 7th Place East, Suite #280  
St. Paul, MN 55101  
(651) 539-1600

**NEW YORK:**

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

**NORTH DAKOTA:**

North Dakota Securities  
Department  
State Capitol, 5th Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510

**RHODE ISLAND:**

Department of Business Regulation  
Securities Division  
Bldg. 69, First Floor  
John O. Pasture Center  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9585

**SOUTH DAKOTA:**

Franchise Administrator  
Division of Insurance  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, SD 57501  
605-773-3563

**VIRGINIA:**

State Corporation Commission  
Division of Securities &  
Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, VA 23219  
(804) 371-9051

**WASHINGTON:**

Securities Division  
Department of Financial  
Institutions  
P.O. Box 41200  
Olympia, WA 98504 - 1200  
(360) 902-8760

**WISCONSIN:**

Division of Securities  
Bureau of Regulation &  
Enforcement  
Department of Financial  
Institutions, 4th Floor  
345 W. Washington Avenue  
Madison, WI 53703

## List of Agents for Service of Process

### ARIZONA

Joshua Becker  
Gallagher & Kennedy Service Corporation  
2575 E. Camelback Road, Suite 1100  
Phoenix, Arizona 85016

### CALIFORNIA

Commissioner of  
Department of Financial Protection and  
Innovation  
1515 K Street, Suite 200  
Sacramento, CA 95814

### HAWAII

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

### ILLINOIS

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

### INDIANA

Securities Commissioner  
Indiana Secretary of State  
201 State House  
Indianapolis, IN 46204

### MARYLAND

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202-2020  
410.576.6360

### MICHIGAN

Michigan Department of Commerce  
Corporations and Securities Bureau  
6546 Mercantile Way  
Lansing, MI 48910

### MINNESOTA

Minnesota Commissioner of Commerce  
85 7th Place East, Suite #280  
St. Paul, MN 55101  
651-539-1600

### NEW YORK

Secretary of State  
V's Barbershop  
Exhibit A –List of State Administrators/  
Agents for Service of Process  
10308896v5

99 Washington Avenue  
Albany, NY 11231

### NORTH DAKOTA

Securities Commissioner of North Dakota  
State Capitol, 5th Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505

### OREGON

Director of the Department of Consumer and  
Business Services  
350 Winter Street NE, Room 410  
Salem, OR 97301-3881

### RHODE ISLAND

Director of Department of Business Regulation  
Securities Division  
John O. Pastore Center, Bldg. 69, 1st Floor  
1511 Pontiac Avenue  
Cranston, RI 02920  
(401) 462-9585

### SOUTH DAKOTA

Director  
Director, Division of Insurance  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, SD 57501  
605-773-3563

### VIRGINIA

Clerk, Virginia State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, VA 23219  
(804) 371.9733

### WASHINGTON

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

### WISCONSIN

Wisconsin Commissioner of Securities  
Department of Financial Institutions, 4th Floor  
345 W. Washington Avenue  
Madison, WI 53703

**V's BARBERSHOP FRANCHISE, LLC  
FINANCIAL STATEMENTS**



**CliftonLarsonAllen LLP**  
20 East Thomas Road, Suite 2300  
Phoenix, AZ 85012-3111

**phone** 602-266-2248 **fax** 602-266-2907  
**CLAAconnect.com**

## **INDEPENDENT AUDITORS' ACKNOWLEDGMENT**

V's Barbershop Franchise, LLC  
Phoenix, Arizona

We agree to the inclusion in the Franchise Disclosure Document dated April 18, 2025, issued by V's Barbershop Franchise, LLC ("Franchisor") of our report dated February 17, 2025, relating to the financial statements of Franchisor as of December 31, 2024 and 2023, and for the years then ended and to the inclusion of our report dated February 27, 2024, relating to the financial statements of Franchisor as of December 31, 2023 and 2022, and for the years then ended.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
April 18, 2025

**V'S BARBERSHOP FRANCHISE, LLC**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)

**V'S BARBERSHOP FRANCHISE, LLC  
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## INDEPENDENT AUDITORS' REPORT

Member  
V's Barbershop Franchise, LLC  
Phoenix, Arizona

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of V's Barbershop Franchise, LLC, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of V's Barbershop Franchise, LLC, as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of V's Barbershop Franchise, LLC, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of V's Barbershop Franchise, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about V's Barbershop Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
February 17, 2025

**V'S BARBERSHOP FRANCHISE, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**

<b>ASSETS</b>	2024	2023
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 881,796	\$ 811,096
Accounts and Other Receivables	81,820	97,705
Current Portion of Deferred Franchise Costs	46,005	43,205
Total Current Assets	1,009,621	952,006
<b>FIXED ASSETS</b>		
Furniture and Equipment	86,232	86,232
Software	12,920	12,920
Less: Accumulated Depreciation	(93,730)	(91,188)
Total Fixed Assets	5,422	7,964
<b>OTHER ASSETS</b>		
Deferred Franchise Costs, Net of Current Portion	242,424	242,529
Deposits	6,680	35,180
Due from Related Party	702,975	542,513
Total Other Assets	952,079	820,222
Total Assets	\$ 1,967,122	\$ 1,780,192
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 33,800	\$ 24,891
Deferred Franchise Fees	662,000	592,000
Total Current Liabilities	695,800	616,891
Total Liabilities	695,800	616,891
<b>MEMBER'S EQUITY</b>		
Total Liabilities and Member's Equity	\$ 1,967,122	\$ 1,780,192

See accompanying Notes to Financial Statements.

**V'S BARBERSHOP FRANCHISE, LLC**  
**STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>REVENUE</b>		
Franchise Fees	\$ 141,000	\$ 251,000
Franchise Royalties	1,380,764	1,260,546
Advertising Fees	492,390	457,548
Technology Fees	63,225	57,400
Total Revenue	2,077,379	2,026,494
<b>EXPENSE</b>		
Operating Expense	1,993,898	1,719,724
Depreciation	2,542	3,638
Total Expense	1,996,440	1,723,362
<b>OTHER INCOME</b>	27,082	12,884
<b>NET INCOME</b>	108,021	316,016
Member's Equity - Beginning of Year	1,163,301	847,285
<b>MEMBER'S EQUITY - END OF YEAR</b>	\$ 1,271,322	\$ 1,163,301

See accompanying Notes to Financial Statements.

**V'S BARBERSHOP FRANCHISE, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 108,021	\$ 316,016
Reconciliation of Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation	2,542	3,638
Amortization of Deferred Franchise Costs	50,805	60,620
(Increase) Decrease in Assets:		
Accounts Receivable and Other Receivables	15,885	987
Deferred Franchise Costs	(53,500)	(57,600)
Deposits	28,500	(23,421)
Increase in Current Liabilities:		
Accounts Payable	8,909	10,474
Deferred Franchise Fees	70,000	-
Net Cash Provided by Operating Activities	231,162	310,714
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	-	(4,146)
Net Change in Due to/from Related Party	(160,462)	(464,271)
Net Cash Used by Investing Activities	(160,462)	(468,417)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	70,700	(157,703)
Cash and Cash Equivalents - Beginning of Year	811,096	968,799
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 881,796	\$ 811,096

See accompanying Notes to Financial Statements.

**V'S BARBERSHOP FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

V's Barbershop Franchise, LLC (the Company) was formed on November 17, 2006, in the state of Arizona. The Company was established for the purpose of selling franchises in V's Barbershop, which is an upscale men's barbershop that provides high-quality haircuts, old-fashioned shaves, and men's facial services.

Franchisee activity for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Store Count Beginning of Year	58	55
Store Openings During the Year	3	5
Store Closings During the Year	(1)	(2)
Store Count End of Year	60	58

**Basis of Presentation**

The Company's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Cash and Cash Equivalents**

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

**Concentration of Credit Risk**

The Company's cash balance is maintained at one bank. At times, the balance at the bank may be in excess of federally insured limits. The Company believes it is not exposed to significant credit risk on cash.

**Allowances for Credit Losses and Accounts Receivable**

The Company records accounts receivable at their face amounts less an allowance for credit losses. The allowance represents an estimate of expected credit losses based upon a specific review of all significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing rates, based upon the age of the receivable, historical experience and current and expected future economic conditions. The Company writes-off a receivable and charges it against its recorded allowance when management have exhausted collection efforts without success. As of December 31, 2024 and 2023, an allowance was not deemed necessary.

**Deferred Franchise Costs**

Deferred franchise costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise. The Company considers these costs to be costs to obtain a contract. These costs are recognized as expense over the term of the related franchise agreement.

**V'S BARBERSHOP FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fixed Assets**

Fixed assets are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets of five years. Depreciation expense for the years ended December 31, 2024 and 2023 was \$2,542 and \$3,638, respectively.

**Deferred Franchise Revenue**

Deferred franchise fees represent franchise fees received that have not been fully earned and will be recognized in future periods.

**Advertising Costs**

Advertising costs, including franchise sales marketing and store level advertising costs, are expensed as incurred.

Franchise sales marketing and store level advertising costs were \$61,491 and \$305,124, respectively, for the year ended December 31, 2024; and \$33,000 and \$277,573, respectively, for the year ended December 31, 2023.

**Income Tax**

As a single member LLC, the Company is considered to be a disregarded entity for tax reporting purposes and as such, does not file a separate income tax return. Accordingly, the member is taxed on the Company's income. Therefore, no provision or liability for income tax is included in the financial statements.

The Company follows the income tax standard for uncertain tax positions. Under this standard, the Company has not recognized a liability for uncertain tax positions for the years ended December 31, 2024 and 2023, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition**

The Company generates revenue primarily through royalties, franchise fees, and advertising fund fees. The Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Company satisfies a performance obligation.

**V'S BARBERSHOP FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

**Royalties and Advertising Fund Revenue**

The Company collects royalties, as stipulated in the franchise agreement, currently equal to 4% to 6% of gross sales up to \$500,000 and 2.5% to 3.5% of gross sales above \$500,000, and a marketing and advertising fee currently between 1% and 3% of gross sales. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of sales over the term of the franchise agreement. The franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected weekly.

**Franchise Fees**

In connection with the franchise fee, the Company provides services and support to the franchisee for its pre-opening activities, such as site selection and training. These pre-opening services provided by the Company are a single performance obligation and the franchise fee is recognized upon satisfaction and completion of the pre-opening services by the Company. Generally pre-opening services are complete upon the opening of the franchisee's location. If the pre-opening services are not complete or are in process, the Company records the franchise fee received as deferred franchise fees.

**Technology Fees**

The Company collects, as stipulated in the franchise agreement, \$125 to \$150 per month per location as a technology fee in exchange for use of technology services provided by the Company. These technology services provided by the Company are a single performance obligation recognized each month as they occur.

**Renewed Franchise Fees**

Franchisees have the option to renew the franchise agreement at the end of the initial franchise term. When a franchisee chooses to renew their agreement, a nonrefundable renewal fee is charged to the franchisee similar to the initial franchise fee. Renewed franchise fees are recognized ratably on a straight-line basis over the term of the renewed franchise agreement.

**Disaggregation of Revenue**

The Company believes that the captions contained on the statements of operations appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2024 and 2023.

**Leases**

The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet. Rent expense for the years ended December 31, 2024 and 2023 was \$79,654 and \$81,800, respectively.

**V'S BARBERSHOP FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 17, 2025, the date the financial statements were available to be issued.

**NOTE 2 CONTRACT ASSETS AND CONTRACT LIABILITIES**

The Company's receivables and contract liabilities are as follows:

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts and Other Receivables	\$ 81,820	\$ 97,705	\$ 98,692
Contract Liabilities:			
Deferred Franchise Fees	\$ 662,000	\$ 592,000	\$ 592,000

There were no contract assets as of December 31, 2024, 2023, or January 1, 2023.

**NOTE 3 RELATED PARTY TRANSACTIONS**

At December 31, 2024 and 2023, the Company has recorded a receivable of \$702,975 and \$542,513, respectively, in due from a related party on the balance sheet. The due from a related party is for expenses owed by the member on the Company's behalf including rent expense, legal fees, payroll, and other intercompany transactions. The Company leases space from the member under a sublease agreement. The sublease is an annual agreement, subject to renewal, and is cancelable by either party. Rent expense paid to the related party for the years ended December 31, 2024 and 2023 was \$79,654 and \$81,800, respectively.

**NOTE 4 COMMITMENTS AND CONTINGENCIES**

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



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**CliftonLarsonAllen LLP**  
20 East Thomas Road, Suite 2300  
Phoenix, AZ 85012-3111

**phone 602-266-2248 fax 602-266-2907**  
**CLAconnect.com**

## **INDEPENDENT AUDITORS' ACKNOWLEDGMENT**

V's Barbershop Franchise, LLC  
Phoenix, Arizona

We agree to the inclusion in the Franchise Disclosure Document dated April 16, 2024, issued by V's Barbershop Franchise, LLC ("Franchisor") of our report dated February 27, 2024, relating to the financial statements of Franchisor as of December 31, 2023 and 2022, and for the years then ended and to the inclusion of our report dated March 15, 2023, relating to the financial statements of Franchisor as of December 31, 2022 and 2021, and for the years then ended.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
April 16, 2024

**V'S BARBERSHOP FRANCHISE, LLC**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**



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**V'S BARBERSHOP FRANCHISE, LLC  
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## INDEPENDENT AUDITORS' REPORT

Member  
V's Barbershop Franchise, LLC  
Phoenix, Arizona

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of V's Barbershop Franchise, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of V's Barbershop Franchise, LLC, as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of V's Barbershop Franchise, LLC, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of V's Barbershop Franchise, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about V's Barbershop Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
February 27, 2024

**V'S BARBERSHOP FRANCHISE, LLC  
BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022**

<b>ASSETS</b>	2023	2022
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 811,096	\$ 968,799
Accounts and Other Receivables	97,705	98,692
Current Portion of Deferred Franchise Costs	43,205	46,460
Total Current Assets	952,006	1,113,951
<b>FIXED ASSETS</b>		
Furniture and Equipment	86,232	82,086
Software	12,920	12,920
Less: Accumulated Depreciation	(91,188)	(87,550)
Total Fixed Assets	7,964	7,456
<b>OTHER ASSETS</b>		
Deferred Franchise Costs, Net of Current Portion	242,529	242,294
Deposits	35,180	11,759
Due from Related Party	542,513	78,242
Total Other Assets	820,222	332,295
Total Assets	\$ 1,780,192	\$ 1,453,702
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 24,891	\$ 14,417
Deferred Franchise Fees	592,000	592,000
Total Current Liabilities	616,891	606,417
Total Liabilities	616,891	606,417
<b>MEMBER'S EQUITY</b>		
Total Liabilities and Member's Equity	\$ 1,780,192	\$ 1,453,702

See accompanying Notes to Financial Statements.

**V'S BARBERSHOP FRANCHISE, LLC**  
**STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>REVENUE</b>		
Franchise Fees	\$ 251,000	\$ 219,500
Franchise Royalties	1,260,546	1,135,607
Advertising Fees	457,548	408,161
Technology Fees	57,400	46,750
Total Revenue	2,026,494	1,810,018
<b>EXPENSE</b>		
Operating Expense	1,719,724	1,478,344
Depreciation	3,638	3,852
Total Expense	1,723,362	1,482,196
<b>OTHER INCOME</b>	12,884	-
<b>NET INCOME</b>	316,016	327,822
Member's Equity - Beginning of Year	847,285	519,463
<b>MEMBER'S EQUITY - END OF YEAR</b>	\$ 1,163,301	\$ 847,285

See accompanying Notes to Financial Statements.

**V'S BARBERSHOP FRANCHISE, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 316,016	\$ 327,822
Reconciliation of Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation	3,638	3,852
Amortization of Deferred Franchise Costs	60,620	73,673
(Increase) Decrease in Assets:		
Accounts Receivable and Other Receivables	987	(3,353)
Deferred Franchise Costs	(57,600)	(84,300)
Deposits	(23,421)	-
Increase in Current Liabilities:		
Accounts Payable	10,474	10,296
Deferred Franchise Fees	-	71,500
Net Cash Provided by Operating Activities	310,714	399,490
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(4,146)	(6,042)
Net Cash Used by Investing Activities	(4,146)	(6,042)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Change in Due to/from Related Party	(464,271)	(340,828)
Net Cash Used by Financing Activities	(464,271)	(340,828)
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(157,703)	52,620
Cash and Cash Equivalents - Beginning of Year	968,799	916,179
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 811,096	\$ 968,799

See accompanying Notes to Financial Statements.

**V'S BARBERSHOP FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

V's Barbershop Franchise, LLC (the Company) was formed on November 17, 2006, in the state of Arizona. The Company was established for the purpose of selling franchises in V's Barbershop, which is an upscale men's barbershop that provides high-quality haircuts, old-fashioned shaves, and men's facial services.

Franchisee activity for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Store Count Beginning of Year	55	53
Store Openings During the Year	5	3
Store Closings During the Year	(2)	(1)
Store Count End of Year	58	55

**Basis of Presentation**

The Company's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Cash and Cash Equivalents**

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

**Allowances for Credit Losses and Accounts Receivable**

The Company records accounts receivable at their face amounts less an allowance for credit losses. The allowance represents an estimate of expected credit losses based upon a specific review of all significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing rates, based upon the age of the receivable, historical experience and current and expected future economic conditions. The Company writes-off a receivable and charges it against its recorded allowance when management have exhausted collection efforts without success. As of December 31, 2023 and 2022, an allowance was not deemed necessary.

**Deferred Franchise Costs**

Deferred franchise costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise. The Company considers these costs to be costs to obtain a contract. These costs are recognized as expense over the term of the related franchise agreement.

**Fixed Assets**

Fixed assets are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets of five years. Depreciation expense for the years ended December 31, 2023 and 2022 was \$3,638 and \$3,852, respectively.

**V'S BARBERSHOP FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Franchise Revenue**

Deferred franchise fees represent franchise fees received that have not been fully earned and will be recognized in future periods.

**Advertising Costs**

Advertising costs, including franchise sales marketing and store level advertising costs, are expensed as incurred.

Franchise sales marketing and store level advertising costs were \$33,000 and \$277,573, respectively, for the year ended December 31, 2023; and \$30,615 and \$275,758, respectively, for the year ended December 31, 2022.

**Income Tax**

As a single member LLC, the Company is considered to be a disregarded entity for tax reporting purposes and as such, does not file a separate income tax return. Accordingly, the member is taxed on the Company's income. Therefore, no provision or liability for income tax is included in the financial statements.

The Company follows the income tax standard for uncertain tax positions. Under this standard, the Company has not recognized a liability for uncertain tax positions for the years ended December 31, 2023 and 2022, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition**

The Company generates revenue primarily through royalties, franchise fees, and advertising fund fees. The Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Company satisfies a performance obligation.

**V'S BARBERSHOP FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Royalties and Advertising Fund Revenue

The Company collects royalties, as stipulated in the franchise agreement, currently equal to 4% to 5% of gross sales up to \$500,000 and 2.5% to 3.5% of gross sales above \$500,000, and a marketing and advertising fee currently between 1% and 3% of gross sales. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of sales over the term of the franchise agreement. The franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected weekly.

Franchise Fees

In connection with the franchise fee, the Company provides services and support to the franchisee for its pre-opening activities, such as site selection and training. These pre-opening services provided by the Company are a single performance obligation and the franchise fee is recognized upon satisfaction and completion of the pre-opening services by the Company. Generally pre-opening services are complete upon the opening of the franchisee's location. If the pre-opening services are not complete or are in process, the Company records the franchise fee received as deferred franchise fees.

Technology Fees

The Company collects, as stipulated in the franchise agreement, \$125 per month per location as a technology fee in exchange for use of technology services provided by the Company. These technology services provided by the Company are a single performance obligation recognized each month as they occur.

Renewed Franchise Fees

Franchisees have the option to renew the franchise agreement at the end of the initial franchise term. When a franchisee chooses to renew their agreement, a nonrefundable renewal fee is charged to the franchisee similar to the initial franchise fee. Renewed franchise fees are recognized ratably on a straight-line basis over the term of the renewed franchise agreement.

Disaggregation of Revenue

The Company believes that the captions contained on the consolidated statements of operations appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2023 and 2022.

**V'S BARBERSHOP FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

**Adoption of New Accounting Standards**

On January 1, 2023, the Company adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

**Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 27, 2024, the date the financial statements were available to be issued.

**NOTE 2 CONTRACT ASSETS AND CONTRACT LIABILITIES**

The Company's receivables and contract liabilities are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts and Other Receivables	\$ 97,705	\$ 98,692	\$ 95,339
Contract Liabilities:			
Deferred Franchise Fees	\$ 592,000	\$ 592,000	\$ 520,500

There were no contract assets as of December 31, 2023, 2022, or January 1, 2022.

**NOTE 3 RELATED PARTY TRANSACTIONS**

At December 31, 2023 and 2022, the Company has recorded a receivable of \$542,513 and \$78,242, respectively, in due from a related party on the balance sheet. The related party due from is for expenses owed by the member on the Company's behalf including rent expense, legal fees, payroll, and other intercompany transactions. The Company leases space from the member under a sublease agreement. The sublease is an annual agreement, subject to renewal, and is cancelable by either party.

**V'S BARBERSHOP FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 4 COMMITMENTS AND CONTINGENCIES**

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



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

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**Exhibit D  
to Disclosure Document  
List of Franchisees**

**LIST OF FRANCHISEES  
(as of 12/31/24)**

Name of Franchisee/ Contact Person	Address	Telephone Number
<b>Arizona</b>		
Triple N Enterprises Chandler, LLC*	4991 S. Alma School Road, Suite 3, Chandler, AZ 85248	(480) 895-2160
Midas Enterprises, LLC	940 N. 54th Street, Suite 104, Chandler, AZ 85226	(480) 893-8800
Hash Ventures, Inc.	1464 East Williams Field Road, #107, Gilbert, AZ 85295	(480) 404-6933
DeVaudt S1, LLC+	17570 North 75th Avenue, Suite F-635, Glendale, AZ 85308	(602) 466-1888
Igor Holdings, LLC*	2370 W. Happy Valley Road, Suite 1079, Phoenix AZ 85085	(623) 580-9001
Semper Houle, LLC*	5505 N. 7th Street, Suite 100, Phoenix, Arizona 85014	(602) 265-1417
Arcadia 48th Street Holdings, LLC*	4801 East Indian School, Phoenix, Arizona 85018	(602) 508-8600
Igor Holdings 3, LLC*	1 E. Washington, Ste 270, Phoenix, AZ 85004	(602) 466-1888
Legado CP, LLC	21050 North Tatum Blvd, Phoenix, AZ 85050	(480) 419-9100
Triple N Enterprises, LLC*	21576 S. Ellsworth Loop Road, Suite 105, Queen Creek, AZ 85142	(480) 404-6044
Igor Holdings 2, LLC*	9397 E. Shea Blvd., Suite 100, Scottsdale AZ 85260	(480) 767-3443
Promenade V's, LLC*	16205 N. Scottsdale Road, Ste 105, Scottsdale, AZ 85254	(480) 991-2300
Triple N Enterprises Tempe, LLC*	430 North Scottsdale, Road, Suite C-1, Tempe AZ	(480) 626-9485
K&N Ventures, LLC*	1805 E. River Road, Ste 141 Tucson, AZ 85718	(520) 344-9712
K&N Ventures, LLC*	5420 East Broadway Blvd., Suite 252, Tucson, AZ 85711	(520) 203-7636
L&A's Barbershop Journey, LLC	1645 North Verrado Way, Suite 103, Buckeye, AZ 85396	(480)265-8941
<b>Arkansas</b>		
Barbershop Enterprises, Inc.*	100 SW 14th Street, Bentonville, AR 72712	(479) 364-2226
Barbershop Enterprises, Inc.*	15400 Chenal Parkway, #140, Little Rock, AR 72211	(501) 508-8500
Barbershop Enterprises, Inc.*	8204 Cantrell Road, Little Rock, AR 72227	(501) 904-4989
Barbershop Enterprises, Inc.*	4207 S Pleasant Crossing, Blvd, Rogers, AR 72758	(479) 202-8833
<b>California</b>		
Lucross Holdings, LLC	1875 S. Bascom Avenue, Suite 148, Campbell, CA 95008	(408) 502-8367
615 AD, LLC*+	7615 Via Campanile Suite 116, Carlsbad, CA 92009	(760) 753-4321
615 AD, LLC*+	2683 Via de la Valle, Del Mar CA 92014	(858) 481-4321
Shaved By the Bell, Inc.*	41 Auto Centre Drive, Suite 111, Foothill Ranch CA 92610	(949) 215-6000
PEWONGFU, LLC*	26552 Moulton Parkway, Suite C, Laguna Hills, CA 92653	(949) 600-3036
MaVin Partners, Inc. +	802 Avenida Talega, Unit 105, San Clemente CA 92673	(949) 429-7770
<b>Florida</b>		
Balay Investment Group, LLC	594 Siber Pine Drive, St. Augustine, FL 32093	(904)481-7998
L&LJ Holdings, LLC*	7848 Winter Garden Vineland Rd. #108, Windermere, FL 34786	(407) 614-0330
Nocatee Barbershop, LLC	300 Pine Lake Drive, Suite 103, Ponte Vedra, FL 32081	
<b>Georgia</b>		
Southeast Barbers, LLC*+	3602 Exchange Lane, Suite 200, Augusta, GA 30909	(706) 305-9696
Southeast Barbers, LLC*+	616 Mullins Colony Drive, Evans, GA 30809	(706) 364-6655
Southeast Barbers, LLC*+	3505 Professional Circle, Suite C, Martinez, GA 30907	(706) 364-2277
<b>Idaho</b>		
JBAM, LLC*+	150 South Ten Mile Road, Suite 130, Meridian, ID 83642	(208) 556-8859

**Exhibit D  
to Disclosure Document  
List of Franchisees**

Name of Franchisee/ Contact Person	Address	Telephone Number
<b>Indiana</b>		
W Ventures, Inc.*	923 S. College Mall Road, Suite 921 A, Bloomington, IN 47401	(812) 332-4897
CRBW Ventures, LLC	11687 Ohio Road, Fishers IN 46037	(317) 845-8122
<b>Michigan</b>		
SCM One LLC	1859 East Buno Road, Mioford, MI 48120	(734) 210-9310
JMJK, LLC*+	30995 Woodward Ave., Suite 420, Royal Oak, MI 48073	(248) 556-5363
<b>Missouri</b>		
Hammer Power Strong, LLC	2917 S. Main Street, Joplin MO 64804	(417) 621-0901
<b>Minnesota</b>		
RoccoBella, LLC	999 Wildwood Road, White Bear Lake, MN 55115	(651)219-5656
<b>New Jersey</b>		
CJVS24, LLC*	641 Shunpike Road, Ste 46, Chatham, NJ 07928	(973) 377-3900
Emmerica Enterprises, LLC*	1114 Washington Street, First Floor, Hoboken NJ 07030	(201) 942-9559
DLV Ventures, LLC*	389 Washington Blvd, Jersey City, NJ 07032	(201) 222-1233
<b>Nevada</b>		
Dapper G and Classy Lady, LLC*+	1190 East Silverado Ranch Blvd, Suite 120, Las Vegas, NV 89183	(702) 373-0603
Dapper G and Classy Lady, LLC*+	7825 Blue Diamond Road, Suite 103, Las Vegas, NV 89178	(702) 201-1212
<b>North Carolina</b>		
Mister Rogers Barbershop, LLC	302 Colonades Way, Bldg. D Ste 107, Cary, NC 27518	(919) 854-4900
ALT Investments, LLC*	380 Knollwood, Street, Suite C, Winston Salem, NC 27103	(336) 245-8461
Top Wire Holdings, LLC+	7416 Waverly Walk Ave., Suite H-1B, Charlotte, NC 28277	(704) 246-6298
<b>Oklahoma</b>		
Ying Yang Corporation	13600 North Blackwelder Ave, Apt. 427, Oklahoma City, OK 73134	(405)216-5000
<b>Pennsylvania</b>		
Savetheshave, Inc.	58 North 2nd Street, Philadelphia, PA 19106	(445) 444-0351
Fluid Bed Systems, LLC	5800 Peach Street, Unit 965, Erie, PA 16565	(814) 616-2300
<b>South Carolina</b>		
Blind Beagle Enterprises, LLC+	109 West Stone Avenue, Suite E-2, Greenville, SC 29609	(864) 412-8373
<b>Texas</b>		
JandE Barbershop, LLC	5152 Peach Willow Lane, Fort Worth, TX 76109	(817)521-3762
Hark Management Barbershop Frisco 1, LLC	10935 Rolater Road, #110, Frisco, TX 75035	(972) 987-5947
CG Business Ventures V2, LP*	2040 W. Gray, Suite 145, Houston TX 77019	(713) 527-4442
Carter Ashton Investments, LLC*	1560 Eldridge Parkway, Ste 174, Houston, TX 77077	(832) 230-0752
Bumett Ventures, Inc.*	6420 FM 1463 Road, Suite 300, Katy, TX 77494	(281) 346-8584
CG Business Ventures V1, LP*	1417 FM 1463, Suite 160, Katy, TX 77494	(281) 396-4653
JAR Capital, Inc.*	6845 Peek Road, Suite 220, Katy, TX 77493	(832) 437-0477
<b>Washington</b>		
MOJO Enterprise, LLC	1306 Kenoyer Drive, Bellingham WA 98229	(360) 224-9872

**Exhibit D  
to Disclosure Document  
List of Franchisees**

**Franchisees who have signed Franchise Agreements but have not opened as of 12/31/2024**

Name of Franchisee/ Contact Person	Address	Telephone Number
<b>Arizona</b>		
Legado CP, LLC	1620 East Carver, Phoenix, AZ 85042	(281)989-5117
K&N Ventures, LLC	9565 East 22nd Street, Suite 149, Tucson, AZ 85748	
Igor Holdings 4, LLC	610 East Bell Road, #2-489, Phoenix, AZ 85022	(602)757-4577
Four Crumz, LLC	18635 East Pine Barrens Ave., Queen Creek, AZ 85142	(917)359-0512
DeVaudt S2, LLC+	978N. 85th Place, Scottsdale, Arizona 85257	(928)446-5609
DeVaudt S1, LLC+	978N. 85th Place, Scottsdale, Arizona 85257	(928)446-5609
Fade Away, Inc.	22211 East Via Del Oro, Queen Creek, AZ 85142	(209) 712-6088
James 217, LLC	6815 East Camelback Road #7017, Scottsdale, AZ 85251	(480) 399-2223
<b>California</b>		
MaVin Partners, Inc *+	34412 Via Gomez, #A, Capistrano Beach, CA 92624	(760) 889-2848
615 AD, LLC*+	2683 Via de la Valle, Del Mar, CA 92014	(760)753-4321
<b>Florida</b>		
MINAM Barbershop, LLC	425 Town Plaza Ave, Suite 204, Ponte Vedra, FL 32081	(573) 489-9890
<b>Idaho</b>		
JBAM, LLC*+	12652 Rockledge Lane, Nampa, ID 83686	(208) 284-5181
JBAM, LLC*+	12652 Rockledge Lane, Nampa, ID 83686	(208) 284-5181
<b>Illinois</b>		
RG-EHBAMBAM, LLC	2054 Westridge Blvd, Geneva, IL 60103	(224) 595-8641
<b>Michigan</b>		
JMJJK, LLC*+	1859 Dunham Drive, Rochester, MI 48306	(810) 560-3198
JMJJK, LLC*+	1859 Dunham Drive, Rochester, MI 48306	(810) 560-3198
<b>Nevada</b>		
Dapper Gand Classy Lady, LLC*+	2904 La Mesa Drive, Henderson, NV 89014	(702) 306-8504
<b>North Carolina</b>		
Top Wire Holdings, LLC*	209 K Line Drive, Matthews, NC 28104	(704) 246-6298
Top Wire Holdings, LLC*	209 K Line Drive, Matthews, NC 28104	(704) 246-6298
Gold Barbershop, LLC	13009 Butters Way, Charlotte, NC 28277	(980)266-1945
<b>South Carolina</b>		
Blind Beagle Enterprises, Inc.*+	234 Northbrook Way, Greenville, SC 29615	(864) 412-8373
Blind Beagle Enterprises, Inc.*+	234 Northbrook Way, Greenville, SC 29615	(864) 412-8373
<b>Texas</b>		
KC Pops, LLC	686 Knob Hill, Ct, Arlyge, TX 76226	(404) 275-0242
ACH Barbershops, LLC	616 Vine Street, Argyle, TX 76226	(972)757-7139

\*Locations identified with an asterisk in each of the tables above are owned by franchisees that own and operate more than one (1) V's Barbershop.

+Locations identified by a plus in each of the tables above are designated area Developers.

**Exhibit D  
to Disclosure Document  
List of Franchisees**

The name, city and state and current business telephone number or if unknown, the last know home telephone number of every franchisee who has had an outlet transferred under the franchise agreement during the most recently completed fiscal year.

Name of Franchisee/ Contact Person	Address	Status	Telephone Number
K&N Ventures, LLC	5420 East Broadway Boulevard, Suite 252, Tucson, AZ 85711	Transfer of One of Two Shops – Need name/address of shop or distinction	(303)525-4680
K&N Ventures, LLC	5420 East Broadway Boulevard, Suite 252, Tucson, AZ 85711	Transfer of Two of Two Shops Need name/address of shop or distinction	(303)525-4680
CJVS24, LLC	641 Shunpike Road, Suite 46, Chatham, NJ 07928	Transfer	(201)362-4842

The following lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of Franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under Franchise Agreement with us during our most recently completed fiscal year or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document:

Name of Franchisee/ Contact Person	Address	Status	Telephone Number
Sandler Innovations, LLC	1632 Milwaukee Ave, Chicago, IL 60647	Ceased Operations	(773) 320-2418



**FRANCHISE AGREEMENT**

**DATED** \_\_\_\_\_

**STORE NO.** \_\_\_\_\_

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**Exhibits**

Exhibit 1- Franchise Information Sheet

Exhibit 2-

V's Barbershop

Exhibit E - Franchise Agreement

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## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (this "Agreement"), dated as of the date set forth on the last page of this Agreement (the "Effective Date"), by and between **V's BARBERSHOP FRANCHISE, LLC**, an Arizona limited liability company ("Franchisor"), and the franchisee identified on the last page of this Agreement ("Franchisee").

### RECITALS

A. Franchisor has, as a result of significant time, effort, and money, originated a unique and comprehensive system for operating upscale barbershops that provide high-quality haircuts, shaves, and men's facial services in a uniquely masculine environment under the V's Barbershop® Trademarks (the "Franchised Business").

B. Franchisor owns certain intellectual property, including, without limitation, trade secrets, the contents of Franchisor's Operation Manual and other confidential and proprietary information, processes, materials, and rights relating to the development, marketing, management, promotion, and operation of V's Barbershop Businesses (the "Proprietary Information").

C. Franchisor has developed a system or business, including the Proprietary Information, for conducting and operating the Franchised Business under the Trademarks (as defined below) (the "System").

D. Franchisee desires to obtain a franchise from Franchisor for the right to use the Trademarks and the Proprietary Information for operating the Franchised Business, and to obtain the benefits and knowledge of the Program (the "Franchise").

E. Franchisor is willing to grant a Franchise to Franchisee; and

F. The restrictions and controls on Franchisee's operations contained in this Agreement are intended to protect the rights to the Trademarks and to fulfill Franchisor's obligation to other franchisees to maintain a high quality of services and products provided under the Trademarks.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the parties agree as follows:

**1. Grant of Franchise.** Subject to and in accordance with the terms of this Agreement and in strict conformity with Franchisor's policies, standards, and requirements, Franchisor grants to Franchisee, and Franchisee accepts, a Franchise for the right to conduct one Franchised Business unit, with the nonexclusive right to use, solely in connection with the Franchised Business, the Trademarks, the Proprietary Information and the Franchisor's standards and specifications, which may be changed, improved and further developed from time to time. Franchisee must conduct the Franchised Business under the Trademarks.

**2. Premises of the Franchised Business.**

(a) Franchisee must operate the Franchised Business at a location selected by Franchisee that is located at the location, or within the geographic area, identified in Schedule A, subject to the approval of the location of the Franchised Business by Franchisor in accordance with this Section 2. Franchisee may not provide services or sell products from a location other than the location of the Franchised Business, or ship or deliver products. The location at which Franchisee's Franchised Business is actually located, once selected and secured, is referred to as the "Location." If no particular location (an address or an intersection) is specified in Schedule A (for example, if only a geographic area within which the Franchised Business must be located is specified), no Location will be deemed to exist until a lease is signed.

(b) Franchisee must engage a real estate broker on Franchisor's approved list, or otherwise approved by Franchisor, to assist Franchisee in selecting a site and negotiating the letter of intent.

(c) Franchisor will, within 30 days after it receives notice of Franchisee's selection of the site at the location, or within the geographic area, identified in Schedule A upon which to locate his Franchised Business and the Additional Materials (as defined below), Franchisor will review and approve, or deny approval of, the site. Franchisor may consider the potential customer base, the rental costs, competition, traffic patterns, population density and composition, visibility, proximity to other Franchised Businesses and other business factors of the site in determining whether to grant its approval of the site. Franchisor will not unreasonably withhold its approval of the site.

(d) Franchisor will, within 30 days after it receives the proposed lease (and the letter of intent and Additional Materials (as defined below)) for the site Franchisee selected upon which to locate his Franchised Business, review and approve, or deny approval of, that lease. The lease must include the Addendum to Lease, in the form attached as Exhibit J to the Disclosure Document. In addition, Franchisor may require the lease to contain additional provisions that it deems necessary or appropriate. Franchisor will not unreasonably withhold its approval of the lease.

(e) Franchisee must provide to Franchisor additional documentation and information regarding the proposed site, the proposed lease and current financial statements and such other financial documentation and information regarding Franchisee's financial condition and his Principals' financial condition as Franchisor may request. (All of those materials are referred to as the "Additional Materials.") If Franchisor determines that Franchisee does not have the financial capacity to perform his obligations with respect to the site or the lease, Franchisor may deny approval of the site and/or lease, which the parties agree is a reasonable basis to withhold Franchisor's approval of the site or the lease. In that event, Franchisor (or its Affiliates) may operate a Franchised Business at that site or may permit another franchisee to do so. Franchisee consents to Franchisor forwarding the Additional Materials to the landlord involved with the proposed lease if Franchisor elects to do so.

(f) Any relocation of Franchisee's Franchised Business must be for a legitimate business reason and will be subject to the other provisions of this Section 2 and will be subject to a fee (the "Relocation Fee") in the amount of \$5,000, payable upon Franchisee's request for relocation. Any relocation of Franchisee's Franchised Business will be subject to Franchisor's approval, which may be granted or withheld, in Franchisor's discretion. In addition, Franchisee must sign the form of franchise agreement then being signed by new franchisees (the "Then-current Franchise Agreement") and will be subject to the terms of the Then-current Franchise Agreement (except that Franchisee will not be required to pay a franchise fee, will not be entitled to attend the Training Program at

Franchisor's expense and the term will be the term remaining under this Agreement). In connection with any relocation, Franchisee's Franchised Business may not be closed for business for more than 30 days.

### **3. Training Program; Consulting.**

(a) Franchisee (or, if Franchisee is a corporation, partnership, limited liability company or other entity, a designated member of Franchisee's management team) must attend and complete the entire instruction provided by Franchisor (the "Training Program"). Although it is presently Franchisor's policy to permit franchisees to train their managers, Franchisor may modify such policy and/or require Franchisee's manager to attend and complete the Training Program. The cost of attendance and participation in the Training Program (excluding Franchisee's expenses, such as travel, lodging and meal expenditures in connection with attending the Training Program) for Franchisee (or a designated member of Franchisee's management team) and one additional person is included in the Franchise Fee (as defined below); provided, however, that if this Agreement is signed in connection with Franchisee's (or his Affiliate's) second or subsequent franchise or in connection with a renewal or relocation or transfer, the cost of attendance and participation in the Training Program is not included in the Franchise Fee or any other fee paid for renewal or relocation. Franchisee's attendees at the Training Program will not be deemed to be employees of Franchisor but will be deemed to be employees of Franchisee. All Training Program attendees bear their own travel, lodging and meal expenditures in connection with attending the Training Program.

(b) The Training Program will include classroom training and on-the-job training, as stated in the Disclosure Document. The Training Program will begin at a time selected by Franchisor.

(c) Training for more than two people will be provided by Franchisor if Franchisee requests that additional people be trained (and Franchisor agrees to do so). The cost for additional training is \$1,000 per additional Training Program per person. Training of the additional people may or may not be held at the same time as training of the initial two people, at Franchisor's election. All Training Program attendees bear their own travel, lodging and meal expenditures in connection with attending the Training Program.

(d) In the event that Franchisee (or, if Franchisee is a corporation, partnership, limited liability company or other entity, a designated member of Franchisee's management team) fails to complete Franchisor's Training Program, in the discretion of Franchisor, Franchisor may terminate this Agreement. In that event, Franchisee (i) must return to Franchisor all materials delivered to him in connection with the Franchise and (ii) must otherwise comply with his obligations under Section 17 of this Agreement.

(e) The Company may require Franchisee to complete the Training Program or a different Training Program if: (i) Franchisee requests or we require Franchisee to complete or recomplete the Training Program; or (ii) Franchisee requests or we require additional individuals to complete or recomplete the Training Program; (iii) Franchisee is executing the Franchise Agreement in connection with a renewal, relocation or transfer; or (iv) we determine that Franchisee requires additional training to comply with Franchisee's obligations under the Franchise Agreement. You will pay us \$1,000 per person with respect to any Training Program that we provide you because we determine that you require additional training pursuant to this Section 3(e).

(f) Franchisor may establish additional Training Programs or refresher courses, which Franchisee be required to attend, at his expense.

(g) If the Franchised Business is Franchisee's first Franchised Business, one of Franchisor's management team members will assist Franchisee in his opening preparations and/or operations for a minimum of two days during business hours during the week before and/or after the opening of the Franchised Business.

(h) Franchisor will consult with Franchisee by telephone, Monday through Friday 8:00 a.m. to 5:00 p.m. (Phoenix, Arizona time), with respect to all aspects of starting and operating the Franchised Business. Franchisor may, in its discretion, and depending upon the geographic proximity between Franchisee and Franchisor, if Franchisor's time permits, provide on-site consultation at Franchisee's request at Franchisor's then-current hourly rate (including consultation and travel time), plus travel, lodging and meal expenditures, at times agreed upon between Franchisee and Franchisor.

#### **4. Conduct of the Franchised Business.**

(a) Franchisee must operate the Franchised Business strictly in accordance with Franchisor's Operation Manual, as amended from time to time, and with the rules, regulations, instructions, policies, and procedures as may from time to time be issued by Franchisor for the conduct of the Franchised Business as Franchisor may, in its discretion, deem appropriate. Franchisor's Operation Manual may be comprised of more than one volume, all of which, collectively, will be deemed to be Franchisor's Operation Manual and may be provided in varying formats including but not limited to intranet, internet, cloud, or other digital formats. Franchisor will loan to Franchisee, upon the execution of the Franchise Agreement, one (1) copy of Franchisor's Operations Manual and/or provide online access to the Operations Manual for use by Franchisee strictly in accordance with the terms of this Agreement during the term of this Agreement. Franchisee must retain his copy of Franchisor's Operation Manual and/or login and password information in a secure place at the Location of the Franchised Business. If Franchisee's copy of Franchisor's Operation Manual is lost or stolen, or if for any other reason Franchisee cannot demonstrate to Franchisor that Franchisee's copy of Franchisor's Operation Manual is in his possession or cannot or will not return Franchisee's copy of Franchisor's Operation Manual to Franchisor upon the expiration or termination of this Agreement, Franchisee must pay to Franchisor a "Lost Documents Fee" in the amount of \$2,500.

(b) Franchisee must operate the Franchised Business with the highest integrity and good business standards, and must use make commercially reasonable efforts to enhance, to the satisfaction of Franchisor, the goodwill associated with the Franchised Business and the Trademarks. Franchisee must refrain from any business or advertising practice that may, in our discretion, be injurious to the business of Franchisor, the goodwill associated with the Franchised Business and/or the Trademarks or the Franchised Business. Franchisee must not disparage any person Franchisor, its employees and representatives, its services or products or the Trademarks. If any products or other tangible items located at the Location of the Franchised Business, or any conditions at the Location, may be considered unhealthy, unsafe, unsanitary, or immoral, or otherwise reflect adversely upon the goodwill associated with the Franchised Business, the System and/or the Trademarks, in Franchisor's discretion, Franchisor may request that those products or items be removed from the Location and/or that condition corrected. If Franchisee does not do so immediately, Franchisor may do so at Franchisee's expense, as well as dispose of those products or items, with no liability to Franchisor. In addition, Franchisor may require Franchisee to close the Franchised Business to the

public until Franchisor is satisfied that those products or items have been removed and/or that condition has been completely corrected, in Franchisor's discretion, at Franchisee's expense.

(c) (i) Franchisee must offer, provide, and sell at the Location of the Franchised Business all services and products designated by Franchisor, consistent with Franchisor's comprehensive standards and requirements. From time to time, Franchisor may add new services and products into the Franchised Business, or remove existing services and products from those offered, provided, and sold at the Franchised Business, in its discretion, and Franchisee will add or remove, as the case may be, such services and products from the service and product offerings of the Franchised Business.

(ii) Franchisee must not offer, provide, or sell any services or products at or from the Location of the Franchised Business, or conduct any other business at or from the Location of the Franchised Business, unless Franchisor specifically approves the offering, provision and sale of those services or products, which approval may be withheld by Franchisor, in its discretion. In addition, Franchisee may not offer, provide, or sell any products or services specified by Franchisor in any configuration, form, or manner (including items for resale) other than that specifically approved by Franchisor.

(iii) Franchisee must participate in all local, regional, and promotional programs, initiatives and campaigns adopted by Franchisor that Franchisor requires Franchisee to participate in.

(iv) Franchisor reserves the right to designate, in its discretion, which of its franchisees may, or will be required to, participate in new service or product tests, new or modified service or product offerings and other programs, initiatives and campaigns that Franchisor may, from time-to-time, develop. If Franchisor designates Franchisee for participation in any such program, initiative or campaign, Franchisee must participate when and as required by Franchisor.

(d) (i) In order to maintain the high standards of service and product quality and consistency associated with the Trademarks, and the uniformity of the System, Franchisee must purchase retail, backbar, grooming and other hair and skin care products ("Retail Products"), certain inventory, all Trademarked items, and certain other designated items exclusively from Franchisor or its Affiliates.

(ii) In order to maintain the high standards of service and product quality and consistency associated with the Trademarks, and the uniformity of the System, Franchisee must purchase certain items (including, without limitation, audio and video content (such as cable and satellite television, music systems and entertainment systems) and credit card and gift card processing services) from vendors and suppliers approved by Franchisor and/or in accordance with Franchisor's specifications, all as designated by Franchisor from time-to-time. Franchisor or its Affiliates may be one of the approved vendors or suppliers or the sole approved vendor or supplier. Franchisor reserves the right to require Franchisee to purchase certain other items from Franchisor or its Affiliates, and/or its approved vendors and suppliers and/or in accordance with its specifications and standards on an ongoing basis and/or the right to centralize the ordering and/or purchasing of certain furniture, fixtures, equipment, inventory, supplies, private label items and other items on an ongoing basis. Franchisee or its Affiliates may request that Franchisor approve certain vendors or suppliers, or modify its specifications, by notifying Franchisor in writing. Franchisor may require Franchisee to submit samples or specifications for examination or testing, at Franchisee's expense,

to determine if the requested vendor, supplier, or item meets Franchisor's specifications. Franchisor will notify Franchisee whether it has approved or rejected such vendors or suppliers, in Franchisor's discretion, within 90 days after receipt of all applicable information.

(iii) Franchisor reserves the right to require Franchisee to purchase an accounting software program that Franchisor specifies or that meets Franchisor's specifications and standards from Franchisor or its Affiliates or a vendor or supplier approved by Franchisor and/or Franchisor may require Franchisee to obtain accounting services from a provider of those services that Franchisor specifies, or a provider of those services approved by Franchisor.

(iv) Franchisor or its Affiliates may be an approved vendor or the only approved vendor for retail, backbar, grooming, and other hair and skin care products ("Retail Products") that are sold at or from your V's Barbershop. If we or our Affiliate are the only approved vendor for one or more Retail Products, you will be obligated to purchase such products directly from us or our Affiliate and will not be permitted to purchase Retail Products from any other vendor, distributor, or manufacturer. You are obligated to purchase Retail Products directly from our Affiliate V's Barbershop Provisions, LLC ("VBP") and will not be permitted to purchase Retail Products from any other distributor without our express written consent which may be granted or withheld in our sole discretion. You must purchase and sell all Retail Products that we specify at your V's Barbershop. We or VBP may electronically debit your Bank for the Retail Products sent to you.

(v) Franchisee acknowledges that Franchisor may make a profit, or receive a rebate or other consideration, in connection with certain items purchased from Franchisor or its Affiliates, or approved vendors and suppliers. Franchisee acknowledges that mark-ups (plus shipping and applicable taxes) from Franchisor's cost of any item, including but not limited to refurbished antique barber chairs, which may be acquired from Franchisor or its Affiliates (or rebate with respect to any item) are reasonable.

(vi) Franchisor may centralize the ordering and/or purchasing of certain furniture, fixtures, equipment, inventory, supplies, and other items on an ongoing basis. If Franchisor establishes centralized ordering and/or purchasing, Franchisee will order and/or purchase those items through that centralized system.

(vii) Franchisor may permit or require Franchisee to store, deliver, and ship Retail Products from the V's Barbershop. Franchisor will notify Franchisee in writing if and when Franchisor implements such options or requirements for the sale, delivery, and shipment of Retail Products. Franchisee shall promptly (in no event more than 30 days) comply with the implementation of such requirements. If we require you to store, deliver, and ship Retail Products, you will be required to maintain inventory of Retail Products in amounts and types as we designate to you.

(e) (i) Franchisee must, at his expense, engage a: (A) V's approved space planner; (B) an architect approved by V's; and (C) to the extent required by Franchisor, a V's approved project management company; in connection with the planning, architecture and development of Franchisee's site and preparation of Franchisee's plans and specifications.

(ii) Franchisee must, at his expense, engage a licensed and bonded contractor approved by Franchisor to construct and build out the Location of the Franchised Business.

(iii) Franchisee must obtain appropriate construction documents, and all

mechanical, plumbing, electrical and architectural plans must be sealed and stamped, as Franchisor may require, even if the applicable local government does not require same.

(iv) Franchisee must cause the Franchised Business premises to be constructed, built out, equipped, and decorated in strict compliance with Franchisor's requirements and in accordance with Franchisee's plans and specifications, as have been approved by Franchisor (including the number of barber chairs required by Franchisor). If these requirements, plans, and specifications are not followed in all significant respects or if changes are not approved in writing by Franchisor prior to being implemented, Franchisee may not open the Franchised Business to the public. In addition, Franchisor may require Franchisee to close the Franchised Business to the public at any time if the Franchised Business premises are not in strict compliance with Franchisor's Operation Manual, as amended from time to time, and with the rules, regulations, instructions, policies, and procedures as may from time to time be issued by Franchisor for the conduct of the Franchised Business. Franchisee must engage licensed and bonded contractors and architects, who are subject to Franchisor's approval, obtain appropriate construction documents, and all mechanical, plumbing, electrical and architectural plans must be sealed and stamped, as Franchisor may require, even if the site's local government does not require same.

(v) Franchisee must cause the Franchised Business to be consistent in design, style, appearance, atmosphere and color with the standards and specifications adopted and approved by Franchisor from time to time. Franchisee must maintain the appearance and atmosphere of the Franchised Business, and the equipment and premises used in connection with the Franchised Business, in accordance with the standards and specifications that Franchisor may adopt from time to time. Any variations in design, style, appearance, atmosphere, or color must be approved in writing by Franchisor.

(f)

(i) Franchisee must maintain the Franchised Business premises and equipment in good condition and repair.

(ii) In addition, at such times as Franchisor so requests, Franchisee, at his expense, must remodel and update the Franchised Business to Franchisor's then-current requirements and standards; provided, however, that no such remodeling or updating requirement (other than remodeling required in connection with a transfer or renewal) will be imposed more frequently than once every 24 months.

(g) The Franchised Business must be: (A) personally supervised by Franchisee (or, if Franchisee is a corporation, partnership, limited liability company or other entity, a designated member of Franchisee's management team) or (B) directly supervised "on- premises" by a manager who has been approved by Franchisor and who will devote his full-time and best efforts to the Franchised Business and may not conduct any other business activity on or from the Franchised Business premises. We may, in our sole discretion, require your Manager to complete the Training Program in conjunction with their on-premises supervision of your V's Barbershop. The person who will supervise the Franchised Business is set forth on the signature page of this Agreement. Any changes must be approved by Franchisor.

(h) Franchisee must keep the Franchised Business open to the public on the days and hours that Franchisor requires in Franchisor's Operation Manual, which requirements may be waived

by Franchisor, in its discretion. In addition, Franchisee must keep the Franchised Business open during the hours of operation of the Franchised Business posted on or about the Franchised Business' premises or otherwise advertised to the public.

(i)

(i) Franchisor may evaluate and inspect the Franchised Business during regular business hours and from time to time to verify compliance with the terms and conditions of this Agreement, to confirm whether the quality of services and products is being maintained to Franchisor's satisfaction and for any other purpose related to this Agreement and the relationship between the parties, and Franchisee will permit Franchisor and its representatives and agents access to the Franchised Business premises. Franchisor's evaluation of the Franchised Business may include but is not limited to on-site inspections, test customers ("Mystery Shoppers"), review of records, access to your POS System, and/or other types of inspections determined by Franchisor in its sole discretion.

(ii) Franchisor and its representatives and agents may meet and communicate with, and solicit information from, Franchisee's past and present employees, vendors, suppliers and customers to verify compliance with the terms of this Agreement, to confirm whether the quality of services and products is being maintained to Franchisor's satisfaction, to confirm whether Franchisee is performing his obligations to those employees, vendors, suppliers and customers and for any other purpose related to this Agreement and the relationship between the parties, and Franchisee will assist and cooperate with Franchisor and its representatives and agents in that regard. Our communication with Franchisee's past and present employees does not and is not intended to create an employment relationship between us and them but is merely a right of communication to insure that the quality of services and products at your V's Barbershop is consistent with our standards and requirements.

(j) Franchisee acknowledges that Franchisor has a direct and legitimate interest in the manner in which its services and products are marketed, including the prices at which services and products are offered to customers. As a service to Franchisee and other franchisees of Franchisor, Franchisor may, but is not obligated to, utilize its experience and the data obtained from its Affiliates and franchisees to establish and maintain a suggested schedule of prices for products and services of the Franchised Business and, subject to applicable law, Franchisor may designate certain pricing and pricing policies with respect to the services or products offered, provided and sold by the Franchised Business, which prices and policies you will be required to comply with. In addition, Franchisor may establish, or has established, required prices for products and services of the Franchised Business and, if so established by Franchisor, Franchisee will be required to comply with those prices. Further, Franchisee acknowledges and agrees that Franchisor will be entitled to exercise the maximum level of control over resale prices and practices permitted by applicable law and, to the extent that Franchisor exercises its rights, Franchisee will be required to comply with the controls so imposed by Franchisor.

(k) Franchisee must participate in the advertising cooperative in his marketing area, as designated by Franchisor, in its discretion. Franchisor may change, dissolve or merge any of the advertising cooperatives. The franchisees within each marketing area will administer the advertising cooperatives, which may assess a fee for administration or advertising. If Franchisor so elects, Franchisor or its Affiliates may participate in one or more of the advertising cooperatives, as a voting member based upon its (or its Affiliates) ownership of V's Barbershops or as a non-voting member.

We will have the right to approve or prohibit any proposed Coop marketing proposals, programs, or plans.

(l) In addition to the Advertising Payments (as defined below) Franchisee must:

(i) conduct a grand opening marketing and advertising campaign in accordance with a plan approved by us prior to the grand opening. You must spend at least \$5,000 on the grand opening marketing and advertising campaign. You will be required to submit your grand opening plan to us prior to beginning it and submit receipts confirming that you have spent no less than \$5,000 on that campaign.

(ii) List, at his expense, his Franchised Business in yellow pages advertising or online directories including social media directories and websites in its marketing area, as designated by Franchisor. If Franchisor or Franchisee's advertising cooperative includes Franchisee's Franchised Business in yellow pages advertising or online directories including social media directories and websites in its marketing area, Franchisee must reimburse Franchisor or his advertising cooperative, respectively, for his pro rata portion of the cost of that advertising.

(iii) Respond, in a professional manner, to all customer inquiries, complaints and reviews received via our point-of-sale review tool or posted online including but not limited to websites such as Yelp, Facebook, Twitter or Google Places Reviews (or any other online review sites that may be developed from time to time) and/or received by the Company, with respect to your V's Barbershop, directly by email or written communication. Any and all responses are subject to approval by the Company. The Company, in its sole discretion, shall have the right to answer or respond to any customer inquiries, complaints or reviews as described above.

(iv) Fully participate in any national and/or local marketing programs initiated by Franchisor including but not limited to coupons, gift cards, combination, or interchange programs with other companies, print advertising, television advertising, direct mail, and email messaging. You are obligated to participate fully in all marketing programs initiated by the Company according to their terms as prescribed by the Company, and you are required to honor discounts and redeem coupons, (excluding Father & Son discounts and Military, Police and Fireman discounts which are everyday mandated discounts and are not part of any new marketing initiatives) that are part of any local, regional or national marketing programs or promotions sponsored or approved by the Company or the Advertising Fund.

(m) Franchisee and his employees must obtain and maintain all licenses and permits required to be held by Franchisee or his employees in connection with the conduct of the Franchised Business, and must comply with all applicable federal, state and local laws, regulations, and ordinances in connection with the conduct of the Franchised Business including but not limited to the Corporate Transparency Act of 2021 ("CTA"), the Americans With Disabilities Act of 1990, as amended (the "ADA"), and/or other laws applicable to the operation of the Franchised Business. Franchisee must give Franchisor written notice of Franchisee's receipt of an unsatisfactory or failing inspection report within three days after Franchisee's receipt of that report.

(n) Franchisee must pay, when due, all debts and obligations incurred by Franchisee in connection with the conduct of the Franchised Business, including all applicable tax liabilities and all obligations to vendors and suppliers.

(o) Franchisee must attend, at his expense, all annual and other meetings of franchisees that Franchisor determines are mandatory for all franchisees, or groups of franchisees (as designated by Franchisor), such as franchisees within a particular geographic region. We may charge you an attendance fee to attend these meetings, but in no case will the attendance fee exceed \$1,000 per person per year during the term of your Franchise Agreement. (Section 3 of the Franchise Agreement). We may also charge you a non-attendance fee but in no case will the non-attendance fee exceed \$1,000 per person per year.

(p) (i) Franchisee must communicate, to the extent applicable, on a regular basis, with Franchisee's V's Franchise Advisory Board ("VFAB") representative regarding issues surrounding Franchisee's Franchised Business and the V's Barbershop System as a whole.

(ii) Franchisee must maintain, at his expense, the computer system, point of sale ("POS") and related equipment, including the hardware and software that Franchisor may require, designate, and/or approve from time to time.

(q) (i) Franchisee must, at his expense, replace, upgrade and/or update the computer system, POS, and related equipment, including the hardware and/or software, when Franchisor believes that it is necessary, including adding, introducing, and implementing new payment systems, methods, or requirements. We will notify you in writing of these requirements and you will be required to make such improvements, modifications, or changes within the time period that we specify, which we agree will not be less than 30 days.

(ii) Franchisee may not install any hardware or software onto the computers used in connection with the Franchised Business without Franchisor's consent.

(iii) Franchisee must maintain, at his expense, an e-mail address designated or approved by Franchisor for purposes of communicating with Franchisor. Franchisee must check and respond to his e-mail on a timely basis, as determined by Franchisor.

(iv) Franchisee must not and must insure that Franchisee's employees including barbers do not utilize text messages, texting, application based communication, or similar mobile based communication in conjunction with Franchisee's Franchised Business except in the case of emergency situations.

(v) Franchisee must obtain and maintain continuous high-speed Internet access, at Franchisee's expense, to Franchisor's Internet website in a manner that will enable Franchisee to download required information from the V's Intranet, including training video material, manuals, etc. (without regard to size) and to otherwise interact with Franchisor and other persons, in such manner as Franchisor may specify. Franchisee must also purchase and install in his V's Barbershop business video cameras capable of delivering live video images of your V's Barbershop in a manner consistent with our Operations Manual via secure internet connections, including approved network firewalls and/or other security devices or software, to computers, smart phones, tablets, and other electronic devices and shall grant us access to the video feeds at all times.

(vi) Franchisor may, but is not obligated to, include a series of interior pages on our web site that may identify Franchisee and other franchisees and/or configure its web site to accommodate Franchisee's web page. Franchisor may permit Franchisee, at Franchisee's expense, to have its webmaster customize and/or post certain information to Franchisee's web page, subject to

compliance with the Franchise Agreement and the Operations Manual and Franchisor's approval.

(r)

(i) If Franchisee fails to pay any amount he is required to pay, or perform any obligation he is required to perform, pursuant to this Agreement, Franchisor may, but will not be obligated to, pay such amount and/or take any action necessary to cure the default. In this event, Franchisee must immediately pay to Franchisor the amount so paid by Franchisor or the amount expended by Franchisor to cure such default, plus interest at the rate of 18% per annum (or, if less, the highest amount permitted by law) from the date paid or expended by Franchisor. This right will accrue whether or not Franchisor terminates this Agreement.

(ii) If Franchisee abandons or otherwise fails to properly operate the Franchised Business, Franchisor may elect to operate the Franchised Business for a reasonable period on Franchisee's behalf, for a reasonable fee, all as determined by Franchisor in its discretion; provided, however, that during the SBA Effective Period (as defined below) if Franchisor operates the Franchised Business pursuant to this Section 4(r)(ii), Franchisor will re-evaluate the situation with Franchisee or its representatives at least every 60 days, unless this Agreement has been terminated prior to the expiration of that 60-day period or unless Franchisee is ill, disabled or deceased. For purposes of this Agreement, the term "SBA Effective Period" will mean the period during which Franchisee is a borrower pursuant to a loan guaranteed by the United States Small Business Administration that was entered into by Franchisee before the opening of Franchisee's Franchised Business, the beginning of the SBA Period being the date that the applicable loan documents have been signed by both Franchisee and the lender and the end of the SBA Period being the earliest of (a) the date that this Agreement has been terminated, (b) the date that the loan has been paid and (c) the date that the Small Business Administration no longer has an interest in the loan.

(s)

(i) Franchisee must staff the Franchised Business adequately, as determined by Franchisor in its discretion, to service customers on a timely basis.

(ii) All personnel employed by Franchisee in connection with the Franchised Business must wear a uniform or other clothing approved by Franchisor as supplied by a mandated vendor.

(t) Franchisee must honor all customer warranty policies adopted by Franchisor. If Franchisor requires Franchisee to correct services provided by Franchisee, Franchisee will do so, at his expense.

(u) If the Franchised Business is not being conducted in strict accordance with this Section 4, or otherwise in strict accordance with this Agreement or with Franchisor's Operation Manual, as amended from time to time, and with the rules, regulations, instructions, policies, and procedures as may from time to time be issued by Franchisor for the conduct of the Franchised Business, Franchisor may require Franchisee to close the Franchised Business to the public at any time.

(v) Franchisee acknowledges and agrees that other franchisees' franchise agreements may differ from those of Franchisee and that Franchisor may approve exceptions to, or changes from, the uniform standards that Franchisor may permit under certain circumstances.

(w) Franchisee must use us or our approved vendors to provide marketing, pay per click ("PPC"), Search Engine Optimization ("SEO"), Social Media, or website development work unless we approve an alternative supplier of such services.

(x) Franchisor will establish and control the access rights to all brand specific social media accounts. You must use only approved content and materials in connection with social media accounts. We reserve the right to require that you use or stop using specific social media platforms at any time and/or to assign existing accounts on any social media platform to us or our designee. You must identify us as a primary administrator and provide us with primary administration rights for any social media or digital marketing accounts that you use in conjunction with your V's Barbershop. We may assume control of your social media accounts if you post any materials that we believe, in our sole discretion, is inconsistent with V's Barbershops, or that we deem offensive, illegal, or improper. We may respond to commentary or other items related to your account content. You must get our written consent to use any social media platform other than the pre-approved social media platforms. You must also ensure that your employees are aware of our social media policies and comply with such policies.

We may, at any time, upon written notice to you, require you to retain a Designated Supplier of social media, public relations, and digital marketing services ("Social Media Services"). There may be a fee payable to such Designated Supplier in connection with Social Media Services. You will be required to retain and utilize such Designated Supplier(s) upon written notice from us.

(y) We may, at any time, upon written notice to you, require you to retain a Designated Supplier of social media, public relations, and digital marketing services ("Social Media Services"). There may be a fee payable to such Designated Supplier in connection with Social Media Services. You will be required to retain and utilize such Designated Supplier(s) upon written notice from us.

(z) Franchisee must provide us with copies of all agreements related to Franchisee's use of real property (including lease, sublease, assignment of lease, or other related documents) in conjunction with the operation of Franchisee's V's Barbershops.

(aa) Franchisee must timely and fully pay all amounts due to vendors, suppliers, and service providers associated with the operation of Franchisee's V's Barbershops.

(bb) Franchisor will not have the power to hire or fire Franchisee's employees and/or independent contractors. Franchisee alone is responsible for all employment decisions and functions of its Franchised Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects or not. All employees or independent contractors hired by or working for Franchisee will be Franchisee's employees or independent contractors alone and will not, for any purpose, be deemed Franchisor's employees or subject to Franchisor's control, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied, or fixed by any city, state, or federal governmental agency. Franchisor will have no liability for any action or settlement related to hiring, firing, training,

establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and Franchisee agrees to indemnify Franchisor for any such liabilities it incurs. Franchisee agrees that any direction Franchisee receives from Franchisor regarding employment policies should be considered as examples, that Franchisee alone is responsible for establishing and implementing Franchisee's own policies, and that Franchisee understands that Franchisee should do so in consultation with local legal counsel well-versed in employment law.

**5. Insurance.**

(a)

(i) Franchisee must obtain and maintain during the term of this Agreement, insurance of the types and in the amounts that we require which will be set forth in Franchisor's Operation Manual, as amended from time to time. Franchisor currently requires Franchisees to maintain, at a minimum, the following insurance coverages:

<b>Type of Coverage</b>	<b>Minimum Coverage Amount</b>
General Liability - Per Occurrence	\$2,000,000
General Liability - Aggregate	\$4,000,000
Business Personal Property Limit	\$275,000 or Replacement Cost
Professional Liability	\$1,000,000
Liquor Liability (if applicable)	\$1,000,000
Fire Damage Legal Liability	\$300,000
Medical Payments	\$10,000
Property Deductible	No more than \$2,500
Business Interruption Extra Expense	Actual Loss Sustained - 12 Months
Extended Business Income Coverage	180 Days
Employment Practices Liability	\$100,000
Workers' Compensation	Per state requirements
Stop Gap or Employers Liability	\$1,000,000
Hired, Owned & Non-Owned Auto	\$1,000,000
Cyber Liability	\$50,000

Franchisee acknowledges that Franchisor may, at any time, upon thirty (30) days' written notice to Franchisee, require Franchisee to purchase additional types of insurance and/or to increase the minimum insurance coverages of the policies listed above. Any failure by Franchisor to purchase the additional required insurance or coverages shall be a default of this Agreement.

(ii) If Franchisee sustains a loss by reason of fire, flood or other casualty of a type typically covered by insurance, and such casualty is caused wholly or partially by Franchisor's (or its Affiliates') acts or omissions, Franchisee must look solely to the proceeds of Franchisee's insurance policy for reimbursement of the loss, and neither Franchisee nor any insurance carrier may recover damages against Franchisor (or its Affiliates) by way of direct action, subrogation, assignment of claims or otherwise. Franchisee waives all such rights of recovery by Franchisee, any insurance carrier or other Person.

(iii) These insurance policies must name Franchisor, and any Affiliates designated by Franchisor, as additional insureds. These insurance policies must insure Franchisee, Franchisor and, if requested by Franchisor, Franchisor's Affiliates against any liability in connection with the operation of the Franchised Business. The insurance must be placed with insurance carriers satisfactory to Franchisor, must be satisfactory in form to Franchisor and may not be subject to cancellation or any material change except after 30 days' prior written notice to Franchisor. The insurance policies must comply with this Section 5 and must provide that no failure of Franchisee to comply with any term, condition or provision of the contract, or other conduct by Franchisee, will void or otherwise affect the protection afforded to Franchisor, its Affiliates under the policy. Certificates of insurance with respect to these insurance policies must be provided to Franchisor with respect to all insurance policies in effect during the term of this Agreement, promptly after the issuance and renewal of the insurance policies.

(b) If Franchisee fails to pay any premium when due or any policy is in default, Franchisor may, but will not be obligated to, pay any premium and/or take any action necessary to cure the default. In this event, Franchisee must immediately pay to Franchisor the amount so paid by Franchisor or the amount expended by Franchisor to cure such default, plus interest at the rate of 18% per annum (or, if less, the highest amount permitted by law) from the date paid or expended by Franchisor. This right will accrue whether or not Franchisor terminates this Agreement.

## **6. Right of First Refusal.**

(a)

(i) Subject to Section 6(b), if Franchisor desires to operate, or grant any other Person the right to operate, a V's Barbershop within the Applicable Radius (as defined below) of the Location, Franchisor will provide to Franchisee written notice of the location (the "New Location") at which Franchisor intends the new V's Barbershop to be located (the "Initiating Notice"). If Franchisee provides to Franchisor, within ten (10) days after the date of the Initiating Notice, written notice of Franchisee's intent to sign the then-current Franchise Agreement with respect to the New Location and the then-current Franchise Agreement (and all other documents to be signed in connection therewith) is signed by Franchisee (and the franchise fee (and all other amounts payable in connection therewith) is paid) within 30 days after the date of the Initiating Notice, Franchisor will not operate, or grant any other Person the right to operate, a V's Barbershop at the New Location. If Franchisee fails to satisfy either of those requirements or the conditions set forth in Section 6(a)(ii) or this Agreement is terminated, Franchisor will not be subject to the restrictions set forth in this Section 6(a)(ii).

(ii) Franchisee acknowledges and agrees that it is critical for Franchisor to protect the Trademarks and to maintain a high quality of services and products provided under the Trademarks. Accordingly, Franchisee acknowledges that Franchisor has a significant interest in granting franchises only to persons who operate their Franchised Businesses in accordance with the highest integrity and operational excellence. Notwithstanding the rights granted by Section 6(a)(ii), You will not have a right of first refusal if:

1) You or your Affiliates are in default of any of your obligations under the Franchise Agreement (or any other agreement with us or our Affiliates).

2) Any of the V's Barbershops operated by you (and your Affiliates) are not in full compliance with all operational and other requirements, rules and policies contained in our Operation Manual.

3) You do not qualify for acceptance as a franchisee under our then-current qualifications (including, without limitation, financial qualifications) for franchisees.

4) You (and your Principals, directors, officers, managers, and employees) do not sign the then-current franchise agreement (and such other ancillary agreements and documents as we may then require in connection with the signing of the then-current franchise agreement).

5) You and your Principals do not sign a general release of us and our Affiliates, in the form that we may require.

6) No particular location (an address or an intersection) is identified in the Franchise Agreement (for example, if only a geographic area is identified), no right of first refusal will exist until a lease is signed with respect to a particular location.

7) The New Location is within the Applicable Radius but is also subject to another person's right of first refusal, or other rights.

8) The New Location is within a dense retail traffic area (such as Las Vegas or Honolulu) or a unique or non-traditional marketplace (such as an airport, train station, hotel, casino, stadium and sports and entertainment venue), as designated by us (a "Special Location"); or

9) The Location is within a Special Location.

Franchisee's rights under Section 6(a)(i) will not be applicable to any V's Barbershop planned or opened prior to the date that the Franchise Agreement is signed.

(b) Notwithstanding anything contained in this Agreement to the contrary,

(i) Franchisor may operate, or grant any other Person the right to operate, V's Barbershops within Special Locations (as defined below) and Franchisee will have no right of first refusal with respect thereto.

(ii) Franchisee may not market his Franchised Business or use the Trademarks on the Internet, except as expressly permitted by Franchisor.

(iii) Franchisor reserves the right to market services and/or products (including identical, similar, or other services and products) under the Trademarks (or under other trademarks) outside of the Applicable Radius.

(iv) Franchisor may market, directly or indirectly, services and/or products inside or outside the Applicable Radius (including, without limitation, identical, similar, or other services and products) under the Trademarks (or other trademarks) through channels of distribution other than V's Barbershops, including the Internet, department stores, big box stores, drugstores, or similar retail outlets.

(v) Franchisor reserves the unlimited right to market services and products under the Trademarks outside the Applicable Radius.

(vi) Franchisor reserves the right to market services and/or products (including identical, similar, or other services and products) under trademarks other than the Trademarks within the Applicable Radius.

(c) Franchisee acknowledges that Franchisor presently intends to develop Franchised Businesses (including franchised and company-owned units) throughout the United States and, perhaps, internationally and that one or more future Franchised Businesses (including franchised and company-owned units) may have an adverse effect on the revenues and profitability of existing Franchised Businesses, including Franchisee's Franchised Business. Franchisee further acknowledges that Franchisor has not made any representation or agreement, or provided Franchisee with any assurance, that no future Franchised Business (including franchised and company-owned units) would adversely affect the revenues and profitability of Franchisee's Franchised Business.

(d) Franchisee acknowledges that the then-current Franchise Agreement, the franchise agreement to be signed in connection with Franchisee's exercise of his rights under Section 6(a)(ii), will be Franchisor's franchise agreement then being signed by Franchisor's new franchisees and that the form, terms, and provisions of the then-current Franchise Agreement may differ from this Agreement (with respect to, among other things, the franchise fee, Royalties, Advertising Payments, and the Term).

(e) For purposes of this Agreement, the term:

(i) "Applicable Radius" means a 5-mile radius or, if less, the radius (rounded up to the next one-half mile) determined by measuring a population of 50,000 around the subject location. The source of the population statistics for purposes of this Section 6(e) will be determined by Franchisor from time-to-time, in its discretion. Because population density may change, the Applicable Radius may change from time-to-time. All distances contemplated by this Section 6(e) will be measured from the front door of the applicable V's Barber Shop, by global positioning satellite systems or other measurement devices, systems, programs, or mechanisms, selected by Franchisor, in its discretion.

(ii) "Special Location" means certain dense retail traffic areas (such as Las Vegas and Honolulu) or unique or non-traditional marketplaces (such as airports, train stations, hotels, casinos, stadiums and sports and entertainment venues), as designated by Franchisor, in its discretion.

## 7. Fees.

(a) In consideration of the grant of the Franchise by Franchisor to Franchisee:

(i) **Initial Franchise Fees.** Franchisee must pay to Franchisor an initial franchise fee (the "Initial Franchise Fee") in the amount of \$40,000, payable by cashiers or certified check upon the signing of this Agreement by Franchisor and Franchisee; provided, however, if this is Franchisee's (or his Affiliate's) second or subsequent Franchised Business or if Franchisee is currently in, or has been honorably discharged from, the U.S. armed forces (and can verify same through appropriate documentation), the Initial Franchise Fee will be \$40,000. The Initial Franchise Fee is not refundable

and will be used for our general purposes. No Initial Franchise Fee will be paid in connection with a renewal, Relocation or Transfer.

(ii) **Royalties.** You must pay Franchisor royalties ("Royalties") in an amount equal to 6% of Gross Sales (as defined below) up to \$500,000 and 3.5% of Gross Sales above \$500,000 on your first V's Barbershop Franchised Business. Notwithstanding the foregoing, however, Royalties will be increased up to 15% of Gross Sales with respect to any period during which Franchisee is in default of his financial obligations under this Agreement. (The Royalties paid or owing to Franchisor with respect to the period during which Franchisee is in default are referred to as "Breaching Royalties.") Breaching Royalties will be charged for a minimum 14-day period, regardless of the length of the actual breach.

(iii) **Technology Fee.** You must pay Franchisor a monthly fee, beginning on the date that Franchisee executes a lease for the V's Barbershop and continuing through the Initial Term and any Renewal Terms, in exchange for use of technology services provided by Franchisor to Franchisee (the "Technology Fee"). Upon execution of this Agreement, the Technology Fee is \$150 per month per V's Barbershop location. Franchisor may increase the Technology Fee upon thirty (30) days written notice to Franchisee. The Technology Fee shall be paid monthly in the same manner as Royalties are paid by Franchisee.

(b) Notwithstanding anything contained in this Agreement to the contrary, Franchisor may refuse to grant Franchisee a franchise or sign a franchise agreement or to allow Franchisee to open a Unit contemplated by this Agreement if Franchisee is in default of this Agreement or any other agreement between Franchisor and Franchisee or its Affiliates. In such event, any Fees paid to Franchisor with respect to the Subsequent Unit(s) will not be refunded to Franchisee.

(c) **Advertising Payments.** Franchisee must pay to Franchisor Advertising Payments ("Advertising Payments") of between one percent (1%) and three percent (3%) of your Gross Sales as determined by us in our sole discretion and may be modified by us up to a maximum of three percent (3%) at any time upon thirty (30) days written notice to you. Other franchisees' Advertising Payments may be calculated at a different rate or on a different basis. If your Advertising Payment to us is less than 3% of your Gross Sales, you will be required to expend the difference between your Advertising Payment and the amount equal to 3% of your Gross Sales on local store marketing. We may require you to submit to us on a regular basis as we determine, at our sole discretion, reports detailing your local store marketing expenditures to confirm that you are spending the minimum amount on local store marketing. Those reports will be submitted in the same manner and at the same time as other reports required by the Franchise Agreement. If we determine, in our reasonable discretion, that you are not complying with your obligations to spend the difference on local store marketing, we may, in addition to other remedies available under the Franchise Agreement and the law, require you to contribute the total amount that you should have spent on local marketing plus default interest to the Advertising Fund and to pay us the cost of our inspection and/or audit of your local store marketing expenditures.

(d) You must submit to us, on an annual basis, no later than 30 days after the end of each calendar year, reports detailing your local store marketing expenditures for the previous calendar year, confirming that you expended at least the required amount on local store marketing. Those reports will be submitted in the same manner and at the same time as other reports required by the Franchise Agreement. If you fail to timely submit the required reports or fail to expend the required amounts on local store marketing, we may, in our sole discretion: (A) require to increase your expenditure on

local store marketing for the then current calendar year to include the deficiency for the previous calendar year; or (B) require you to pay the difference between the required amount and the amount you spent on local store marketing during the previous calendar year to the Advertising Fund; or (C) hold you in default of this Agreement.

(e) For purposes of this Agreement, the term “Gross Sales” means the aggregate amount of sales of all products and services, and all other receipts or receivables whatsoever, from all business conducted either: (i) Upon or originating from the Location of the Franchised Business or (ii) Under the Trademarks, whether or not upon or originating from the Location of the Franchised Business; without deduction for uncollected or uncollectible credit accounts and without allowances for bad debts. In addition, the term “Gross Sales” includes the proceeds received or realized by Franchisee or his Affiliates in connection with any business interruption insurance maintained by or for the benefit of Franchisee or his Affiliates. Notwithstanding the foregoing, the term “Gross Sales” will not include the amount of any taxes imposed by any governmental taxing authority directly on sales and collected from customers (if such tax is added to the selling price and actually paid by the Franchisee to such taxing authority), any credit granted by Franchisor to Franchisee under any coupon redemption or similar promotion or any refund or credit given with respect to any products returned or exchanged by a customer (provided that the sales price thereof was included in Gross Sales). Further, the term “Gross Sales” will not include receipts or receivables with respect to gift cards, as sales of products and services paid for with gift cards will be included in Gross Sales at the time such sales occur.

(f) Royalties and Advertising Payments will be due and payable on a weekly basis.

(g) Royalties, Advertising Payments and any other fees or charges payable to Franchisor or its Affiliates that are not paid within ten days after their due date will bear interest at the rate of 18% per annum (or, if less, the highest amount permitted by law). In addition, Royalties, Advertising Payments and any other fees or charges payable to Franchisor or its Affiliates that are not paid within ten days after their due date will be subject to a late fee of 5% of the unpaid amount, or \$100, whichever is greater.

(h) Franchisee authorizes Franchisor to draw drafts against Franchisee's bank accounts for the full amount of the Royalties, the Advertising Payments and any other fees or charges payable to Franchisor or its Affiliates (or to the advertising cooperative). Simultaneously with signing this Agreement, Franchisee must sign a preauthorization form, in the form attached as Exhibit I to the Disclosure Document, to enable Franchisor to do so. In addition, from time to time at Franchisor's request, Franchisee must sign such other and further documents as Franchisor may require enabling Franchisor to draw drafts against Franchisee's bank accounts for such purposes.

(i) If Franchisee fails to submit to Franchisor, by 9:00 a.m. (Phoenix, Arizona time) on Wednesday of each week, an operating statement, in the form specified by Franchisor, which includes Gross Sales figures for the prior business week, the amount drawn against Franchisee's bank account, pursuant to Section 7(d) for the Royalties and Advertising Payments with respect to the prior business week will be the amount drawn the previous week plus 10%, as an estimate of the prior business week's Royalties and Advertising Payments.

(j) Franchisee must pay to Franchisor an amount equal to any sales, gross receipts or similar taxes assessed against, or payable by, Franchisor or its Affiliates and calculated on the Initial Franchise Fee, Royalties, the Advertising Payments, and other payments paid pursuant to this

Agreement, unless the tax is an income tax or an optional alternative to an income tax otherwise payable by Franchisor. Such amount will be due and payable within 10 days after receipt of Franchisor's invoice.

(k) All fees (other than Royalties) payable by Franchisee to Franchisor or its Affiliates may be modified by Franchisor, from time to time, without Franchisee's approval but will be no greater than the fees then being charged to new franchisees.

(l) Franchisor and its Affiliates may offset any amounts owed to Franchisor or its Affiliates by Franchisee or its Affiliates against any amounts owed to Franchisee or its Affiliates by Franchisor or its Affiliates.

(m) If Franchisee does not open his V's Barbershop Franchised Business within: (i) 12 months of the Effective Date of this Agreement; or (ii) 180 days after the landlord makes the site for the Franchised Business available to Franchisee, whichever occurs first (the "Opening Deadline"), Franchisee may, in Franchisee's sole discretion, pay to Franchisor \$5,000 (the "Extension Fee") in exchange for a one-time 12-month extension of the Opening Deadline to open Franchisee's Franchised Business. The Extension Fee must be paid no less than 90 days prior to the Opening Deadline and will extend the Opening Deadline for 12 months from the date upon which it would have originally expired.

(n) If Franchisor or its Affiliates assist Franchisee in identifying a Buyer for your V's Barbershop Franchised Business, you will pay us a Store Resale Assistance Fee equal to five percent (5%) of the gross purchase price paid to you for your V's Barbershop Business (the "Store Resale Assistance Fee"). The Store Resale Assistance Fee will be paid, in full, at the closing of the transaction regardless of any financing terms that you may agree to with the Buyer unless we agree, in our sole and absolute discretion, to allow you to pay us or our Affiliate the Store Resale Assistance Fee over time.

(o) **Remediation Fees.** If we identify cleanliness, sloppiness, deferred maintenance, non-compliance with the Franchise Agreement, or failure to carry required products, we may charge you a Remediation Fee for the time that we spend assisting you to correct these deficiencies. The Remediation Fee will be an hourly rate (currently \$100/hr. per person involved), including consultation time and travel time, plus our reasonable travel, lodging, and meals expenses.

(p) **Technology Communications Fees.** We may charge you \$100 per week for each week that your point-of-sale system, or in store digital menu board is not maintained with the current approved software (including updates thereto) and required internet connection so that we can access your computer systems performance data and sales data with our standard access software.

(q) **Information Technology Support Fees.** We may charge you, bill you, and/or withdraw from your bank the costs and fees that we incur in providing information technology support to your V's Barbershop that is not included with the standard services provided by us or third party vendors. Information Technology Support Fees will be payable upon invoice and may be withdrawn from your bank in the same manner as we withdraw Royalties.

## 8. Trademarks; Copyrights; Innovations; Proprietary Information.

(a) For purposes of this Agreement, the term "Trademarks" means (i) all trade names, trademarks, service marks, logos, product identifiers, selections and/or designations, including all registrations and applications for the same, owned by Franchisor or used in connection with the Franchised Business and (ii) the Trade Dress used in connection with the Franchised Business, including the total appearance, atmosphere and image of V's Barbershops, the products and packaging, all related features such as size, texture, shape, color or color combinations, and descriptive titles and graphics of V's Barbershops products, packaging, services and all advertising and marketing techniques used to promote V's Barbershops, as well as specifically including all signage, boards, displays, product configurations and packaging, and any color schemes and designs utilized in connection with V's Barbershops, interior walls, counters, chairs and floors ("Trade Dress").

(b) Franchisee may use the Trademarks, the Copyrights (as defined below), the Innovations (as defined below) and the Proprietary Information in connection with the conduct of the Franchised Business, only in the manner designated in or by Franchisor's Operation Manual and Franchisor's standards and policies and only in a manner consistent with the other provisions of this Agreement. Any advertising or marketing materials that use the Trademarks must be approved by Franchisor prior to distribution. Use of any Trademarks must be accompanied by the registration, service mark, trademark, or other symbol, as designated by Franchisor, in close proximity to the Trademarks. Franchisee may not advertise or solicit customers outside of the Applicable Radius without Franchisor's consent.

(c) Franchisee will not have the exclusive right to use the Trademarks, the Copyrights, the Innovations, or the Proprietary Information. Franchisee may not offer or grant any sublicense or other rights to use the Trademarks, the Copyrights, the Innovations or the Proprietary Information to any individual, corporation, association, partnership, estate, trust, and any other entity or organization (a "Person"). Franchisee acknowledges and agrees that Franchisor maintains and reserves all rights to the Trademarks the Copyrights, the Innovations, and the Proprietary Information except as expressly set forth in this Agreement. Franchisee further acknowledges and agrees that his right to use the Trademarks, the Copyrights, the Innovations and the Proprietary Information is derived solely from this Agreement and that Franchisee will not derive any right, title or interest in the Trademarks, the Copyrights, the Innovations or the Proprietary Information other than a license to use the Trademarks, the Copyrights, the Innovations and the Proprietary Information in connection with the conduct of the Franchised Business during the term of this Agreement. Upon expiration or termination of this Agreement, Franchisee may not, directly, or indirectly, use the Trademarks, the Copyrights, the Innovations, or the Proprietary Information in any manner or for any purpose whatsoever. Franchisee agrees that he will not in any way infringe upon, harm or contest the rights of Franchisor or any other Person to use of the Trademarks, the Copyrights, the Innovations, and the Proprietary Information. Franchisee further acknowledges that his use of the Trademarks, the Copyrights, the Innovations, and the Proprietary Information pursuant to this Agreement will inure to the benefit of Franchisor and the Program and that any goodwill arising from Franchisee's use will automatically vest in Franchisor.

(d) During the term of this Agreement, Franchisee may not include the name "V's Barbershop" (or any part thereof) or any substantially similar name in his corporate, partnership, Limited Liability Company, or other entity name.

(e) Franchisee must immediately notify Franchisor of any conduct that could constitute infringement of or challenge to the Trademarks, the Copyrights, the Innovations, or the Proprietary Information. Franchisor may, in its discretion, decide whether to institute any action in connection with infringement of or challenge to the Trademarks, the Copyrights, the Innovations or the Proprietary Information, and will control all proceedings and litigation. Franchisor is not required to protect Franchisee's right to use the Trademarks, the Copyrights, the Innovations or the Proprietary Information or protect Franchisee against claims of infringement or unfair competition; provided, however, that Franchisor will indemnify Franchisee for, from and against all damages for which Franchisee is held liable in any lawsuit arising out of Franchisee's use of the Trademarks, the Copyrights, the Innovations or the Proprietary Information in compliance with this Agreement, provided that Franchisee notifies Franchisor immediately when he learns about any related claim, proceeding or lawsuit, Franchisor has had the opportunity to defend such lawsuit and Franchisee has cooperated with Franchisor in connection with such defense. Franchisor may, in its discretion, defend any such claim, proceeding or lawsuit on Franchisee's behalf, but Franchisor is not required to do so.

(f) Notwithstanding anything contained in this Agreement to the contrary, if it becomes advisable at any time, in Franchisor's discretion, to modify or discontinue use of any Trademark, Copyright, Innovation or Proprietary Information, or use one or more additional or substitute Trademarks, Copyrights, Innovations and/or Proprietary Information and/or other information and/or rights, Franchisee must, at his expense, comply within a reasonable time after notice thereof by Franchisor.

(g) Franchisee must not solicit other franchisees, or use the lists of franchisees, for any commercial or other purpose other than purposes directly related to the operation of its Franchised Business without the prior approval of Franchisor.

(h) Any reproduction of any items or materials suitable for copyright protection by Franchisor (the "Copyrights"), including the copyrightable materials within the Proprietary Information, must bear a copyright notice in the form designated by Franchisor. All advertising and promotional materials generated by or for Franchisee will be subject to Franchisor's prior approval, will be completely factual, and will conform to the highest standards of ethical advertising. Further, all advertising, promotional and other materials generated by or for Franchisee (including materials generated by or for Agents (as defined below)) for the Franchised Business will be deemed a work-made-for-hire, and all ownership rights, including any copyrights, in such advertising, promotional and other materials are hereby assigned by Franchisee to Franchisor. For purposes of this Agreement, the term "Agents" means Franchisee's Principals, directors, owners, officers, managers, and employees.

(i) During the term of this Agreement, Franchisee and its Agents may conceive, invent, create, design and/or develop various ideas, techniques, methods, processes and procedures, formulae, services, products, packaging or other concepts and features relating to the Franchised Business or its operations or business practices (including the services and products offered and sold by the Franchised Business) (the "Innovations"). Franchisee assigns any and all of its rights, title, and interest in the Innovations, including any intellectual property rights, to Franchisor, and agrees to cooperate with Franchisor and its counsel in the protection of the Innovations, including the perfecting of title thereto.

(j) Franchisor will be entitled to use the name, likeness and voice of Franchisee and its Agents for purposes of promoting the Franchise, Franchisor and its services and products, including all photos and audio and video recordings of Franchisee and its Agents, and Franchisee hereby irrevocably consents thereto. Franchisee acknowledges that Franchisor will own all right, title and interest, to the extent allowed by law, in all rights of integrity, disclosure and publication and any other rights that may be known as or referred to as “moral rights,” “artist’s rights,” “publicity rights” or the like associated with such photos and audio and video recordings and assigns and transfers unto Franchisor the full and exclusive right, title, and interest to such publicity rights.

(k) Upon any breach by Franchisee of any of the terms of this Section 8, Franchisor may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature and that Franchisor's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision of this Section 8, without the necessity of posting bond therefor or proof of actual damages.

## **9. Confidentiality.**

(a) Franchisee acknowledges that Franchisor is engaged in a highly competitive business, the success of which is dependent upon, among other things, trade secrets, confidential information, and Proprietary Information. Franchisee further acknowledges that Franchisor's method of operation, processes, techniques, formulae and procedures and the other Proprietary Information constitute valuable trade secrets.

(b) Franchisee agrees not to use for any purpose or disclose or reveal (and must cause all of Franchisee's Agents not to use for any purpose, or disclose or reveal), during the term of this Agreement or forever thereafter, to any Person any of the Proprietary Information or any other information provided to Franchisee by Franchisor and/or its Affiliates, employees, officers, directors, or vendors related to Franchisee’s operation of the Franchised Business. Franchisee must fully and strictly comply with all security measures prescribed by Franchisor for maintaining the confidentiality of all Proprietary Information. Franchisee must not reverse engineer, decompile or disassemble any of the Proprietary Information.

(c) Franchisee acknowledges that a breach of his obligations under this Section 9 would cause damage to Franchisor and to Franchisor's other franchisees and that Franchisee would be liable for this damage.

(d) Notwithstanding the foregoing, Franchisee may disclose Proprietary Information to a person who is bound by the terms of this provision regarding confidentiality and a restrictive covenant contemplated by this Section 9, to the extent that that disclosure is necessary in connection with that person's capacity with Franchisee. In addition, notwithstanding the foregoing, Franchisee may use the Proprietary Information as may be necessary in connection with the operation of the Franchised Business.

(e) Notwithstanding the foregoing, the following will not be subject to the provisions of the Section 9

- (i) Information that is in the public domain as the date of receipt by Franchisee.
- (ii) Information that is known to Franchisee prior to the date of receipt by Franchisee.
- (iii) Information that becomes known to the public without a breach of the provisions of this Section 9 or any agreement signed in connection with this Agreement; and
- (iv) Information that is required by law to be disclosed or revealed, but only strictly to the extent required by law, provided that Franchisee provides Franchisor with adequate notice of Franchisee's intent to so disclose such Proprietary Information to enable Franchisor to contest such disclosure.

**10. Non-Solicitation/Non-Competition/Remedies.**

(a) Non-Solicitation. Franchisee shall not, during the term of this Agreement and for the "Restricted Period," directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise), except in conjunction with the operation of Franchisee's V's Barbershop in a manner consistent with this Agreement:

(i) offer to provide Competitive Services to any person, client or customer who received Competitive Services at Franchisee's V's Barbershop within the preceding six-month period other than in connection with the operation of Franchisee's V's Barbershop in compliance with the terms of this Agreement.

(ii) encourage, entice, induce, or influence, directly or indirectly, any Person not to do business with and/or not to receive Competitive Services from Franchisee, Franchisor, or any other franchisee of Franchisor; or

(iii) solicit for business or engage in business in connection with the cutting or styling of hair, shaving, facials, and related retail products with any Person who is a vendor or supplier (or an employee of a vendor or supplier) of Franchisee or Franchisor other than in connection with the operation of Franchisee's V's Barbershop in compliance with the terms of this Agreement.

(b) Non-Competition. Franchisee may not, during the term of this Agreement and for the Restricted Period for any reason, directly or indirectly (as an owner, partner, director, officer, shareholder, representative, agent, lender or otherwise), be engaged in a business that provides Competitive Services within the "Restricted Area." Notwithstanding the preceding sentence, if Franchisee is an individual, Franchisee may be employed as a barber or cosmetologist in the Restricted Area during the Restricted Period provided that Franchisee is otherwise fully in compliance with Section 10 of this Agreement including but not limited to the Non-Solicitation obligations set forth in Section 10(a).

(c) Definitions.

(i) The "Restricted Period" for purposes of this Agreement shall be the one (1) year immediately following the expiration or termination of this Agreement for any reason; except that if a court or arbitrator finds that a one (1) year Restricted Period is not reasonably necessary to protect legitimate business interests of Franchisor, the Restricted Period shall be the nine (9) months

immediately following the expiration or termination of the Franchise Agreement for any reason; except that if a court or arbitrator finds that a nine (9) month Restricted Period is not reasonably necessary to protect the legitimate business interests of Franchisor, the Restricted Period shall be the six (6) months immediately following the expiration or termination of the Franchise Agreement for any reason; except that if a court or arbitrator finds that a six (6) month Restricted Period is not reasonably necessary to protect the legitimate business interests of Franchisor, the Restricted Period shall be the three (3) months immediately following the expiration or termination of the Franchise Agreement for any reason.

(ii) The “Restricted Area” for purposes of this Agreement shall be the location of Franchisee's V's Barbershop and within a seven (7) air-mile radius of any V's Barbershop previously or presently owned, in whole or in part, by Franchisee or any of Franchisee's Affiliates; except that if a court or arbitrator finds that a seven (7) air-mile radius Restricted Area is not reasonably necessary to protect legitimate business interest of Franchisor, the Restricted Area shall be the location of Franchisee's V's Barbershop and a five (5) air-mile radius of any V's Barbershop previously or presently owned, in whole or in part, by Franchisee or any of Franchisee's Affiliates; except that if a court or arbitrator finds that a five (5) air-mile radius Restricted Area is not reasonably necessary to protect legitimate business interest of Franchisor, the Restricted Area shall be the location of Franchisee's V's Barbershop and a three (3) air-mile radius of any V's Barbershop previously or presently owned, in whole or in part, by Franchisee or any of Franchisee's Affiliates.

(iii) “Competitive Services” means any professional barbering services, including but not limited to haircutting, styling, barbering, or grooming; men's facial services (shaves, moustache care, or beard trims) facial massage and related retail products and services offered or provided by Franchisee during the term of this Agreement.

(d) Remedies. Upon any breach of this Section 10, Franchisee will, as liquidated damages and not as a penalty, be obligated to pay to Franchisor:

(i) With respect to a breach of Section 10(a), an amount equal 50% of the amount received by Franchisee (or the Person with which he is associated) from the vendor, supplier or customer, or the amount paid to the vendor, supplier, or customer, as the case may be.

(ii) With respect to a breach of Section 10(b), \$40,000 for each site operated in default of Section 10(b), plus 10% of the sales from all services and products sold by or from a site operated in default of Section 10(b).

(e) If the scope of any restriction contained in this Section 10 is too broad to permit the enforcement of that restriction to its fullest extent, then that restriction will be enforced to the maximum extent permitted by law, and Franchisor and Franchisee each consent and agrees that the scope may be judicially limited or modified accordingly in any proceeding brought to enforce that restriction. Each provision contained in this Section 10 is independent and severable and, to the extent that any provision is declared by a court of competent jurisdiction to be illegal, invalid, or unenforceable, that declaration will not affect the legality, validity or enforceability of any other provision contained in this Agreement or the legality, validity, or enforceability of that provision in any other jurisdiction.

## 11. Agreements of Principals and Other Agents.

(a) Franchisee will cause its Agents to comply with the provisions of Sections 8, 9 and 10 of this Agreement (the "Agent Provisions").

(b) If Franchisee is a person other than an individual (for example, a corporation, partnership, limited liability company or other entity), Franchisee must deliver to Franchisor, simultaneously with signing this Agreement, a guaranty or guaranties signed by each person (and his or her spouse) or entity owning, directly or indirectly, a 5% or greater equity interest in Franchisee (for example, the general partners or the shareholders) (collectively, "Principals"), in the form attached as Exhibit F to the Disclosure Document, pursuant to which the Principals agree to perform, and guarantee, Franchisee's obligations to Franchisor and its Affiliates.

(c) Franchisee must deliver to Franchisor, simultaneously with signing this Agreement and upon each such Principal, director, officer, manager or employee acquiring a position with Franchisee, an agreement signed by that person in the form attached as Exhibit G to the Disclosure Document (with respect to Principals, Directors and Officers) or Exhibit H to the Disclosure Document (with respect to managers and employees), pursuant to which such persons agree to be bound by the Agent Provisions (it being understood, however, that Exhibits H and I contain certain modifications to the Agent Provisions).

## 12. Financial Reporting; Evaluations; Audits.

(a)

(i) An operating statement, in the form specified by Franchisor, which includes certain financial and other information that Franchisor may reasonably require, must be submitted to Franchisor by Franchisee on a weekly basis. In addition, Franchisee must submit to Franchisor such additional periodic reports as Franchisor may require, in the form and manner designated by Franchisor.

(ii) Franchisee must submit to Franchisor, promptly after preparation (but no later than three months after the end of each fiscal year and 30 days after the end of each fiscal quarter), annual and quarterly financial statements (including a balance sheet and an income statement) prepared, in accordance with generally accepted accounting principles, consistently applied, by (and, in the case of annual financial statements, reviewed by) your Franchisee's independent certified public accountant; provided, however, that if Franchisor is required by law (or otherwise determines it to be necessary or appropriate) to disclose or report Franchisee's financial results of operations (separately or aggregated with other franchisees) to prospective franchisees, such annual financial statements must be submitted to Franchisor within two months after the end of each fiscal year. Franchisee must maintain his books and records in an orderly fashion and in accordance with standard accounting procedures. Franchisee must maintain such books and records as are required by law and such books and records as Franchisor may require, in its discretion, including employee timecards.

(b) Franchisor may inspect, or cause its agents or representatives to inspect, at any time, Franchisee's books, and records with respect to the Franchised Business, including Franchisee's federal and state tax returns, sales tax returns, customer records and financial accounts. Franchisee must maintain his books and records with respect to the Franchised Business at the Location of its

Franchised Business. Franchisee must assist and cooperate with Franchisor in establishing and maintaining Franchisor's independent access to the financial and other information, records, and data generated by Franchisee's POS or computer system, including, at Franchisee's expense, acquiring any necessary hardware or software and setting the computer system to automatically transmit data and information designated by Franchisor to Franchisor. All POS data generated by the Franchised Business will be the property of Franchisor. You may not withhold or modify our access to the information, records, and data generated with respect to your V's Barbershop.

(c) Franchisor may audit, or cause its agents or representatives to audit, Franchisee's books, and records with respect to the Franchised Business. Franchisee must provide Franchisor and its agents and representatives with access to Franchisee's books and records with respect to the Franchised Business and must cooperate with the conduct of any audit. Franchisor will pay all costs and expenses in connection with any audit unless the audit reveals that Franchisee has underpaid any amount due to Franchisor or its Affiliates or submitted financial information to Franchisor that is, in Franchisor's judgment, inaccurate in any material respect. In this event, Franchisee must promptly pay, or reimburse Franchisor for, all costs and expenses in connection with the audit, and must pay Franchisor the amount of the underpayment, plus interest at the rate of 18% per annum (or, if less, the highest amount permitted by law) on the amount of the underpayment from the respective due date of each underpayment.

(d) Upon request, Franchisee must, at its expense, promptly provide Franchisor copies of Franchisee's books and records requested by Franchisor (including Franchisee's charter documents, evidence of equity ownership and any agreements among its equity owners).

(e) If Franchisee fails to deliver or provide to Franchisor any statement, report or other document or information required to be delivered (for example, certificates of insurance and financial statements), by the applicable deadline, Franchisee will be assessed a document late fee per week, or part thereof (until that statement, document or other information has been delivered or provided).

**13. Indemnification.** Franchisee must protect, defend and indemnify Franchisor, its Affiliates and their respective shareholders, members, directors, officers, employees, representatives, agents, successors and assigns (collectively, the "Indemnified People") and must hold the Indemnified People harmless (with counsel acceptable to Franchisor) for, from and against any and all damages, claims, demands, liabilities, losses, costs and expenses (including reasonable attorneys' fees), of every kind and nature, suffered or incurred by any of the Indemnified People in connection with any lawsuit, action, proceeding or claim arising out of Franchisee's breach of representation or warranty, Franchisee's actions or omissions or the conduct of the Franchised Business by Franchisee. Franchisor may elect to retain its own legal counsel in connection with any such lawsuit, action, proceeding or claim, at Franchisee's expense.

**14. Transfer of the Franchised Business; Assignment of Franchise Rights.**

(a) Franchisee may not offer or grant any subfranchise of the Franchise or sell or otherwise transfer any equipment or other assets used in connection with the Franchised Business (other than in the ordinary course of Franchisee's business), without the express written consent of Franchisor, which consent may be withheld by Franchisor, in its discretion.

(b) Franchisee may not sell or otherwise transfer, by operation of law or otherwise, the Franchise or the Franchised Business, or assign any right granted under this Agreement, without the

prior written consent of Franchisor, which consent may not be unreasonably withheld. It is agreed that Franchisor's withholding of consent (i) because the prospective transferee (the "Transferee") would not satisfy the then-current qualifications for franchisees, (ii) because the financial or other terms of the transfer may have an adverse impact upon the Transferee's operation of the Franchised Business or (iii) at a time when Franchisee (or his Agents) is in default of, or default under, this Agreement or any other agreement with Franchisor or its Affiliates. Any purported transfer of an equity interest in Franchisee, by operation of law or otherwise, or merger or consolidation of Franchisee (if a corporation, partnership, limited liability company or other entity) without our consent will be deemed to be a transfer of the Franchised Business in violation of this Section 14.

(c) If Franchisee desires to sell or otherwise transfer the Franchise or the Franchised Business, or assign any right granted under this Agreement, he must provide Franchisor with a written request for a transfer, which request must be accompanied by financial and other information regarding the Transferee as Franchisor may require, all pertinent terms of the transaction (which transaction must be for cash and no other consideration) and the Transfer Fee (as defined below) (all of such items are referred to collectively as the "Required Materials"). For purposes of this Agreement, the term "Transfer Fee" shall mean the greater of \$5,000 or Franchisor's expenses (including reasonable attorneys' fees) in connection with the transfer, except as set forth in Section 14(i).

(d) Within 30 days after Franchisor's receipt of all of the Required Materials, Franchisor will notify Franchisee that (i) Franchisor desires to purchase the Franchised Business and Franchisee's rights under this Agreement, upon the same terms and conditions as are offered by the Transferee, (ii) the transfer is approved or (iii) the transfer is disapproved, in Franchisor's discretion. If the transferee is disapproved, 75% of the Transfer Fee, less all out-of-pocket expenses incurred by Franchisor relating to the proposed transfer, will be refunded to Franchisee.

(e) If Franchisor notifies Franchisee that it desires to purchase the Franchised Business and Franchisee's rights under this Agreement, that transaction will be consummated, upon the same terms and conditions as are offered by the Transferee, but not later than 60 days after the end of the 30-day period referred to above.

(f) Franchisor may, but will not be obligated to, contact or meet with the Transferee.

(g) If Franchisor notifies Franchisee that the transfer is approved, Franchisee may transfer the Franchised Business, within 60 days after the end of the 30-day period referred to above, to the Transferee on terms no less favorable to Franchisee than the terms set forth in the Required Materials, provided that prior to the closing of the transfer of the Franchised Business:

(i) The Transferee signs the then-current Franchise Agreement; provided, however, that no Initial Franchise Fee must be paid and that the term of the franchise will be the term remaining under this Agreement.

(ii) Each person (and his spouse) or entity owning, directly or indirectly, a 5% or greater equity interest in the Transferee (for example, the general partners or the shareholders) and each director, officer, manager, and employee of the Transferee signs the appropriate ancillary agreements, in the forms then being signed in connection with the then-current Franchise Agreement.

(iii) If requested by Franchisor, the Transferee and each person attending the Training Program sign a confidentiality agreement in the form required by Franchisor and attend and complete the Training Program, in the discretion of Franchisor, if required by Franchisor.

(iv) Franchisee and his Principals sign and deliver to Franchisor a general release of Franchisor and its Affiliates, in the form that Franchisor may require.

(v) Franchisee, at his expense, remodels and updates the Franchised Business to Franchisor's then-current standards.

(vi) If Franchisee has not paid the entire Transfer Fee, Franchisee pays the balance of the Transfer Fee, by certified or cashiers' check, to Franchisor.

(vii) Franchisee engages an escrow agent approved by Franchisor to handle the closing and supervise the exchange of funds; and

(viii) All amounts outstanding by Franchisee to Franchisor, including to the extent applicable, a Store Resale Assistance Fee (See Section 7(n)), are paid at the closing.

(ix) If the Transferee was identified and/or introduced to Franchisee by a party to whom a commission is due, whether that party is a third-party, independent contractor, employee of Franchisor, or an Affiliate of Franchisor, and Franchisee has not paid the commission to such person in conjunction with the Transfer, but may, in Franchisor's sole discretion, not approve the Transfer.

(x) All breaches of or defaults under this Agreement or any other agreement with Franchisor or its Affiliates are cured as of the closing.

Despite Franchisor's approval and the transfer of the Franchised Business, Franchisee and the Principals will be secondarily liable for the Transferee's performance of the Transferee's obligations under his franchise agreement; provided, however, that neither Franchisee nor the Principals will be secondarily liable for the Transferee's performance of the Transferee's obligations under its franchise agreement beyond the Deadline (as defined below); provided further that during the SBA Effective Period, this sentence shall not be effective or enforceable.

(h) For purposes of this Agreement, the term "Majority-owned Transfer" means a transfer (i) to a Person that is majority owned by Franchisee, (ii) to a Person that owns a majority interest in Franchisee, (iii) to an entity that is owned by the same persons or entities (on a cumulative basis) that beneficially own a majority interest in Franchisee or (iv) as a result of which the person(s) who owned a majority interest in Franchisee prior to the transfer continues to own a majority interest in Franchisee after the transfer (for example, an additional person purchases or is issued an equity interest in Franchisee).

(i) Any Majority-owned Transfer will be subject to the other provisions of this Section 14; provided, however, that the Transfer Fee will be an amount equal to Franchisor's expenses (including reasonable attorneys' fees) in connection with the transfer, Franchisor will not have the right of first refusal contemplated by Section 14(e), Franchisee will not be required to sign the Then-current Franchise Agreement, Franchisee and the Transferee will sign an assignment and assumption in the form required by Franchisor and each person (and his spouse) or entity owning, directly or indirectly, a 5% or greater equity interest in the Transferee and each director, officer, manager and

employee of the Transferee who is not a party to this Agreement signs the appropriate ancillary agreements, in the forms then being signed by new franchisees.

(j) In the case of an individual Franchisee, any attempt to transfer the Franchised Business or assign any right granted under this Agreement upon Franchisee's death, permanent and total disability, or dissolution of marriage (if the Franchised Business, or a majority interest therein, will be transferred to Franchisee's spouse upon dissolution of marriage) will be subject to the restrictions on transfer contained in this Section 14; provided, however, that Franchisor will not have the right of first refusal contemplated by Section 14(e). However, if Franchisor does not approve the proposed transferee upon death, disability, or dissolution of marriage, Franchisee or his/her legal representative must, within 90 days after Franchisee's death, disability, or dissolution of marriage, transfer the Franchised Business to a Person approved by Franchisor in accordance with the provisions of this Section 14 within this 90- day period, this Agreement will terminate.

(k) For purposes of this Section 14, the term "Deadline" means the later of (i) the end of the franchise term in progress under this Agreement at the time of the transfer (either the Initial Term or the Renewal Term) and (ii) if less than 5 years remain outstanding in the franchise term in progress under this Agreement at the time of the transfer, 5 years from the date of the transfer. Neither this Agreement nor the franchise agreement signed by the Transferee, nor any of the rights conferred under this Agreement or the franchise agreement signed by the Transferee, may be retained by Franchisee as security for the payment of the Transferee's obligations to Franchisee.

## **15. Term; Renewal.**

(a) Subject to Section 16 of this Agreement, the term of this Agreement will commence on the Effective Date and will continue until the date ten years from the date the Franchisee's Franchised Business opens for business (the "Initial Term"). However, if Franchisee signed this Agreement in connection with a (i) relocation, the term will continue until the date of Franchisee's prior franchise agreement would have expired, (ii) Transfer, the term will continue until the date that the transferring franchisee's franchise agreement would have expired or (iii) renewal, the term will continue until the date 5 years after the Effective Date.

(b) If this Agreement has not expired or been terminated prior to the end of the Initial Term or a Renewal Term (as applicable), Franchisee may renew the Franchise for additional consecutive 5-year terms (each a "renewal" or "Renewal Term") commencing upon the expiration of the Initial Term, provided that:

(i) At the time of each renewal, Franchisee (and his Principals, directors, officers, managers, and employees) must not be in default of his (or their) obligations under, or related to, this Agreement (including the Events of Default) or any other agreement with Franchisor or its Affiliates.

(ii) Franchisee must notify Franchisor in writing of his intention to renew at least one year (but not more than 18 months) before the end of each then-current term (initial or Renewal Term), which notice must be accompanied by a renewal fee equal to 1/4 of the then-current initial franchise fee, payable by cashiers' or certified check; provided, however, that the renewal fee will not exceed \$40,000.

(iii) Prior to each renewal, Franchisee must, at his expense, remodel and update the Franchised Business to Franchisor's then-current standards and in compliance with Franchisor's reasonable requirements.

(iv) Prior to each renewal, Franchisee (and his Principals, directors, officers, managers and employees) must sign the then-current Franchise Agreement (and such other ancillary agreements and documents as Franchisor may then require in connection with the signing of the Then-current Franchise Agreement), and Franchisee will be subject to the terms of the then-current franchise agreement (including the Royalties, Advertising Payments and other charges); provided, however, that no Initial Franchise Fee must be paid and that the term will be the term then remaining under this Agreement;

(v) Prior to each renewal, Franchisee and his Principals must sign a general release of Franchisor and its Affiliates, in the form that Franchisor may require; and

(vi) Prior to each renewal, Franchisee must, at his expense, attend such Training Programs or refresher courses as Franchisor may request.

(c) If any of the above requirements have not been satisfied, the Franchise will not be renewed and will expire at the end of the then-current term. The parties agree that Franchisor's refusal to renew if any of the above requirements has not been satisfied constitutes "good cause."

(d) Upon receipt of the renewal fee, Franchisor will acknowledge, in writing, receipt thereof. Upon satisfaction of each of the renewal conditions above, Franchisor will acknowledge, in writing, the Renewal Term and the date upon which the Renewal Term will expire. If Franchisee does not satisfy the renewal conditions prior to the applicable deadline(s), Franchisor will notify Franchisee that the Agreement has not been renewed and will refund to Franchisee the renewal fee minus the direct and indirect costs, fees and expenses incurred by Franchisor in evaluating and administering the proposed renewal.

(e) Franchisor may, in its sole discretion, extend the Initial Term of this Agreement for one (1) year (the "Short Term Extension Period") if Franchisee is in compliance with Section 15(b) (other than the obligation to pay the renewal fee) of this Agreement and pays Franchisor \$3,500 (the "Short Term Extension Fee"). The Short Term Extension shall not serve as a renewal of this Agreement or grant Franchisee any rights other than the right to continue operating under this Agreement for the Short Term Extension Period. Franchisor is not obligated under any circumstances to extend the Term of the Franchise Agreement for the Short Term Extension Period and may require Franchisee to renew the Term of the Franchise Agreement for Franchisee to continue operating the Franchised Business after the expiration of the Initial Term.

**16. Termination.** This Agreement may be terminated by Franchisor, at its option, upon the occurrence of any of the following events ("Events of Default"), which are deemed to be terminations for "good cause:"

(a) If Franchisee (or his Principals) fails to pay any monies owed to Franchisor or any of its Affiliates under this Agreement, or any other agreement with Franchisor or its Affiliates, and that failure has not been cured within 30 days after Franchisor has provided notice of that failure to Franchisee.

(b) If Franchisee (or his Agents) fails to perform any obligation (other than the payment of monies owed to Franchisor or any of its Affiliates) under this Agreement, or any other agreement with Franchisor or its Affiliates; provided, however, that if that failure is curable (in Franchisor's discretion), Franchisee may cure that failure within 30 days after Franchisor has provided notice of that failure to Franchisee.

(c) If Franchisee (or his Agents) repeatedly (3 or more times) fails to pay any monies owed to Franchisor or any of its Affiliates or perform any obligation (either one obligation three times, three obligations one time each or any such combination) under this Agreement, or any other agreement with Franchisor or its Affiliates.

(d) If Franchisee loses possession of the Franchised Business premises for any reason during the term of this Agreement.

(e) If Franchisee breaches or defaults under any obligation under the lease of the Franchised Business premises, and that breach or default has not been cured within the time allowed by that lease for Franchisee to cure.

(f) If Franchisee loses, or fails to obtain or maintain, any permit or license necessary to operate the Franchised Business.

(g) If an audit reveals that Franchisee underpaid any amount due to Franchisor or its Affiliates or submitted financial information to Franchisor that is, in Franchisor's judgment, inaccurate in any material respect.

(h) If Franchisee or any Principal becomes Insolvent (as defined below)

(i) If Franchisee conducts the Franchised Business in a manner, or engages in any other conduct, that may adversely affect the goodwill or reputation of Franchisor, its services or products or the Trademarks; provided, however, that if that failure is curable (in Franchisor's discretion), Franchisee may cure that failure within 30 days after Franchisor has provided notice of that failure to Franchisee.

(j) If Franchisee does not open the Franchised Business by the Opening Deadline and does not timely pay the Extension Fee in Section 7(j) of this Agreement.

(k) If Franchisee attempts to transfer, or transfers, by operation of law or otherwise, the Franchised Business, or attempts to assign, or assigns, any right granted under this Agreement, without the prior written consent of Franchisor, or otherwise in violation of this Agreement. Any transfer of an equity interest in Franchisee, by operation of law or otherwise, and any merger or consolidation of Franchisee (if a corporation, partnership, limited liability company or other entity) is deemed to be a transfer in violation of this provision.

(l) If the Franchised Business is not transferred within the 90-day period referenced in Section 14(h) of this Agreement.

(m) If Franchisee (or, if Franchisee is a corporation, partnership, limited liability company or other entity, a Principal) fails to complete the Training Program, in Franchisor's discretion.

(n) If any other franchise agreement or any other agreement between Franchisor or any of its Affiliates and Franchisee or any of his Affiliates is terminated.

(o) If any representation or warranty made by Franchisee or his Principals is untrue in any material respect or if Franchisee or his Principals commits fraud in connection with his application for a franchise or the conduct of the Franchised Business.

(p) If Franchisee ceases to operate or otherwise abandons the Franchised Business, as evidenced by the Franchised Business being closed for business for more than three consecutive days.

(q) If Franchisee violates any health, safety or sanitation law, rule, regulation, or ordinance and fails to begin to correct such noncompliance or violation immediately or fails to completely correct such noncompliance or violation within 24 hours after Franchisor has provided notice of such noncompliance or violation to Franchisee.

(r) If Franchisee or any Principal is (or has been) convicted by a trial court of, or has plead guilty or no contest to, a felony or other crime or offense that may adversely affect the goodwill or reputation of Franchisor, its services or products or the Trademarks.

(s) If Franchisee or any Principal engages in any conduct that violates any law, regulation or ordinance or commits an act of moral turpitude.

For purposes of this Agreement, the term “Insolvent” means that a Person meets any of the following: (i) he has filed a petition for bankruptcy or was placed in involuntary bankruptcy; (ii) an involuntary lien exceeding \$10,000 was placed on his business assets and was not promptly (but in any event within 30 days) removed or bonded against; (iii) he has made an assignment for the benefit of creditors or (iv) he is unable to pay his debts in the ordinary course of business.

## **17. Rights and Obligations of the Parties upon Expiration or Termination.**

(a) Upon the expiration or termination of this Agreement for any reason:

(i) Franchisee will forfeit all fees paid.

(ii) All goodwill associated with Franchisee's Franchised Business, and Franchisee's use of the Trademarks, is, and will be, the property of Franchisor, and Franchisee will receive no payment therefor.

(iii) Franchisee must promptly return to Franchisor Franchisor's Operation Manual, all training materials, and all other property of Franchisor (including all materials relating to the Trademarks, the Copyrights, the Innovations, or the Proprietary Information). If for any reason Franchisee cannot or will not return Franchisee's copy of Franchisor's Operation Manual to Franchisor upon the expiration or termination of this Agreement, Franchisee must pay to Franchisor the Lost Documents Fee.

(iv) Franchisor may enter the Location of the Franchised Business and recover Franchisor's Operation Manual, all training materials, and all other property of Franchisor (including

all materials relating to the Trademarks, the Copyrights, the Innovations, or the Proprietary Information).

(v) Franchisee must immediately (a) cease using the Trademarks, the Copyrights, the Innovations and the Proprietary Information, (b) cancel all assumed names or equivalent business registrations relating to the use of the Trademarks, (c) notify the telephone company and all listing agencies of the termination of Franchisee's right to use the Trademarks and, if requested by Franchisor, of Franchisee's assignment of Franchisee's telephone numbers to Franchisor, (d) not, directly, or indirectly, identify himself with Franchisor or the Trademarks, as a former franchisee or otherwise, other than to state: "We were a franchisee of V's Barbershop Franchise, LLC, but that relationship has ended" and (e) if requested by Franchisor, renovate the Location of the Franchised Business to eliminate the Trademarks and de-identify such premises to remove all Trade Dress, returning it to a "vanilla shell," at Franchisee's expense. Franchisee irrevocably appoints and constitutes Franchisor and its designated agents, with full power of substitution, as Franchisee's agent and attorney-in-fact for and on behalf of, and in Franchisee's name, and at Franchisee's expense, to take any or all of the above actions, without liability for trespass. This special power of attorney will be deemed to be coupled with an interest and irrevocable. Franchisee releases the telephone company, all listing agencies and all other persons of all claims and causes of action that Franchisee may have against them in connection with Franchisor's exercise of its rights under this Section 17(a)(v). Except as stated in this Section 17(a)(v), under no circumstances may Franchisee utilize, or permit another person to utilize, or assign to another person, Franchisee's telephone numbers or listings.

(vi) Franchisee must pay to Franchisor, within ten days of expiration or termination of this Agreement, all amounts outstanding to Franchisor or its Affiliates from Franchisee or his Affiliates.

(b) In addition, upon expiration or termination of this Agreement by Franchisor or by Franchisee, Franchisor may, but will not be obligated to, purchase, or have its designee purchase:

(i) All, or any portion of, Franchisee's signage, boards, displays, inventory, supplies, equipment, furniture, barber chairs, décor and other tangible assets containing or relating to the Trademarks (the "Trademarked Assets"); and/or

(ii) All, or any portion of, the other inventory, supplies, equipment, furniture, décor, and other tangible assets of the Franchised Business (the "Other Assets")

For an amount equal to the Value (as defined below). Franchisor, or its designee, may, but will not be obligated to, assume all or certain of Franchisee's obligations under the lease for the Location of the Franchised Business and continue the operations of Franchisee's Franchised Business in Franchisor's, or its designee's, name. In that event, Franchisee must pay to Franchisor, or its designee, the amount expended by Franchisor, or its designee, to cure Franchisee's breaches of, and defaults under, the lease. If Franchisor is required, by law, regulation, or court order, to purchase the equipment and/or other tangible assets used in connection with the Franchised Business, the purchase price will be equal to the Value. Subject to applicable law, for purposes of this Agreement, the term "Value" means, with respect to the Trademarked Assets, \$50 and, with respect to the Other Assets, an amount equal to Franchisee's cost for such assets, less depreciation and amortization using a 200% declining balance method over a 5-year period. Franchisor and its Affiliates may offset any amounts owed to Franchisor or its Affiliates by Franchisee or its Affiliates against any amounts owed

to Franchisee or its Affiliates by Franchisor or its Affiliates.

(c) Upon any breach by Franchisee of any of the terms of this Section 17, Franchisor may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this Agreement and to pursue any other remedy to which Franchisor may be entitled. Franchisee agrees that the rights conveyed by this Agreement are of a unique and special nature and that Franchisor's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision of this Section 17, without the necessity of posting bond therefor or proof of actual damages.

**18. Representations and Warranties of Franchisee.** Franchisee represents and warrants to Franchisor that:

(a) The application submitted by Franchisee or his Principals, and all statements made by Franchisee or his Principals to Franchisor in connection with its request for a Franchise, are true and correct in all material respects.

(b) Neither Franchisee nor his Principals, directors, officers, or managers are bound by, or subject to, any agreement that would prohibit or restrict them from entering into this Agreement (or the ancillary agreements and documents signed in connection herewith) or performing their respective obligations hereunder (or thereunder).

**19. Survival.** Notwithstanding anything contained in this Agreement to the contrary, the provisions of this Agreement, which may affect the parties' rights and obligations after the expiration or termination of this Agreement, will survive the expiration and termination of this Agreement.

**20. Relationship of the Parties.** Franchisee and Franchisor agree and acknowledge that this Agreement is intended solely to create an independent contractor relationship between them. Nothing in this Agreement will be deemed or construed to create a joint venture, partnership, fiduciary, or agency relationship between Franchisor and Franchisee for any purpose. Except as otherwise explicitly set forth herein, Franchisor and Franchisee do not have any authority to bind or commit the other to any agreement, commitment, or obligation. Franchisor and Franchisee agree and acknowledge that Franchisee and only Franchisee shall possess and/or exercise substantial direct and immediate control over the essential terms and conditions of employment of Franchisee's employees. Franchisee is, subject to compliance with applicable local, state, and federal laws, solely responsible for: (1) setting the wages, benefits, and related compensation of Franchisee's employees; (2) setting the work schedules and hours requirements for Franchisee's employees; (3) assigning work duties to Franchisee's employees; (4) establishing, communicating, and enforcing rules, directions, means and methods of performance, and employee discipline to Franchisee's employees; (5) hiring and firing its employees; and (6) establishing and maintaining safety standards for Franchisee's employees. Franchisee shall defend, indemnify, and hold Franchisor harmless against any and all damages, costs, fees, expenses, settlements, payments, or liabilities incurred by Franchisor as a result of or in connection with claims, investigations, demands, suits, actions, inquiries, or allegations made by one or more of Franchisee's employees or by a governmental authority that Franchisor is, in any manner or for any purpose, a joint employer of one or more of Franchisee's employees.

**21. Notices.** All communications or notices required or permitted to be given or served under this Agreement must be in writing and will be deemed to have been duly given or made if (a) delivered

in person or by courier (including by Federal Express or other courier), (b) deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, or (c) emailed (read receipt requested), to the email address set forth in this Agreement. All communications and notices will be effective upon delivery in person or by courier to the address set forth in this Agreement, upon being deposited in the United States mail in the manner set forth above or upon being faxed in the manner set forth above. Any party may change its address or fax number by giving notice in writing, stating its new address, to the other party to this Agreement as provided in the foregoing manner.

**22. Successors and Assigns.** Subject to Section 14, which restricts Franchisee's rights to assign this Agreement and his rights hereunder, this Agreement will be binding upon and inure to the benefit of the parties and their respective assigns, legal representatives, executors, heirs, and successors. Any attempt by Franchisee to assign this Agreement, or any of his rights hereunder, or to delegate his obligations hereunder, without compliance with the terms of Section 14 will be void. Notwithstanding anything contained in this Agreement to the contrary, Franchisor may assign this Agreement, or any of its rights hereunder, or delegate any of its obligations hereunder without the consent of Franchisee or any other person.

**23. Amendment, Modification, Waiver or Deferral.**

(a) Notwithstanding anything contained in this Agreement to the contrary, Franchisor retains the right to modify and amend Franchisor's Operation Manual and to issue rules, regulations, instructions, policies, and procedures for the conduct of the Franchised Business from time to time, in its discretion, without obtaining the consent or approval of Franchisee. Further Franchisor retains the right to modify the fees payable by Franchisee in accordance with Section 7(f) hereof.

(b) Except as set forth in this Agreement, no amendment, modification or waiver of any condition, provision or term of this Agreement will be valid or of any effect unless made in a writing specifying with particularity the nature and extent of the amendment, modification or waiver and signed by Franchisee and by Diego Valenzuela II, or by another person designated in writing to Franchisee by Diego Valenzuela II, on Franchisor's behalf.

(c) Failure on the part of any party to complain of any act or failure to act of another party or to declare another party in default, irrespective of how long the failure continues, will not constitute a waiver by that party of his, her or its rights under this Agreement; provided, however, that any breach or default of Franchisor will be deemed to be waived 90 days after the occurrence of this breach or default unless Franchisee provides written notice of this breach or default to Franchisor within this 90-day period. Any waiver by any party of any default of another party will not affect or impair any right arising from any other or subsequent default.

(d) Notwithstanding anything contained in this Agreement to the contrary, at any time that Franchisee or any of his Affiliates is in default of his obligations under this Agreement, or any other agreement between Franchisee or any of his Affiliates and Franchisor or any of its Affiliates, Franchisor (or its Affiliate) may elect to defer the performance of Franchisor's (or its Affiliate's) obligations under this Agreement or such other agreement, or defer the opening of Franchisee's Franchised Business, until Franchisee's (or his Affiliate's) breach has been cured. Franchisor's (or its Affiliate's) exercise of that right will not constitute a waiver of its rights under this Agreement or such other agreement, including Franchisor's (or its Affiliate's) right to terminate this Agreement or such other agreement. In addition, Franchisor's (or its Affiliate's) exercise of that right will not serve as a

basis for any claim by Franchisee (or his Affiliate) that Franchisor did not perform its obligations in a timely manner.

**24. Severable Provisions; Enforceability.** Each and every provision of this Agreement is intended to be independent of and severable from the others. If any court of competent jurisdiction determines that a state statute is applicable and any provision of this Agreement violates that statute, such provision will be deemed deleted. If any provision of this Agreement is declared by a court of competent jurisdiction to be illegal, unenforceable, or invalid for any reason whatsoever, that illegality, unenforceability, or invalidity will not affect the validity of the remainder of this Agreement or the legality, enforceability, or validity of that provision in any other jurisdiction. It is the intention and the agreement of the parties to this Agreement that the provisions set forth in Sections 8, 9 and 10 of this Agreement be enforceable to the maximum extent permitted by law and, to that end, understand and agree that said provisions may be limited or modified by a court of competent jurisdiction to ensure enforceability thereof.

**25. Entire Agreement.** This Agreement and the Franchise Disclosure Document, and the exhibits hereto and thereto, contain the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect to that subject matter. Each of the exhibits to this Agreement is incorporated in this Agreement by this reference and constitutes a part of this Agreement. Nothing in this Agreement is intended to disclaim the representations we made to you in the franchise disclosure document.

**26. Terminology.** All references in this Agreement to the term "including" mean "including, without limitation." Except as expressly provided otherwise in this Agreement, all references in this Agreement to Franchisor's discretion, judgment or option mean Franchisor's sole and absolute discretion, judgment, or option, respectively, and all provisions permitting Franchisor to grant or withhold its approval or consent mean that such approval or consent may be granted or withheld in Franchisor's sole and absolute discretion. For purposes of this Agreement, the term "Affiliate" means any Person, directly or indirectly, controlling, controlled by or under common control with another Person. All captions, headings or titles in the paragraphs or sections of this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement or a limitation of the scope of the particular paragraph or section to which they apply. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, will, where appropriate, include all other genders and the singular will include the plural and vice versa.

**27. Counterparts.** This Agreement may be executed in two or more counterparts, each of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

**28. Arizona Law to Govern; Mediation; Waiver of Rights; Arbitration; Statute of Limitations.**

(a) This Agreement will be governed by, and construed and enforced in accordance with, the law of Arizona, regardless of any conflict-of-law provisions to the contrary; provided, however, that any law of the State of Arizona that regulates the offer or sale of franchises or business opportunities or governs the relationship between a franchisor and its franchisees, will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

(b) All disputes that arise between Franchisor and Franchisee must be submitted to non-binding mediation before an action may be brought in a court of competent jurisdiction or in arbitration; provided, however, that this does not apply in cases where Franchisor brings an action for an express obligation to pay monies or to obtain possession of premises, declaratory relief, preliminary or permanent equitable relief and/or any action at law for damage to Franchisor's goodwill, Trademarks or other property.

(c) The parties waive and agree not to include in any complaint or arbitration demand: class action claims, demand for trial by jury, claims for lost profits or claims for punitive, consequential, special, multiple, or exemplary damages. No claim by Franchisee may be consolidated with the claims of any other franchisees. If any complaint is filed that contains any of these claims or a jury demand, or if a court determines that all or any part of the waivers are ineffective, then the complaint shall be dismissed with prejudice leaving the parties to their arbitration remedies, below. If such claims and demands cannot by law be waived, the parties agree that any recovery shall not exceed two (2) times actual damages except for an award of multiple damages to Franchisor for any willful Trademark infringement by Franchisee. This provision will apply to this Agreement and all agreements between Franchisee (or his Affiliates) and Franchisor (or its Affiliates) signed in connection with this Agreement and Franchisee's operation of the Franchised Business.

(d) Either party may choose to submit a dispute to arbitration administered by the American Arbitration Association ("AAA") under its Commercial Arbitration Rules and under the Federal Rules of Evidence; provided, however, that this does not apply in cases where Franchisor brings an action for an express obligation to pay monies or to obtain possession of premises, declaratory relief, preliminary or permanent equitable relief and/or any action at law for damage to Franchisor's goodwill, Trademarks or other property. The arbitrator shall require a showing of good cause by any party making a request for any discovery prior to the arbitration hearing. The arbitrator(s) shall issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. The place of arbitration shall be Phoenix, Arizona. The Federal Arbitration Act shall govern, excluding all state arbitration law. Arizona law shall govern all other issues.

(e) Disputes concerning the validity or scope of arbitration, including whether a dispute is subject to arbitration, shall be determined pursuant to the Federal Arbitration Act, 9 U.S.C. §1 *et seq.*, as amended from time to time.

(f) Either party may appeal the final award of the arbitrator(s) to the appropriate U.S. District Court, which will be located in Maricopa County, Arizona. The court's review of the arbitrator's findings of fact shall be under the clearly erroneous standard, and the court's review of all legal rulings shall be *de novo*. If it should be determined that this provision for federal court review is not enforceable, then either party may appeal the arbitrator's final award to a panel of three arbitrators chosen under AAA procedures, which shall employ the same standards of review stated immediately above.

(g) Each party agrees that any litigation between the parties will be commenced and maintained only in the courts located in Maricopa County, Arizona, and each party consents to the jurisdiction of those courts.

(h) The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, however effected.

(i) Any complaint or arbitration demand must be filed with the court or the AAA, as applicable, within two years after the occurrence of the events giving rise to the claim.

**29. Attorneys' Fees.** In the event of any claim, controversy or dispute arising out of or relating to this Agreement, or the breach thereof, the prevailing party may recover reasonable attorneys' fees incurred in connection with any proceeding.

**30. Remedies Cumulative.** The remedies of the parties under this Agreement are cumulative and will not exclude any other remedies to which any party may be lawfully entitled.

**31. Construction.**

(a) Each provision, condition and term of this Agreement is material, and a breach or violation of any of them will constitute a default of that party's obligations under this Agreement.

(b) The parties acknowledge that each party was represented (or had the opportunity to be represented) by legal counsel in connection with this Agreement and that each of them and his, her or its counsel have reviewed this Agreement, or have had an opportunity to do so, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement or any amendments or any exhibits hereto or thereto.

**32. Additional Actions.** Each party agrees to do all acts and things and to make, execute and deliver such written instruments as may from time to time be reasonably required to carry out the terms and provisions of this Agreement.

**33. Computation of Time.** Whenever the last day for the exercise of any privilege or discharge of any duty under this Agreement falls upon Saturday, Sunday or any legal holiday under Arizona law, the party having that privilege or duty will have until 5:00 p.m. Phoenix, Arizona time, on the next succeeding regular business day to exercise that privilege or to discharge that duty.

**34. Currency.** Unless otherwise directed by Franchisor in writing, all amounts contemplated by this Agreement will be paid in United States Dollars and deposited in the bank account specified by the recipient. Computation of any amounts to be paid which require conversion between currencies will be made at the selling rate for United States Dollars quoted by Franchisor's primary bank on the date on which payment is made. Franchisee will pay all costs of currency exchange.

**35. Authority.** Any individual signing below on behalf of a corporation, partnership, Limited Liability Company, or other entity personally represents that he has full authority to bind the party or parties on whose behalf he is signing.

**36. Terrorist and Money Laundering Activities.** Franchisee hereby represents and warrants to Franchisor that neither Franchisee, nor any of his Affiliates or their respective equity owners, directors, officers, employees, representatives and agents (collectively, the "Included People"), (a) is identified, by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign

Assets Control (texts currently available at [www.treas.gov/offices/enforcement/ofac/](http://www.treas.gov/offices/enforcement/ofac/)) or (b) has violated any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act, U.S. Executive Order 13224, or any similar law. Franchisee agrees that he will comply with, and will cause the Included People to comply with, all laws prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government. Franchisee further agrees that he will immediately notify Franchisor of the occurrence of any event, or the development of any circumstances that might render any of the foregoing representations or warranties to be false, inaccurate, or misleading.

**37. Acknowledgement of Franchisee.** Franchisee acknowledges that, except as expressly set forth in the Disclosure Document delivered to Franchisee (the “Disclosure Document”), neither Franchisor, nor anyone acting on behalf of Franchisor, has made any claims or representations whatsoever regarding potential sales, profits, or earnings achievable by Franchisee in connection with the conduct of the Franchised Business. Franchisee acknowledges that he has been informed and he understands that the successful operation of the Franchised Business will depend primarily upon the efforts, capabilities, and management skills of Franchisee and general economic conditions and trends. Franchisee acknowledges and confirms that he has selected, or will select, the premises Location in which the Franchised Business will be established and operated by him, and that the decision to establish and operate the Franchised Business at those premises was, or will be, made solely by him.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**CONSENT OF SPOUSE**

(to be signed if Franchisee is a married individual)

In consideration of the execution of the Franchise Agreement to which this Consent is attached (including the exhibits thereto, the "Agreement") by V's Barbershop Franchise, LLC, and knowing that V's Barbershop Franchise, LLC will rely upon this Consent of Spouse, the undersigned spouse of the franchisee identified in the Agreement acknowledges that he/she has read the Agreement, agrees to be bound by provisions, including, without limitation, Sections 13 and 14(h), and agrees that he/she will make, execute and deliver such instruments and documents that may be necessary to carry out the provisions of the Agreement.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Spouse)

\_\_\_\_\_  
(Print Name of Spouse)

**EXHIBIT 1 TO FRANCHISE AGREEMENT**

**FRANCHISE INFORMATION SHEET**

Effective Date of Franchise Agreement (Initial Term): _____
Expiration Date of Franchise Agreement (Initial Term): _____

Effective Date of Franchise Agreement (Renewal Term): _____
Expiration Date of Franchise Agreement (Renewal Term): _____
(if and when applicable)

If Franchisee is any entity, identify:

Type of entity: \_\_\_\_\_

State of organization: \_\_\_\_\_

Title of signatory: \_\_\_\_\_

If an individual, identify state of residence and domicile: \_\_\_\_\_

Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Person who will supervise the Franchised Business: \_\_\_\_\_

Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Telephone Numbers: (H) \_\_\_\_\_

(O) \_\_\_\_\_

(C) \_\_\_\_\_

Principals of Franchisee (Shareholders, Partners, Members, Etc.--Total MUST equal 100%)

<u>Name</u>	<u>% Ownership</u>
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**Schedule A**

**Location of Franchised Business or Geographic Area Within Which Franchisee is Required  
to Locate the Franchised Business**

**ADDENDUM TO FRANCHISE AGREEMENT FOR ILLINOIS RESIDENTS AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN ILLINOIS ONLY**

The Franchise Agreement, dated as of the date set forth at the end of this Agreement, by and between **V's BARBERSHOP FRANCHISE, LLC**, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee") is amended as follows:

1. Section 28(a) of the Franchise Agreement will be revised to read as follows:

This Agreement will be governed by, and construed and enforced in accordance with, the law of Illinois, regardless of any conflict-of-law provisions to the contrary.

2. Section 28(g) of the Franchise Agreement will be revised to read as follows:

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

3. Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this Addendum.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT FOR INDIANA RESIDENTS AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN INDIANA ONLY**

The Franchise Agreement, dated as of the date set forth at the end of this Agreement, by and between **V's BARBERSHOP FRANCHISE, LLC**, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee") is amended as follows.

1. Indiana law prohibits Franchisor from operating a substantially identical business to that conducted by Franchisee pursuant to that certain Franchise Agreement, dated as of the date hereof, by and between Franchisor and Franchisee within a reasonable area, regardless of the trade name used by Franchisor.
2. Indiana law prohibits Franchisor from requiring Franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed pursuant to the Indiana Deceptive Franchise Practices Act or requiring any controversy between Franchisee and Franchisor to be referred to any person, if referral would be binding upon Franchisee. Such prohibition does not apply to arbitration before an independent arbitrator.
3. Indiana law prohibits Franchisor from limiting litigation brought for breach of the terms of the Franchise Agreement.
4. Indiana law may prohibit Franchisor from designating Arizona law to govern the Franchise Agreement. If it is so construed, Indiana law will govern the Franchise Agreement.
5. The Franchise Agreement contains a covenant not to compete. Indiana law prohibits Franchisor from requiring Franchisee to covenant not to compete with Franchisor for a period longer than three years or in an area greater than the exclusive area granted by the Franchise Agreement or, in the absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

The undersigned does hereby acknowledge receipt of this Rider.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT FOR MARYLAND RESIDENTS AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN MARYLAND ONLY**

The Franchise Agreement, dated as of the date set forth at the end of this Agreement, by and between **V's BARBERSHOP FRANCHISE, LLC**, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee") is amended as follows:

1. The provisions of Section 37 are not intended to, nor will they, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
2. The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. Pursuant to the Maryland Franchise Registration and Disclosure Law, arbitration or litigation arising out of the Franchise Agreement may be conducted in Maryland.
4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.
5. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all Development fees and initial payments by Development operators shall be deferred until the first franchise under the development agreement opens.
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. Section 31(b) of the Franchise Agreement is deleted in its entirety.
8. Section 37 "Acknowledgement of Franchisee" of the Franchise Agreement is deleted in its entirety.

The undersigned does hereby acknowledge receipt of this Rider. IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed, as of

\_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

## **ADDENDUM TO FRANCHISE AGREEMENT FOR MINNESOTA RESIDENTS AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN MINNESOTA ONLY**

The Franchise Agreement, dated as of the date set forth at the end of this Agreement, by and between **V's BARBERSHOP FRANCHISE, LLC**, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee") is amended as follows:

1. The provisions of Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.440J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in this Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
2. Section 28(c) of the Franchise Agreement is deleted.
3. Franchisor will comply with Minnesota Statutes Section 80C.14, Subdivisions 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of this Franchise Agreement. Sections 15 and 16 will be amended as strictly necessary to comply with such provisions.
4. Minnesota Rule 2860.440D prohibits Franchisor from requiring Franchisee to sign a general release in connection with renewal or transfer of the franchise.
5. Section 8(e) of the Franchise Agreement will be subject to the provisions of Minnesota Statutes Section 80C.12(1)(g), which requires us to protect your right to use the Trademarks. Accordingly, such section will be modified to require Franchisor to protect Franchisee's right to use the Trademarks, as well as indemnify you for damages for which you are held liable in any lawsuit arising out of your use of the Trademarks in compliance with the Franchise Agreement, subject to the other conditions stated in said Section 8(e).
6. Section 28(i) of the Franchise Agreement, which provides for a two-year statute of limitations, will be subject to the provisions of Minnesota Statutes Section 80C.17(5), which provides for a three-year statute of limitations.
7. No statement, questionnaire, or acknowledgement 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 with the franchise.

The undersigned does hereby acknowledge receipt of this Rider:

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

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

Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

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

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

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

Address: \_\_\_\_\_

\_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT FOR NEW YORK RESIDENTS AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN NEW YORK ONLY**

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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be 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 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for a 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. Franchise Questionnaires and Acknowledgements--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.

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.

The undersigned does hereby acknowledge receipt of this Rider:

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT FOR NORTH DAKOTA RESIDENTS  
AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN NORTH  
DAKOTA ONLY**

The Franchise Agreement, dated as of the date set forth at the end of this Agreement, by and between **V's BARBERSHOP FRANCHISE, LLC**, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee") is amended as follows:

1. Section 15(b)(vi) of the Franchise Agreement is hereby deleted.
2. Section 28 of the Franchise Agreement is subject to the following: (a) arbitration or litigation may be conducted in North Dakota, (b) North Dakota law will govern the Franchise Agreement and (c) paragraph (c) will be deleted.
3. Section 10(e) of the Franchise Agreement is hereby deleted.
4. Section 10(c) of the Franchise Agreement is subject to Section 9-08-06 of the North Dakota Century Code and, therefore, may be unenforceable in the State of North Dakota.

The undersigned does hereby acknowledge receipt of this Rider.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT FOR VIRGINIA RESIDENTS AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN VIRGINIA ONLY**

This Addendum (“Addendum”) to the Franchise Agreement is executed contemporaneously with the execution of the Franchise Agreement between Franchisor and Franchisee in order to amend and revise the Franchise Agreement as follows:

1. Sections 15(a) and 15(b) of the Franchise Agreement shall be amended by the addition of the following language:

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 or to use undue influence to induce a franchisee to surrender any right given to him by any provision contained in the Franchise Agreement. 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 laws of Virginia, that provision may not be enforceable.

2. To the extent this Addendum shall be deemed inconsistent with any terms and conditions of said Franchise Agreement, the terms of this Addendum shall govern.

3. 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Addendum to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

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

Diego Valenzuela

Managing Member & CEO

2320 W. Mission Lane, #3

Phoenix, Arizona 85021

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

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

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

Address: \_\_\_\_\_

\_\_\_\_\_

## WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

- 1. Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
- 2. Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
- 3. Site of Arbitration, Mediation, and/or Litigation.** 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.
- 4. General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
- 5. Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
- 6. Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
- 7. Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
- 8. Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise

agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

**9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

**10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

**11. Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

**12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

**13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

**14. Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

**15. Nonsolicitation Agreements.** 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.

**16. Questionnaires and Acknowledgments.** 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.

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned does hereby acknowledge receipt of this addendum.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**AGREEMENT TO BE BOUND AND TO GUARANTEE**

This Guaranty and Agreement to Be Bound ("**Guaranty**") is dated as of the date set forth at the end of this Agreement, signed by the guarantors identified in Section 11 of this Guaranty (each a "Guarantor") in favor of V's Barbershop Franchise, LLC ("Franchisor ").

**A.** Franchisor has, as a result of significant time, effort, and money, originated a unique and comprehensive system for operating upscale barbershops that provide high-quality haircuts, shaves, and men's facial services in a uniquely masculine environment under the V's Barbershop® service marks and trademarks (the "Franchised Business").

**B.** As an inducement for Franchisor to sign and deliver, and to perform its obligations under, that certain Franchise Agreement (the "Franchise Agreement"), dated as of the date set forth in Section 19 of this Guaranty, by and between Franchisor and the franchisee identified in Section 19 of this Guaranty ("Franchisee"), each Guarantor has agreed to jointly and severally guarantee the obligations of Franchisee under the Franchise Agreement and has agreed to be bound by certain of the provisions contained in the Franchise Agreement.

**C.** Each Guarantor owns, directly or indirectly, a 5% or greater equity interest in Franchisee.

**D.** Each Guarantor acknowledges and agrees that Franchisor will materially rely upon such Guarantor's obligations under this Guaranty.

**NOW, THEREFORE**, in consideration of the foregoing premises and the execution and delivery of the Franchise Agreement by Franchisor, and the performance of Franchisor's obligations thereunder, each Guarantor agrees, for the benefit of Franchisor and its Affiliates (as defined in the Franchise Agreement), as follows:

1. **Guaranty.** Each Guarantor unconditionally guarantees and promises to pay to Franchisor and/or its Affiliates and to perform, for the benefit of Franchisor and/or its Affiliates, on demand, any and all obligations and liabilities of Franchisee in connection with, with respect to or arising out of the Franchise Agreement or any other agreement with Franchisor or its Affiliates.

2. **Guaranty of Payment.** This is a guaranty of payment and not of collection. This Guaranty will remain in full force and effect until all amounts payable by each Guarantor have been validly, finally, and irrevocably paid in full and all obligations to be performed by each Guarantor have been validly, finally, and irrevocably performed in full.

3. **Waiver.** Each Guarantor hereby waives all requirements as to presentment for payment, protest, diligence, and demand and notice of acceptance, default, protest, demand, dishonor and nonpayment, and all benefits and requirements of Arizona Revised Statutes Section 12-1641, *et seq.*, and Rule 17(f) of the Arizona Rules of Civil Procedure for the Superior Courts of Arizona, which set forth certain rights and obligations among guarantors, debtors, and creditors, if applicable. This Guaranty will not be affected in any way by (a) the absence of any action to obtain such amounts from Franchisee or any other guarantor or indemnitor or of any recourse to any security for such amounts or (b) any extension, waiver, compromise, or release of any or all of the obligations of Franchisee or any guarantor.

**Exhibit F to  
Disclosure Document  
Agreement to be Bound and to Guarantee**

4. **Subrogation.** Each Guarantor hereby agrees that he will not exercise any rights of subrogation which he may acquire due to any payment or performance of the obligations of Franchisee pursuant to this Guaranty unless and until all amounts payable to Franchisor or its Affiliates, and all obligations for the benefit of Franchisor or its Affiliates, have been validly, finally, and irrevocably paid and performed in full.

5. **No Waiver.** No failure or delay on the part of Franchisor or its Affiliates in exercising its rights hereunder will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be effective unless given in writing, specifying with particularity the nature of the waiver. No waiver of any such right will be deemed a waiver of any other right hereunder. The rights provided for herein are cumulative and are not exclusive of any other rights, powers, privileges, or remedies provided by law.

6. **Attorneys' Fees.** Each Guarantor will pay reasonable attorneys' fees and expenses and all other costs and expenses which may be incurred by Franchisor or its Affiliates in connection with enforcing this Guaranty.

7. **Arizona Law to Govern; Mediation; Waiver of Rights; Arbitration; Statute of Limitations.**

(i) This Guaranty will be governed by, and construed and enforced in accordance with, the law of Arizona, regardless of any conflict-of-law provisions to the contrary; provided, however, that any law of the State of Arizona that regulates the offer or sale of franchises or business opportunities or governs the relationship between a franchisor and its franchisees, will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

(ii) All disputes that arise between Franchisor and Guarantor must be submitted to non-binding mediation before an action may be brought in a court of competent jurisdiction or in arbitration; provided, however, that this does not apply in cases where Franchisor brings an action for an express obligation to pay monies or to obtain possession of premises, declaratory relief, preliminary or permanent equitable relief and/or any action at law for damage to Franchisor's goodwill, trademarks or other property.

(iii) The parties waive and agree not to include in any complaint or arbitration demand: class action claims, demand for trial by jury, claims for lost profits or claims for punitive, consequential, special, multiple, or exemplary damages. No claim by Franchisee (or Guarantor) may be consolidated with the claims of any other franchisees. If any complaint is filed that contains any of these claims or a jury demand, or if a court determines that all or any part of the waivers are ineffective, then the complaint shall be dismissed with prejudice leaving the parties to their arbitration remedies, below. If such claims and demands cannot by law be waived, the parties agree that any recovery shall not exceed two times actual damages except for an award of multiple damages to Franchisor for any willful trademark infringement by Franchisee (or Guarantor).

(iv) Either party may choose to submit a dispute to arbitration administered by the American Arbitration Association ("AAA") under its Commercial Arbitration Rules and under the Federal Rules of Evidence; provided, however, that this does not apply in cases where Franchisor brings an action for an express obligation to pay monies or to obtain possession of premises, declaratory relief, preliminary or permanent equitable relief and/or any action at law for damage to

**Exhibit F to  
Disclosure Document  
Agreement to be Bound and to Guarantee**

Franchisor's goodwill, trademarks or other property. The arbitrator shall require a showing of good cause by any party making a request for any discovery prior to the arbitration hearing. The arbitrator(s) shall issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. The place of arbitration shall be Phoenix, Arizona. The Federal Arbitration Act shall govern, excluding all state arbitration law. Arizona law shall govern all other issues.

(v) Disputes concerning the validity or scope of arbitration, including whether a dispute is subject to arbitration, shall be determined pursuant to the Federal Arbitration Act, 9 U.S.C. §1 *et seq.*, as amended from time to time.

(vi) Either party may appeal the final award of the arbitrator(s) to the appropriate U.S. District Court, which will be located in Maricopa County, Arizona. The court's review of the arbitrator's findings of fact shall be under the clearly erroneous standard, and the court's review of all legal rulings shall be *de novo*. If it should be determined that this provision for federal court review is not enforceable, then either party may appeal the arbitrator's final award to a panel of three arbitrators chosen under AAA procedures, which shall employ the same standards of review stated immediately above.

(vii) Each party agrees that any litigation between the parties will be commenced and maintained only in the courts located in Maricopa County, Arizona, and each party consents to the jurisdiction of those courts.

(viii) The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Guaranty, however effected.

(ix) Any complaint or arbitration demand must be filed with the court or the AAA, as applicable, within two years after the occurrence of the events giving rise to the claim.

8. **Binding Nature of Guaranty.** This Guaranty will be binding upon each Guarantor and his respective successors, heirs and assigns and will inure to the benefit of Franchisor, its Affiliates and their respective successors and assigns.

9. **Joint and Several.** If more than one person signs this Guaranty, or another guaranty, as a Guarantor, his, her or its obligation will be joint and several.

10. **Entire Agreement; Amendment.** This Guaranty contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements, and conditions, express or implied, oral, or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. This Guaranty may not be modified or amended other than by an agreement in writing signed by each of the parties hereto.

11. Date of Franchise Agreement: \_\_\_\_\_

Name(s) of Guarantor(s): \_\_\_\_\_

Name of Franchisee: \_\_\_\_\_

Whereby, each of the Guarantors below agree to be bound by the terms and conditions set forth above.

**GUARANTORS**

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

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

Executed by: \_\_\_\_\_  
(Sign Name)

Executed by: \_\_\_\_\_  
(Sign Name)

Name: \_\_\_\_\_  
(Print Name)

Name: \_\_\_\_\_  
(Print Name)

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

Executed by: \_\_\_\_\_  
(Sign Name)

Executed by: \_\_\_\_\_  
(Sign Name)

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

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

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

(Print Name)

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**[If Guarantor is married, Guarantor's spouse MUST sign as a co-Guarantor]**  
**[If additional guarantor signatures are required, please add additional signature pages]**

**ADDENDUM TO AGREEMENT TO BE BOUND AND TO GUARANTEE FOR  
ILLINOIS RESIDENTS AND FRANCHISEES WHOSE FRANCHISES WILL BE  
LOCATED IN ILLINOIS ONLY**

That certain Guaranty and Agreement to Be Bound, dated as of the date hereof, executed by Guarantor (as defined in the foregoing Guaranty and Agreement to Be Bound) in favor of V's Barbershop Franchise, LLC ("Franchisor ") shall be amended as follows:

1. Section 7(a) of the Guaranty and Agreement to Be Bound will be revised to read as follows:

“This Agreement will be governed by, and construed and enforced in accordance with, the law of Illinois, regardless of any conflict-of-law provisions to the contrary.”

2. Section 7(g) of the Guaranty and Agreement to Be Bound will be revised to read as follows:

“Each party agrees that any litigation between the parties will be commenced and maintained in the courts located in the county in Illinois in which Franchisee's principal business office is located, and each party consents to the jurisdiction of those courts.”

3. Section 7(i) of the Guaranty and Agreement to Be Bound will be revised to read as follows:

“Any complaint or arbitration demand must be filed with the court or the AAA, as applicable, within the time period required by Section 705/27 of the Franchise Disclosure Act of 1987, as it may be amended from time-to-time.”

4. 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]*

Whereby, each of the Guarantors below agree to be bound by the terms and conditions set forth above.

**GUARANTORS**

Date: \_\_\_\_\_  
Executed by: \_\_\_\_\_  
(Sign Name) \_\_\_\_\_  
Name: \_\_\_\_\_  
(Print Name) \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_  
Executed by: \_\_\_\_\_  
(Sign Name) \_\_\_\_\_  
Name: \_\_\_\_\_  
(Print Name) \_\_\_\_\_  
Address: \_\_\_\_\_

**ACKNOWLEDGED:**

**V's BARBERSHOP FRANCHISE, LLC**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

**PRINCIPAL, DIRECTOR, AND OFFICER AGREEMENT**

This Principal, Director, and Officer Agreement ("PDO Agreement"), dated as of the date set forth at the end of this Agreement, signed by the party or parties identified in Section 10 of this Principal, Director, and Officer Agreement (each a "Party") and the franchisee identified in Section 10 of this PDO Agreement ("Franchisee").

A. V's Barbershop Franchise, LLC, an Arizona limited liability company ("Franchisor"), has, as a result of significant time, effort, and money, originated a unique and comprehensive system for operating upscale barbershops that provide high-quality haircuts, shaves, and facial services in a uniquely masculine environment under the V's Barbershop® service marks and trademarks (the "Franchised Business").

B. Franchisor owns certain intellectual property, including, without limitation, trade secrets, the contents of Franchisor's Operation Manual and other confidential and proprietary information, processes, materials, and rights relating to the development, marketing, management, promotion, and operation of V's Barbershop Businesses (the "Proprietary Information").

C. Pursuant to that certain Franchise Agreement between Franchisor and Franchisee (the "Franchise Agreement"), Franchisee is a franchisee of Franchisor and, in that capacity, Franchisee is engaged in the Franchised Business.

D. Party has been and/or desires to be elected or appointed by Franchisee, or to continue to serve Franchisee, as a Principal (as defined in the Franchise Agreement), director, or officer of Franchisee.

E. In connection therewith, Party will have access and/or has had access to information that requires Franchisor's and Franchisee's highest trust and confidence in Party.

F. Party's election, appointment, or service as a Principal, director, or officer will benefit Party and Party is willing, in exchange for such benefit, to agree to the terms, conditions, obligations and remedies set forth in this Agreement.

G. Party acknowledges and agrees that Franchisee and Franchisor will materially rely upon Party's obligations under this PDO Agreement.

**NOW, THEREFORE**, in consideration of the foregoing premises, the compensation paid or to be paid to Party, and/or other good and valuable consideration, Party covenants and agrees as follows:

**1. Confidentiality.**

(a) Party acknowledges that Franchisor is engaged in a highly competitive business, the success of which is dependent upon, among other things, trade secrets, confidential information, and Proprietary Information. Party further acknowledges that Franchisor's method of operation, processes, techniques, formulae, and procedures and the other Proprietary Information constitute valuable trade secrets.

(b) Party agrees not to use, disclose, or reveal (and must use his best efforts to cause all of Franchisee's Agents (as defined below) not to use, disclose, or reveal), during the term of the Franchise

Agreement or forever thereafter, any Proprietary Information or any other information (incorporating or including Proprietary Information) provided to Franchisee by Franchisor and/or its Affiliates, employees, officers, directors, or vendors. Party shall fully and strictly comply with all security measures prescribed by Franchisor (whether directly or through Franchisee) for maintaining the confidentiality of the Proprietary Information. Party must not reverse engineer, decompile, or disassemble any Proprietary Information for any purpose. For purposes of this PDO Agreement, the term “Agents” means Franchisee’s Principals, directors, officers, managers, and employees.

(c) Party acknowledges that a default of his obligations under this Section 1 would cause damage to Franchisor, Franchisee, and Franchisor's other franchisees, and that Party would be liable for such damage.

(d) Notwithstanding the foregoing, Party may disclose Proprietary Information to a person who is bound by the terms of a PDO Agreement or the obligations contemplated by Sections 9 and 10 of the Franchise Agreement, if that disclosure is necessary in connection with that person's capacity with Franchisee. In addition, notwithstanding the foregoing, Party may use the Proprietary Information as may be necessary in connection with the operation of the Franchised Business.

(e) Notwithstanding the foregoing, the following will not be subject to the provisions of this Section 1:

- (i) Information that is in the public domain as of the date of receipt by Franchisee.
- (ii) Information that is known to Principal prior to the date of receipt by Principal.
- (iii) Information that becomes known to the public without a breach of the provisions of this Section 1 or any agreement signed in connection with the Franchise Agreement; and
- (iv) Information that is required by law to be disclosed or revealed, but only strictly to the extent required by law, provided that Party provides Franchisor with adequate notice of Party’s intent to so disclose such Proprietary Information to enable Franchisor to contest such disclosure.

(f) Party must not solicit franchisees, or use the lists of franchisees for any commercial or other purpose other than purposes directly related to the operation of the Franchised Business without the prior approval of Franchisor.

**2. Copyrights.** Any reproduction of any items or materials suitable for copyright protection by Franchisor (the “Copyrights”), including, without limitation, the copyrightable materials within the Proprietary Information, must bear a copyright notice in the form designated by Franchisor. All advertising and promotional materials generated by or for Franchisee will be subject to Franchisor's prior approval, will be completely factual and will conform to the highest standards of ethical advertising. Further, all advertising, promotional and other materials generated by or for Franchisee (including, without limitation, materials generated by or for Party) for the Franchised Business will be deemed a work-made-for-hire, and all ownership rights, including, without limitation, any copyrights, in such advertising, promotional and other materials are hereby assigned by Party to Franchisor.

**3. Innovations.** Party may conceive, invent, create, design and/or develop various ideas, techniques, methods, processes and procedures, formulae, services, products, packaging or other

concepts and features relating to the Franchised Business or its operations or business practices (including, without limitation, the services and products offered and sold by the Franchised Business) (the "Innovations"). Party hereby assigns any and all of its rights, title, and interest in the Innovations, including, without limitation, any intellectual property rights, to Franchisor, and also agrees to cooperate with Franchisor and its counsel in the protection of the Innovations, including, without limitation, the perfecting of title thereto.

**4. Use of Name and Likeness.** Franchisor will be entitled to use the name, likeness, and voice of Party for purposes of promoting the franchise, Franchisor, and Franchisor's services and products, including, without limitation, photos and audio and video recordings of Party, and Party hereby irrevocably consents thereto. Party acknowledges that Franchisor will own all right, title and interest, to the extent allowed by law, in all rights of integrity, disclosure, and publication and any other rights that may be known as or referred to as "moral rights," "artist's rights," "publicity rights" or the like associated with such photos and audio and video recordings and assigns and transfers unto Franchisor the full and exclusive right, title, and interest to such publicity rights.

**5. Non-Solicitation.** Party may not, during the term of the Franchise Agreement and for the "Restricted Period," directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise), except in conjunction with the operation of the Franchised Business in a manner consistent with the Franchise Agreement:

(a) solicit to provide Competitive Services, other than in connection with the operation of the Franchised Business in compliance with the terms of this Agreement, to any person, client, or customer for whom Party provided Competitive Services at Franchisee's V's Barbershop within the preceding six-month period.

(b) solicit any person with whom Franchisee had professional contact within the preceding six-month period to provide Competitive Services for any Person other than the Franchised Business.

(c) encourage, entice, induce, or influence, directly or indirectly, any Person not to do business with Franchisee, Franchisor, or any other franchisee of Franchisor; or

(d) solicit for business or engage in business in connection with the cutting or styling of hair, shaving, facials, and related retail products with any Person who is a vendor or supplier (or an employee of a vendor or supplier) of Franchisee or Franchisor other than in connection with the operation of the Franchised Business in compliance with the terms of this Agreement.

**6. Non-Competition.**

Party may not, during the term of the Franchise Agreement and for the Restricted Period, for any reason, directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise), be engaged in a business that provides Competitive Services within the "Restricted Area"

provided, however, that, after the term of Party's association with Franchisee, Party may be employed as a licensed barber or cosmetologist provided that (i) Party is not an owner, partner, director, officer, manager, consultant, shareholder, representative, agent or lender of the business by which he is employed and (ii) the site of Party's employment is not within the Restricted Area.

## 7. Definitions.

(a) The “Restricted Period” for purposes of this PDO Agreement shall be the one (1) year immediately following the expiration or termination of Party’s association with Franchisee for any reason; except that if a court or arbitrator finds that a one (1) year Restricted Period is not reasonably necessary to protect legitimate business interests of Franchisor, the Restricted Period shall be the nine (9) months immediately following the expiration or termination of Party’s association with Franchisee for any reason; except that if a court or arbitrator finds that a nine (9) month Restricted Period is not reasonably necessary to protect the legitimate business interests of Franchisor, the Restricted Period shall be the six (6) months immediately following the expiration or termination of Party’s association with Franchisee for any reason; except that if a court or arbitrator finds that a six (6) month Restricted Period is not reasonably necessary to protect the legitimate business interests of Franchisor, the Restricted Period shall be the three (3) months immediately following the expiration or termination of Party’s association with Franchisee for any reason.

(b) The “Restricted Area” for purposes of this PDO Agreement shall be the seven (7) air-mile radius of any V’s Barbershop previously or presently owned, in whole or in part, by Franchisee or any of Franchisee’s Affiliates; except that if a court or arbitrator finds that a seven (7) air-mile radius Restricted Area is not reasonably necessary to protect legitimate business interest of Franchisor, the Restricted Area shall be a five (5) air-mile radius of any V’s Barbershop previously or presently owned, in whole or in part, by Franchisee or any of Franchisee’s Affiliates; except that if a court or arbitrator finds that a five (5) air-mile radius Restricted Area is not reasonably necessary to protect legitimate business interest of Franchisor, the Restricted Area shall be a three (3) air-mile radius of any V’s Barbershop previously or presently owned, in whole or in part, by Franchisee or any of Franchisee’s Affiliates.

(c) “Competitive Services” means any professional services that are similar to or competitive with professional barbering services, including but not limited to haircutting, styling, barbering, or grooming; men’s facial services (shaves, moustache care, or beard trims) facial massage and related retail products offered or provided by Franchisee during the term of the Franchise Agreement.

## 8. Remedies.

(a) Party acknowledges that the provisions contained in this PDO Agreement (including, without limitation, the territorial and time restraints) are reasonable and necessary and agrees that his failure to adhere strictly to the restrictions contained in Sections 5 and 6 will cause substantial and irreparable damage to Franchisor and to Franchisor's other franchisees. Upon any breach by Franchisee of any of the terms of Sections 5 and 6, Franchisor may institute and prosecute proceedings, at law or in equity, in any court of competent jurisdiction, to obtain an injunction to enforce the provisions of this PDO Agreement and to pursue any other remedy to which Franchisor may be entitled. Franchisee agrees that the rights conveyed by this PDO Agreement are of a unique and special nature and that Franchisor's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding which may be brought to enforce any provision of Sections 5 and 6 without the necessity of posting bond therefor or proof of actual damages.

(b) Upon any breach of Section 5, Party will, as liquidated damages and not as a penalty, be obligated to pay to Franchisor an amount equal to 50% of the amount received by Franchisee or

Party from the vendor, supplier or customer in violation of Section 5 of this Agreement, or the amount paid to the vendor, supplier, or customer, as the case may be.

(c) Upon any breach of Section 6, Party will, as liquidated damages and not as a penalty, be obligated to pay to Franchisor \$40,000 for each location operated in default of Section 6, plus 10% of the sales from all services and products sold by or from a site operated in default of Section 7.

(d) If the scope of any restriction or definition contained in Sections 5, 6, or 7 is too broad to permit the enforcement of that restriction to its fullest extent, then that restriction will be enforced to the maximum extent permitted by law, and Franchisor and Party each consent and agree that the scope may be judicially limited or modified accordingly in any proceeding brought to enforce that restriction. Each provision contained in Sections 5, 6, and 7 is independent and severable and, to the extent that any provision is declared by a court of competent jurisdiction to be illegal, invalid, or unenforceable, that declaration will not affect the legality, validity or enforceability of any other provision contained in this PDO Agreement or the legality, validity, or enforceability of that provision in any other jurisdiction.

(e) Any period of time during which Party is in violation of the covenants under this PDO Agreement shall operate to extend the duration of the Restricted Period for the same length of time during which Party is in violation.

## **9. General and Miscellaneous.**

(a) Entire Agreement; Amendment. This PDO Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements, and conditions, express or implied, oral, or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. This PDO Agreement may not be modified or amended other than by an agreement in writing signed by each of the parties hereto.

(b) Binding Nature of Agreement. This PDO Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns.

(c) Arizona Law to Govern; Mediation; Waiver of Rights; Arbitration; Statute of Limitations.

(i) This PDO Agreement will be governed by, and construed and enforced in accordance with, the law of Arizona, regardless of any conflict-of-law provisions to the contrary; provided, however, that any law of the State of Arizona that regulates the offer or sale of franchises or business opportunities or governs the relationship between a franchisor and its franchisees, will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

(ii) All disputes that arise between Franchisor (or Franchisee) and Party must be submitted to non-binding mediation before an action may be brought in a court of competent jurisdiction or in arbitration; provided, however, that this does not apply in cases where Franchisor (or Franchisee) brings an action against Party for an express obligation to pay monies or to obtain possession of premises, declaratory relief, preliminary or permanent equitable relief, a default by Party

of Sections 5 or 6, and/or any action at law for damage to Franchisor's goodwill, trademarks, or other property.

(iii) The parties waive and agree not to include in any complaint or arbitration demand: class action claims, demand for trial by jury, claims for lost profits or claims for punitive, consequential, special, multiple, or exemplary damages. No claim by Party may be consolidated with the claims of any other person. If any complaint is filed that contains any of these claims or a jury demand, or if a court determines that all or any part of the waivers are ineffective, then the complaint shall be dismissed with prejudice leaving the parties to their arbitration remedies, below. If such claims and demands cannot by law be waived, the parties agree that any recovery shall not exceed two times actual damages except for an award of multiple damages to Franchisor (or Franchisee) for any willful trademark infringement by Party.

(iv) Either party shall submit disputes (except disputes excluded below) to arbitration administered by the American Arbitration Association ("AAA") under its Commercial Arbitration Rules and under the Federal Rules of Evidence; provided, however, that this does not apply in cases where Franchisor (or Franchisee) brings an action against Party for an express obligation to pay monies or to obtain possession of premises, declaratory relief, preliminary or permanent equitable relief, a default by Party of Sections 5 or 6 and/or any action at law for damage to Franchisor's goodwill, trademarks, or other property. The arbitrator shall require a showing of good cause by any party making a request for any discovery prior to the arbitration hearing. The arbitrator(s) shall issue a reasoned award, with findings of fact and conclusions of law. Actions to enforce an express obligation to pay monies may be brought under the Expedited Procedures of the AAA's Commercial Arbitration Rules. The place of arbitration shall be Phoenix, Arizona. The Federal Arbitration Act shall govern, excluding all state arbitration law. Arizona law shall govern all other issues.

(v) Disputes concerning the validity or scope of arbitration, including whether a dispute is subject to arbitration, shall be determined pursuant to the Federal Arbitration Act, 9

(vi) U.S.C. §1 et seq., as amended from time to time.

(vii) Either party may appeal the final award of the arbitrator(s) to the appropriate U.S. District Court, which will be located in Maricopa County, Arizona. The court's review of the arbitrator's findings of fact shall be under the clearly erroneous standard, and the court's review of all legal rulings shall be de novo. If it should be determined that this provision for federal court review is not enforceable, then either party may appeal the arbitrator's final award to a panel of three arbitrators chosen under AAA procedures, which shall employ the same standards of review stated immediately above.

(viii) Each party agrees that any litigation between the parties will be commenced and maintained only in the courts located in Maricopa County, Arizona, and each party consents to the jurisdiction of those courts.

(ix) The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this PDO Agreement, however effected.

(x) Any complaint or arbitration demand must be filed with the court or the AAA, as applicable, within two years after the occurrence of the events giving rise to the claim.

(d) In the event of any claim, controversy or dispute arising out of or relating to this PDO Agreement, or the breach thereof, the prevailing party may recover reasonable attorneys' fees incurred in connection with any proceeding.

(e) Third-Party Beneficiary. Franchisor is an express third-party beneficiary of this PDO Agreement and may, directly or indirectly, enforce any obligation of Party hereunder.

**10. Identification of Parties.**

(a) the person identified as "Party" or "Parties" in this PDO Agreement are:

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(b) The "Franchisee" in this Agreement is: \_\_\_\_\_

**Party has read the entire PDO Agreement carefully and fully understands the limitations that this PDO Agreement imposes upon Party and acknowledges and agrees that those limitations are reasonable.**

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

Executed by: \_\_\_\_\_ (Sign Name)

Name: \_\_\_\_\_ (Print Name)

**MANAGER AND EMPLOYEE AGREEMENT**

This Manager and Employee Agreement, dated as of \_\_\_\_\_ 20\_\_, by and between: Franchisee: \_\_\_\_\_ (“We” or “us”); and Manager/Employee: \_\_\_\_\_ (“You”).

**RECITALS**

**A.** V’s Barbershop Franchise, LLC (“Franchisor”) has spent significant time, effort and money to originate a unique and comprehensive system for operating upscale men’s barbershops that provide high-quality haircuts, shaves and men’s facial services in a uniquely masculine environment under the V’s Barbershop® service marks and trademarks (the "Franchised Business");

**B.** Franchisor owns certain intellectual property such as its Operation Manual, trade secrets, confidential and proprietary information, processes, materials and rights relating to the Franchised Business (the "Proprietary Information");

**C.** We are a franchisee of Franchisor and are engaged in the Franchised Business.

**D.** You desire to be employed by us as a manager and/or employee, and we desire to employ You.

**E.** As our employee, You will have access to the Proprietary Information.

You understand and agree that both We and Franchisor will materially rely upon Your obligations under this Agreement.

**AGREEMENT**

**1. You Will Keep Proprietary Information Confidential and Not Use It.**

(a) **Except for Our Benefit.** You understand and agree that we and Franchisor are engaged in a highly competitive business, that the success of that business is dependent upon the Proprietary Information and that the Proprietary Information remains confidential and/or a trade secret.

(b) You agree that You will not use any Proprietary Information for any purpose, except as You need to in connection with your employment with us. You agree that you will not disclose any Proprietary Information to any person or company except as You need to in connection with your employment with us.

(c) You agree that you may not solicit other franchisees, or use the lists of franchisees, for any purpose except as You need to in connection with your employment with us.

(d) This Section will apply while You are employed by us and after your employment is terminated (by You or us).

**2. Franchisor Owns All Copyrights, Innovations and Publicity Rights.**

(a) You agree that you will follow our and Franchisor's rules and requirements regarding advertising, promotional, and other copyrighted materials. You agree that all materials that You write or develop for the Franchised Business (the "Materials") will be deemed a "work-made-for-hire," and that all ownership rights (such as any copyrights) in such materials are assigned by You to Franchisor by this Agreement.

(b) You agree that any ideas, techniques, methods, processes and procedures, formulae, services, and products relating to the Franchised Business that You conceive, invent, create, design and/or develop (the "Innovations"), and Your rights thereto, are assigned by You to Franchisor by this Agreement.

(c) You agree that we and/or Franchisor may use Your name, likeness, and voice (such as photos and audio and video recordings) for purposes of promoting the Franchised Business, the V's Barbershop franchise system, or different V's Barbershop locations. You agree that Franchisor will own all right, title, and interest, to the extent allowed by law, in all rights of integrity, disclosure, and publication and any other rights that may be known as or referred to as "moral rights," "artist's rights," "publicity rights" or the like associated with such photos and audio and video recordings ("Publicity Rights"), and that all such rights are assigned by You to Franchisor by this Agreement.

(d) You will sign additional documents requested by Franchisor confirming Your assignment of your rights to the Materials, the Innovations, and Publicity Rights.

**3. You Will Not Hire Certain People.** You will not, after your employment with Franchisee, directly, or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise), employ, hire, or engage as an independent contractor any person who is or was employed or engaged as an independent contractor by Us, by Franchisor, or any of its Affiliates or Franchisees. This Section will apply while You are employed by us and for the "Restricted Period."

**4. You Will Not Solicit V's Customers and Clients.** You will not, after your employment with Franchisee, except for and on behalf of Us, during your employment with Us and for the "Restricted Period," directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise):

(a) offer to provide or deliver Competitive Services for any person or client for whom You performed professional services within the six-month period preceding the termination of Your employment (by You or us).

## **5. Definitions.**

(a) The "Restricted Period" for purposes of this Agreement shall be the six (6) months immediately following the expiration or termination of Your employment with Us for any reason; except that if a court or arbitrator finds that a six (6) month Restricted Period is not reasonably necessary to protect the legitimate business interests of Franchisee or Franchisor, the Restricted Period shall be the three (3) months immediately following the expiration or termination of Your employment with Us for any reason.

(b) The "Restricted Area" for purposes of this Agreement shall be within a five (5) air-mile radius of any V's Barbershop previously or presently owned, in whole or in part, by Franchisee

or any of Franchisee's Affiliates; except that if a court or arbitrator finds that a five (5) air-mile radius Restricted Area is not reasonably necessary to protect legitimate business interest of Franchisor, the Restricted Area shall be a three (3) air-mile radius of any V's Barbershop previously or presently owned, in whole or in part, by Franchisee or any of Franchisee's Affiliates; except that if a court or arbitrator finds that a three (3) air-mile radius Restricted Area is not reasonably necessary to protect legitimate business interest of Franchisor, the Restricted Area shall be a one (1) air-mile radius of any V's Barbershop previously or presently owned, in whole or in part, by Franchisee or any of Franchisee's Affiliates.

(c) "Competitive Services" means any professional services that are similar to or competitive with professional barbering services, including but not limited to haircutting, styling, barbering, or grooming; men's facial services (shaves, moustache care, or beard trims) facial massage and related retail products offered or provided by Franchisee during the term of the Franchise Agreement.

## **6. Our Remedies.**

(a) You agree that the provisions of this Agreement (such as the territorial and time restraints) are reasonable and necessary. You agree that if You do not comply with the provisions of this Agreement, We, Franchisor, and other franchisees will suffer substantial and irreparable damage. You agree that if You do not comply with the provisions of this Agreement, Franchisor may obtain an injunction to enforce the provisions of this Agreement and to pursue other remedies. You agree that the rights conveyed by this Agreement are of a unique and special nature and that Franchisor's remedy at law for any breach would be inadequate and agrees and consents that temporary or permanent injunctive relief may be granted in any proceeding that may be brought to enforce the provisions of this Agreement.

(b) If the scope of any restriction contained in this Agreement is too broad to permit the enforcement of that restriction to its fullest extent, then that restriction will be enforced to the maximum extent permitted by law, and Franchisor and You each consent and agrees that the scope may be judicially limited or modified accordingly in any proceeding brought to enforce that restriction. Each provision contained in this Agreement is independent and severable and, if any provision is declared by a court of competent jurisdiction to be illegal, invalid, or unenforceable, that declaration will not affect the legality, validity or enforceability of any other provision contained in this Agreement.

(c) You agree that any period of time during which You are in violation of the covenants under this Agreement shall operate to extend the duration of the Restricted Period for the same length of time during which You are in violation.

**7. Arizona Law Will Govern this Agreement.** This Agreement will be governed by, and construed and enforced in accordance with, the law of Arizona, regardless of any conflict-of-law provisions to the contrary.

**8. Franchisor May Enforce Our Rights Under this Agreement.** Franchisor is an express third-party beneficiary of this Agreement and may, directly or indirectly, enforce any of Your obligations under this Agreement.

9. **Third Party Beneficiary.** You and we agree that Franchisor is an intended third party beneficiary of this Agreement and may seek to enforce its terms and conditions as if it were a party hereto.

**You have read this entire Agreement carefully and fully understand the limitations that this Agreement imposes upon You and acknowledges and agrees that those limitations are reasonable**

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

Executed by: \_\_\_\_\_ (Sign Name)

Name: \_\_\_\_\_ (Print Name)



**AUTHORIZATION FOR DIRECT PAYMENT AUTOMATIC BILL PAYMENT**

I (we) authorize V's Barbershop Franchise, LLC (the "Company") to initiate variable entries to my (our) account(s) described below. The bank designated below (the "Bank") is requested and authorized to honor and charge to the account described checks and debits drawn on such account that are payable to the Company.

Checking Account No. \_\_\_\_\_

Savings Account No. \_\_\_\_\_

Financial Institution's Name \_\_\_\_\_

Financial Institution's Address \_\_\_\_\_

Please attach a voided check or deposit slip below:

<p><b>Attach voided check here</b></p>
--

This authority is to remain in full force and effect until the Company and the Bank have received written notification of its revocation in such time and manner as to afford the Company and the Bank a reasonable opportunity to act on it.

Signature	
Full Name	
Date	

## **ADDENDUM TO LEASE**

This Addendum to Lease (the “Addendum”) is incorporated into and attached as an exhibit to the lease between \_\_\_\_\_, as Landlord, and \_\_\_\_\_, as Tenant, dated \_\_\_\_\_ (the “Lease”), pursuant to which Landlord has leased certain premises to Tenant, which premises are described in the Lease (the “Premises”).

### **RECITALS**

**A.** V’s Barbershop Franchise, LLC, an Arizona limited liability company (“Franchisor”), as franchisor, and Tenant, as franchisee, have entered or will be entering into a Franchise Agreement (the “Franchise Agreement”) which provides for (among other things) the operation by Tenant of a franchised barbershop facility under Franchisor’s criteria and guidelines.

**B.** Landlord and Tenant have entered into the Lease for the use by Tenant of the Premises for the purposes set forth in the Lease and in this Addendum.

**C.** Pursuant to the Franchise Agreement, Franchisor has the right to approve Tenant’s operation of a retail facility at the Premises. As a condition of such approval, Franchisor requires that the terms contained in this Addendum be incorporated in the Lease.

### **AGREEMENT**

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**1. Permitted Use.** The Premises will be used solely for the operation of a retail business specializing in professional haircutting and hair care services catering primarily to a male clientele and providing haircutting, hair care and grooming services, shaving, facial care, shoeshines, and other services and products offered or sold from Franchisor’s other barbershop facilities. The business operated by Tenant from the Premises will be identified solely by the service mark V’s Barbershop®. Tenant will not change the service mark or trade name it uses at the Premises without the prior written approval of Franchisor.

**2. Notices.** If Landlord sends a notice of breach or default under the Lease to Tenant, Landlord will concurrently send a copy of such notice to Franchisor at the following address (or at such other address as may be given by Franchisor to Landlord from time to time):

**V's BARBERSHOP FRANCHISE, LLC**

An Arizona limited liability company  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021  
(602) 414-4800  
[renaeg@vbarbershop.com](mailto:renaeg@vbarbershop.com)

**3. Default of Tenant Under Lease.** If Tenant fails to cure a breach or default under the Lease within the applicable cure period set forth in the Lease, Landlord will give Franchisor written notice of such failure (a “Lease Default Notice”) before Landlord terminates the Lease for such breach or default, and Franchisor will have 30 days after its receipt of the Lease Default Notice in which to

notify Landlord in writing (an "Election Notice") whether Franchisor elects for the Tenant's interest under the Lease to be assigned to a Permitted Assignee (as defined below). If Franchisor elects for such assignment to occur, such assignment shall be effected pursuant to Section 5 below. If Franchisor fails to respond to a Lease Default Notice within such 30-day period, Franchisor will be deemed to have elected for such assignment not to occur.

4. Default of Tenant Under Franchise Agreement. If Tenant is in default of the Franchise Agreement, Franchisor may, at its option, send written notice to Landlord and Tenant (a "Franchise Agreement Default Notice") in which Franchisor elects for the Tenant's interest under the Lease to be assigned to a Permitted Assignee. If Tenant fails to vacate the Premises and surrender possession thereof to the Permitted Assignee within two days after a Franchise Agreement Default Notice, or such later date as is set forth in the Franchise Agreement Default Notice, Tenant shall be deemed to be in default of the Lease. Following Landlord's delivery of a Franchise Agreement Default Notice, an assignment of the Lease shall be effected pursuant to Section 5 below. Tenant hereby irrevocably authorizes Landlord to rely on any Franchise Agreement Default Notice it receives from Franchisor, and Landlord may disregard any notices or demands it receives from Tenant once Landlord has received a Franchise Agreement Default Notice.

5. Transfer of Tenant's Interest Under Lease. If Franchisor elects for the Tenant's interest under the Lease to be assigned to a Permitted Assignee pursuant to Section 3 or 4 above, Franchisor shall notify Landlord of the name of the Permitted Assignee designated by Franchisor (the "Transferee"). Upon Landlord's receipt of such notice from Franchisor, the Lease shall be deemed automatically and immediately assigned to Transferee (an "Assignment") and Landlord shall recognize the Transferee as the new tenant under the Lease without the need for any other consent or approval being obtained from Landlord. Other than the name of the Tenant, the terms and provisions of the Lease shall not be modified as a result of the Assignment. Upon an Assignment, Franchisor or Transferee will promptly cure all monetary defaults of the Tenant under the Lease and all non-monetary defaults of the Tenant that are capable of being cured by Franchisor or Transferee, provided such defaults were specified in a Lease Default Notice given prior to the date of the Election Notice or the Franchise Agreement Default Notice, as applicable. Upon the request of Landlord or Franchisor, Landlord and Transferee shall, within 15 days after such request, sign an instrument evidencing the Assignment and recognizing Transferee as the new Tenant under the Lease, which instrument shall be in form reasonably acceptable to Landlord, Franchisor and Transferee; provided, however, that the Assignment will remain in effect even if such instrument is not signed by Landlord and Transferee. Tenant hereby irrevocably designates and appoints Franchisor as Tenant's attorney-in-fact (such power of attorney being coupled with an interest) to sign, on behalf of Tenant, any instruments necessary in connection with an Assignment. If an Assignment is prohibited by law or is otherwise not possible, Landlord and Transferee will enter into a new lease for the lease of the Premises by Landlord to Transferee on terms identical to the terms contained in the Lease, provided that the term of such new lease will be the same as the then-remaining term of the Lease. During the time periods set forth above for the parties to effect an Assignment or a new lease, Landlord shall not terminate the Lease or take possession of the Premises as a result of a breach or default by Tenant under the Lease, and so long as Franchisor or Transferee cures all monetary defaults of the Tenant under the Lease and all non-monetary defaults of the Tenant that are capable of being cured by Franchisor or Transferee (as required above), Landlord will not terminate the Lease or take possession of the Premises as a result of a non-monetary default that Franchisor and Transferee are incapable of curing. If Franchisor elects for the Tenant's interest under the Lease to be assigned or if a new lease is signed (as set forth above), Tenant agrees to peaceably and promptly vacate the Premises within two days

after the date of the Election Notice or the Franchise Agreement Default Notice, as applicable, or such later date as is set forth in the Election Notice or the Franchise Agreement Default Notice, as applicable. If Franchisor or Transferee cure any defaults of the Tenant under the Lease, such cure will not constitute a waiver by Franchisor of any remedies Franchisor may have against Tenant under the Franchise Agreement or any damages that may be recovered by Franchisor from Tenant under the Franchise Agreement.

6. Delivery of Possession. If Landlord is unable to deliver the Premises to Transferee within 30 days from the date of the Election Notice or the Franchise Agreement Default Notice, as applicable, then Franchisor shall have the right within 30 days thereafter to rescind its election for the Assignment or to terminate the new lease, as applicable, in which event neither Franchisor nor Transferee will have any obligation to cure any defaults of the Tenant under the Lease nor any other liability in connection with the Assignment, the Lease, or the new lease.

7. De-identification of Premises. The trademarks, service marks, trade names, copyrights and logos used by Tenant at the Premises (collectively “Intellectual Property Rights”) are proprietary rights of Franchisor that are protected under federal and state law. If the Lease is terminated or if Landlord takes possession of the Premises, Franchisor shall have the right to remove any signs and other materials from the Premises that contain or display the Intellectual Property Rights, provided that Franchisor must repair any damage to the Premises caused by such removal. Landlord will give Franchisor access to the Premises to accomplish such removal.

8. Amendment of Lease. Landlord and Tenant will not amend the Lease without first obtaining Franchisor’s written approval of such amendment.

9. Assignment and Subletting. Tenant shall have the right, without Landlord’s consent, to assign its interest under the Lease or to sublet the entire Premises to a “Permitted Assignee”, which means (a) Franchisor or any successor of such entity, (b) an entity that is a parent, subsidiary or affiliate of Franchisor, (c) an entity with which Franchisor merges or consolidates, (d) any entity that results from a reorganization or restructuring of Franchisor, (e) an entity to which substantially all of the assets of Franchisor are transferred (each of the foregoing entities in clauses (a) through (e) are herein referred to sometimes as a “V’s Affiliate”), or (f) any bona fide franchisee of Franchisor (a “V’s Franchisee”) that has been approved by the normal review procedures of Franchisor, which procedures include inquiries into the applicant’s financial condition, credit, criminal and business history, educational background, personal interviews, and the completion by the V’s Franchisee of V’s Franchisee business management training. Notwithstanding the foregoing, any such assignment shall require the prior written approval of Franchisor. If the Lease is assigned to a V’s Affiliate on an interim basis (an “Interim Assignee”) and is then subsequently assigned by Interim Assignee to a Permitted Assignee, Interim Assignee shall have no liability for obligations of the Tenant under the Lease arising from and after the date of the assignment by Interim Assignee to the Permitted Assignee.

10. Signage. Tenant may, without Landlord’s consent, install: (a) signage on the exterior of the Premises with Franchisor’s standard lettering, logo, and colors; and (b) millwork and other required Trade Dress; provided, however, such signage, millwork, and Trade Dress must comply with the objective criteria (but not any subjective criteria) set forth in Landlord’s sign criteria, sign program or sign plan (if any) for the project within which the Premises are located.

11. Tenant’s Financing. Landlord acknowledges that, from time to time, Tenant may obtain financing secured by a security interest in Tenant’s business assets, which business assets include,

without limitation, furniture, equipment, trade fixtures, accounts and all other personal property owned by Tenant (the "Collateral"). If Tenant obtains financing secured by the Collateral, Landlord agrees that any landlord lien, security interest or other interest held or claimed by Landlord in the Collateral, whether statutory, common law or otherwise, is automatically subordinate to the security interest granted to Tenant's lender (the "Lender"). Landlord and Tenant grant to Lender the right to enter upon the Premises for the purpose of removing the Collateral from the Premises provided that Lender is responsible for repairing any damage to the Premises resulting from such removal. Upon the request of Tenant, Landlord and Tenant agree to enter into a written agreement with Lender regarding the foregoing matters, which instrument shall be in form reasonably acceptable to Landlord, Tenant, and Lender.

**12. Conflict.** If there is any conflict between a provision of the Lease and a provision of this Addendum, then the applicable provision of this Addendum will supersede the conflicting provision in the Lease.

Landlord and Tenant hereby execute this Addendum as of the date of the Lease.

**LANDLORD:**

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

Its: \_\_\_\_\_

**TENANT:**

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

Its: \_\_\_\_\_

**DEVELOPMENT AGREEMENT**

**THIS DEVELOPMENT AGREEMENT** (“Development Agreement”), dated as of the date set forth on the last page of this Development Agreement, by and between **V's BARBERSHOP FRANCHISE, LLC**, an Arizona limited liability company ("Franchisor"), and the party identified on the last page of this Development Agreement ("Developer").

**RECITALS**

**A.** Franchisor and Developer have signed that certain Franchise Agreement, dated as of \_\_\_\_\_ (the “Franchise Agreement”), with respect to the operation by Developer of a V’s Barbershop® (the “First Unit”);

**B.** Developer desires to operate, directly or through a wholly owned subsidiary, additional V’s Barbershop® franchises (the “Subsequent Units”); and

**C.** Subject to the terms and conditions of this Development Agreement, Franchisor is willing to grant an additional V’s Barbershop® franchises to Developer subject to the terms, requirements, and conditions of this Development Agreement.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in this Development Agreement, and for other good and valuable consideration, the parties agree as follows:

**1. Grant of Option to Establish Additional V’s Barbershops.**

(a) Subject to and in accordance with the terms of this Development Agreement, Franchisor grants to Developer, and Developer accepts, an option to establish and operate additional V’s Barbershops at the following locations or within the following geographical area (the “Search Territory”) on a non-exclusive basis:

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In accordance with the following development schedule:

Unit #	Development Deadline
2	One (1) year from the date that Unit #1 (the first franchise agreement signed by Developer) opens for business
3	One (1) year from the date that Unit #2 opens for business
4	One (1) year from the date that Unit #3 opens for business
5	One (1) year from the date that Unit #4 opens for business

(b) Subject to and in accordance with the terms of this Development Agreement, Developer or a wholly owned subsidiary of Developer (and their respective Principals, directors, officers, managers and employees) will sign and deliver to Franchisor, in connection with each Subsequent Unit, a franchise agreement (each a “Franchise Agreement” and collectively “Franchise Agreements”) and such other ancillary agreements as Franchisor may then require in connection with the signing of the Franchise Agreements in the form then being signed by new franchisees and will be subject to the terms of such franchise agreement (including, without limitation, the Royalties, Advertising Payments, and other fees), except that the Initial Franchise Fee payable with respect to the First Unit, for which Developer had already paid the Initial Franchise Fee, the Initial Franchise Fee payable in connection with each Subsequent Unit will be the amounts set forth on Schedule A. The Development Fee and Initial Franchise Fees are not refundable and will be used for our general purposes.

## 2. Royalties.

(a) Unless otherwise provided in this Development Agreement, the Royalties payable to us in conjunction with each of your Subsequent Units will be set forth in the Franchise Agreement executed in conjunction with each Subsequent Unit.

(b) Notwithstanding anything contained in this Development Agreement to the contrary, Franchisor may refuse to grant Developer a franchise or sign a Franchise Agreement or to allow Developer to open a Subsequent Unit contemplated by this Development Agreement due to Developer’s failure to satisfy (in Franchisor’s sole discretion) all of the conditions set forth in Section 3 of this Development Agreement. In such event, any Development Fee paid to Franchisor with respect to the Subsequent Unit(s) will not be refunded to Developer.

3. Conditions to Establishing Additional V’s Barbershops. Developer acknowledges and agrees that it is critical for Franchisor to protect the Trademarks and to maintain a high quality of services and products provided under the Trademarks. Accordingly, Developer acknowledges that Franchisor has a significant interest in granting franchises only to persons who operate their V’s Barbershops in accordance with the highest integrity and operational excellence, and agrees that Developer’s right to establish and operate the Units will be subject to the satisfaction (in Franchisor’s sole discretion) of each of the following conditions:

(a) Developer must sign a Franchise Agreement with respect to each Subsequent Unit by each Development Deadline.

(b) At the time that Developer seeks to sign a Franchise Agreement with respect to a Subsequent Unit, Developer (as well as his Affiliates and subsidiaries, and their respective Principals, directors, officers, managers and employees) must not be in default of his (or their) obligations under, or related to, this Development Agreement, any Franchise Agreement or any other agreement with Franchisor or its Affiliates, and no fact or condition exists that, with the passage of time or the giving of notice, would constitute a breach;

(c) At the time that Developer seeks to sign a Franchise Agreement with respect to a Subsequent Unit, (i) all V’s Barbershops operated by Developer (and all of his subsidiaries and Affiliates) must be in full compliance with all operational and other requirements, rules and policies contained in Franchisor’s Operation Manual and (ii) Developer must qualify (in Franchisor’s sole

discretion) for acceptance as a franchisee under Franchisor's then-current qualifications (including, without limitation, financial qualifications) for franchisees;

(d) Developer (and his Principals, directors, officers, managers and employees) signs and delivers to Franchisor, in connection with any such Subsequent Unit, the Franchise Agreement (and such other ancillary agreements and documents as Franchisor may then require in connection with the signing of Franchise Agreements) in the form then being signed by new franchisees and will be subject to the terms of such Franchise Agreement including, without limitation, the Royalties, the Advertising Payments and other fees; and

(e) At the time that Developer seeks to sign a Franchise Agreement with respect to a Subsequent Unit, Developer must sign a general release of Franchisor and its Affiliates, in the form attached hereto as Schedule A, or in such other form as Franchisor may then require.

Developer agrees that if Developer fails to satisfy (in Franchisor's sole discretion) each of the above conditions, Developer will not be entitled to establish or operate the additional V's Barbershops contemplated by this Development Agreement and that Franchisor will not be obligated to grant Developer any additional franchises or sign any additional Franchise Agreements with Developer; provided, however, that Developer's rights with respect to Subsequent Units to which both Developer and Franchisor have previously signed Franchise Agreements will not be subject to the terms of this Section 3, but will be subject to the terms of those Franchise Agreements.

#### 4. Location of Subsequent Units/Non-Exclusive Rights in Search Territory.

(a) Developer must establish and operate each Subsequent Unit within the Search Territory, subject to the approval of that location by Franchisor, which approval may not be unreasonably withheld.

(b) NOTHING CONTAINED HEREIN SHALL BE DEEMED, EXPRESSLY OR BY IMPLICATION, TO GRANT DEVELOPER ANY TYPE OF EXCLUSIVE OR PROTECTED RIGHTS IN THE SEARCH TERRITORY. FRANCHISOR MAY OWN, OPERATE, FRANCHISE, LICENSE, OR IN ANY OTHER MANNER AUTHORIZE THE LOCATION AND OPERATION OF OTHER V'S BARBERSHOPS AT ANY LOCATION IN THE SEARCH TERRITORY OR OTHERWISE, AND NOTHING CONTAINED HEREIN SHALL BE DEEMED, EXPRESSLY OR BY IMPLICATION, TO LIMIT, CONTROL, OR PREVENT SUCH RIGHT.

(c) Additionally, notwithstanding anything contained in this Development Agreement to the contrary:

(i) Franchisor may market, directly or indirectly, services and/or products inside or outside the Applicable Radius (including, without limitation, identical, similar, or other services and products) through channels of distribution other than V's Barbershops, including the Internet.

(ii) Franchisor may operate, or grant any other Person the right to operate, V's Barbershops within unique or non-traditional marketplaces (such as airports, train stations, hotels, casinos, stadiums and sports and entertainment venues), as designated by Franchisor, in its discretion.

(iii) Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar, or other services and products) under the Trademarks (or under other trademarks) or otherwise on the Internet. Developer may not market his V's Barbershops or use the Trademarks on the Internet.

(iv) Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar, or other services and products) under the Trademarks (or under other trademarks) outside of the Search Territory.

(v) Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar, or other services and products) under trademarks other than the Trademarks within the Search Territory.

(d) Developer acknowledges that Franchisor presently intends to develop Franchised Businesses (including franchised and company-owned units) throughout the United States and perhaps internationally and that one or more future Franchised Businesses (including franchised and company-owned units) may have an adverse effect on the revenues and profitability of existing Franchised Businesses, including Developer's Franchised Businesses. Developer further acknowledges that Franchisor has not made any representation or agreement, or provided Developer any assurance, that no future Franchised Business (including franchised and company-owned units) would adversely affect the revenues and profitability of Developer's Franchised Businesses.

5. Termination. This Development Agreement will terminate upon the earlier of:

(a) the date of the last Development Deadline specified in Section 1 of this Development Agreement.

(b) the Insolvency of Developer.

(c) the default by Developer (or any of his Affiliates) of any of his (or their) obligations under, or related to, this Development Agreement, any franchise agreement or any other agreement with Franchisor or its Affiliates; and

(d) the date on which any franchise agreement previously signed by Developer (or any of his Affiliates) and Franchisor, or any other agreement between Developer (or any of his Affiliates) and Franchisor (or any of its Affiliates), is terminated.

6. Provisions. Each provision, condition and term of this Development Agreement is material, and a breach or violation of any of them will constitute a default of that party's obligations under this Development Agreement.

7. Definitions. All capitalized terms used, but not defined, in this Development Agreement have the meanings given in the Franchise Agreement.

8. Notices. All communications or notices required or permitted to be given or served under this Development Agreement must be in writing and will be deemed to have been duly given or made if (a) delivered in person or by courier (including by Federal Express or other courier), (b) deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, or (c) faxed, and addressed to the address or fax number set forth on the last page of this

Development Agreement. All communications and notices will be effective upon delivery in person or by courier to the address set forth in this Development Agreement, upon being deposited in the United States mail in the manner set forth above or upon being faxed in the manner set forth above. Any party may change his, her or its address or fax number by giving notice in writing, stating his, her or its new address, to the other party to this Development Agreement as provided in the foregoing manner.

9. Transfers; Successors and Assigns.

(a) Notwithstanding anything contained in this Development Agreement, or in any other agreement, to the contrary, Developer may not assign or otherwise transfer, by operation of law or otherwise, his rights under this Development Agreement without the prior written consent of Franchisor, which consent may be withheld by Franchisor in its sole discretion. Any transfer of an equity interest in Developer, by operation of law or otherwise, and any merger or consolidation of Developer (if a corporation, partnership, limited liability company or other entity) will be deemed to be a transfer of the Franchised Business in violation of this Section 9. Any attempt by Developer to assign his rights under this Development Agreement without Franchisor's prior written consent will be void.

(b) Notwithstanding anything contained in this Development Agreement to the contrary, Franchisor may assign its rights under this Development Agreement, or delegate any of its obligations hereunder, without the consent of Developer or any other person.

(c) Conditions for Approval.

(i) Developer and its Principals and affiliates must comply with the provisions of the Development Agreement, all Franchise Agreements executed pursuant hereto and all other agreements with Franchisor or any of its Affiliates.

(ii) The proposed transferee and its Principals must provide Franchisor, on a timely basis, all information Franchisor requests; the transferee's Principals must be individuals acting in their individual capacities who are of good character and reputation; and the transferee and its Principals must have sufficient business experience, aptitude, and financial resources to develop V's Barbershops pursuant to the Development Agreement, and must otherwise meet Franchisor's then-current standards for new franchisees;

(iii) The transferee (and its Principals) must agree to be bound by all of the provisions of the Development Agreement for the remainder of the term.

(iv) Developer or the transferee must pay Franchisor a transfer fee of \$5,000 per Unit rights being transferred.

(v) Developer and its Principals and Affiliates must, except to the extent limited or prohibited by applicable law, execute a general release, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates and their respective shareholders, members, managers, officers, directors, employees, agents, successors and assigns.

(vi) Franchisor must not have disapproved of the material terms and conditions of such Transfer (including price, terms of payment and financing) on the basis that they are so burdensome as to be likely, in Franchisor's reasonable judgment, to adversely affect the transferee's

operation of V's Barbershops or its compliance with its franchise agreements, any area development agreements and any other agreements being transferred.

(vii) if Developer (or any of its Principals or affiliates) finances any part of the sale price of the transferred interest, Developer and/or its Principals or affiliates must agree that all obligations of the transferee, and security interests reserved by any of them in the assets transferred, will be subordinate to the transferee's obligations to pay all amounts due Franchisor and its affiliates and to otherwise comply with the Development Agreement, any Franchise Agreement being transferred or any franchise agreement to be executed by the transferee;

(viii) Developer and its Principals must execute a noncompetition covenant, in form and substance satisfactory to Franchisor, in favor of Franchisor and the transferee agreeing that, for a period of two (2) years, starting on the effective date of the Transfer, Developer and its Principals will not directly or indirectly (such as through an affiliate or a member of his/her or their Immediate Families) own any legal or beneficial interest in, or render services or give advice to: (i) any Competitive Business that is operating within the Development Area; (ii) any Competitive Business that is operating within a five (5)-mile radius of any V's Barbershop in operation or under construction as of the effective date of such Transfer; or (iii) any entity that grants franchises, licenses or other interests to others to operate any Competitive Business;

(ix) Developer and its Principals and affiliates must execute such other documents and do such other things as Franchisor reasonably requires protecting its rights under the Development Agreement, any Franchise Agreements and any other agreements being transferred.

(d) Subject to Section 9(a) of this Development Agreement, this Development Agreement will be binding upon the parties and their respective assigns, legal representatives, executors, heirs, and successors.

**10. Amendment, Modification or Waiver.**

(a) Except as stated in this Development Agreement, no amendment, modification or waiver of any condition, provision or term of this Development Agreement will be valid or of any effect unless made in writing, signed by the parties, and specifying with particularity the nature and extent of the amendment, modification, or waiver.

(b) Failure on the part of any party to complain of any act or failure to act of another party or to declare another party in default, irrespective of how long the failure continues, will not constitute a waiver by that party of his, her or its rights under this Development Agreement. Any waiver by any party of any default of another party will not affect or impair any right arising from any other or subsequent default.

**11. Entire Agreement.** This Development Agreement, including the exhibits, contains the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect to that subject matter. Each of the exhibits is incorporated in this Development Agreement by this reference and constitutes a part of this Development Agreement. Nothing in this Development Agreement is intended to disclaim the representations we made to you in the franchise disclosure document.

**12. Terminology.** All captions, headings or titles in the paragraphs or sections of this Development Agreement are inserted for convenience of reference only and do not constitute a part of this Development Agreement or a limitation of the scope of the particular paragraph or section to

which they apply. All personal pronouns used in this Development Agreement, whether used in the masculine, feminine, or neuter gender, will, where appropriate, include all other genders and the singular will include the plural and vice versa.

13. Counterparts. This Development Agreement may be executed in two or more counterparts, each of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

14. Arizona Law to Govern; Jurisdiction; Right to Jury Trial and Class Action Waived; Certain Damages Waived.

(a) This Development Agreement will be governed by, and construed and enforced in accordance with, the law of Arizona, regardless of any conflict-of-law provisions to the contrary; provided, however, that any law of the State of Arizona that regulates the offer or sale of franchises or business opportunities or governs the relationship between a franchisor and its franchisees, will not apply unless its jurisdictional requirements are met independently without reference to this Section.

(b) Each party agrees that any litigation between the parties will be commenced and maintained only in the courts located in Maricopa County, Arizona, and each party consents to the jurisdiction of those courts.

(c) Developer hereby waives the right to a jury trial, waives the right to initiate or participate in a class action in any forum and waives the right to seek or collect punitive, consequential, and special damages in any forum.

15. Attorneys' Fees. In the event of any claim, controversy or dispute arising out of or relating to this Development Agreement, or the breach thereof, the prevailing party may recover reasonable attorneys' fees incurred in connection with any proceeding.

16. Construction. The parties acknowledge that each party was represented (or had the opportunity to be represented) by legal counsel in connection with this Development Agreement and that each of them and his, her or its counsel have reviewed this Development Agreement, or have had an opportunity to do so, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Development Agreement or any amendments or any exhibits hereto or thereto.

17. Additional Actions. Each party agrees to do all acts and things and to make, execute and deliver such written instruments as may from time to time be reasonably required to carry out the terms and provisions of this Development Agreement.

18. Computation of Time. Whenever the last day for the exercise of any privilege or discharge of any duty under this Development Agreement falls upon Saturday, Sunday or any legal holiday under Arizona law, the party having that privilege or duty will have until 5:00 p.m. Phoenix, Arizona time, on the next succeeding regular business day to exercise that privilege or to discharge that duty.

19. Currency. Unless otherwise directed by Franchisor in writing, all amounts contemplated by this Development Agreement will be paid in United States Dollars and deposited in the bank account specified by the recipient. Computation of any amounts to be paid which require conversion between

currencies will be made at the selling rate for United States Dollars quoted by Franchisor's primary bank on the date on which payment is made. Developer will pay all costs of currency exchange.

**20. Authority.** Any individual signing below on behalf of a corporation, partnership, Limited Liability Company, or other entity personally represents that he has full authority to bind the party or parties on whose behalf he is signing.

**21. Terrorist and Money Laundering Activities.** Developer hereby represents and warrants to Franchisor that neither Developer, nor any of his Affiliates or their respective equity owners, directors, officers, employees, representatives and agents (collectively, the "Included People"), (a) is identified, by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at [www.treas.gov/offices/enforcement/ofac/](http://www.treas.gov/offices/enforcement/ofac/)) or (b) has violated any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (text currently available at [www.epic.org/privacy/terrorism/hr3162.html](http://www.epic.org/privacy/terrorism/hr3162.html)), U.S. Executive Order 13224 (text currently available at [www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html](http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html)) or any similar law. Developer agrees that he will comply with, and will cause the Included People to comply with, all laws prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government. Developer further agrees that he will immediately notify Franchisor of the occurrence of any event, or the development of any circumstances that might render any of the foregoing representations or warranties to be false, inaccurate, or misleading.

**22. Confidentiality.**

(a) Developer acknowledges that Franchisor is engaged in a highly competitive business, the success of which is dependent upon, among other things, trade secrets, confidential information, and Proprietary Information. Developer further acknowledges that Franchisor's method of operation, processes, techniques, formulae and procedures and the other Proprietary Information constitute valuable trade secrets. Developer agrees not to use for any purpose or disclose or reveal (and must use his best efforts to cause all of Developer's Agents (as defined below) not to use for any purpose, or disclose or reveal), during the term of the Franchise Agreement or forever thereafter, to any person any Proprietary Information or any other information (incorporating or including Proprietary Information) provided to Developer by Franchisor and/or its Affiliates, employees, officers, directors, or vendors. Developer must fully and strictly comply with all security measures prescribed by Franchisor (whether directly or through Developer) for maintaining the confidentiality of all Proprietary Information. Developer must not reverse engineer, decompile or disassemble any of the Proprietary Information. For purposes of this Development Agreement, the term "Agents" means Developer's Principals, directors, officers, managers, and employees. Developer acknowledges that a breach of his obligations under this Section 22 would cause damage to Franchisor, Developer, and Franchisor's other franchisees, and that Developer would be liable for this damage. Notwithstanding the foregoing, Developer may disclose Proprietary Information to a person who is bound by the terms of this provision regarding confidentiality to the extent that that disclosure is necessary in connection with that person's capacity with Developer. In addition, notwithstanding the foregoing, Developer may use the Proprietary Information as may be necessary in connection with the operation of the Franchised Business.

(b) Notwithstanding the foregoing, the following will not be subject to the provisions of this Section 22:

(i) Information that is in the public domain as of the date of receipt by Developer.

(ii) Information that is known to Developer prior to the date of receipt by Developer.

(iii) Information that becomes known to the public without a breach of the provisions of this Section 22 or any agreement signed in connection with the Franchise Agreement; and

(iv) Information that is required by law to be disclosed or revealed, but only strictly to the extent required by law, provided that Developer provides Franchisor with adequate notice of Developer's intent to so disclose such Proprietary Information to enable Franchisor to contest such disclosure.

(c) Developer must not solicit other franchisees, or use the lists of franchisees, for any commercial or other purpose other than purposes directly related to the operation of the Franchised Business without the prior approval of Franchisor.

**23. Copyrights.** Any reproduction of any items or materials suitable for copyright protection by Franchisor (the "Copyrights"), including, without limitation, the copyrightable materials within the Proprietary Information, must bear a copyright notice in the form designated by Franchisor. All advertising and promotional materials generated by or for Developer will be subject to Franchisor's prior approval, will be completely factual and will conform to the highest standards of ethical advertising. Further, all advertising, promotional and other materials generated by or for Developer (including, without limitation, materials generated by or for Developer) for the Franchised Business will be deemed a work-made-for-hire, and all ownership rights, including, without limitation, any copyrights, in such advertising, promotional and other materials are hereby assigned by Developer to Franchisor.

**24. Innovations.** Developer may conceive, invent, create, design and/or develop various ideas, techniques, methods, processes and procedures, formulae, services, products, packaging or other concepts and features relating to the Franchised Business or its operations or business practices (including, without limitation, the services and products offered and sold by the Franchised Business) (the "Innovations"). Developer assigns any and all of its rights, title, and interest in the Innovations, including, without limitation, any intellectual property rights, to Franchisor, and also agrees to cooperate with Franchisor and its counsel in the protection of the Innovations, including, without limitation, the perfecting of title thereto.

**25. Use of Name and Likeness.** Franchisor will be entitled to use the name, likeness and voice of Developer and its Principals for purposes of promoting the franchise, Franchisor and its services and products, including, without limitation, all photos and audio and video recordings, and Developer hereby irrevocably consents thereto. Developer acknowledges that Franchisor will own all right, title and interest, to the extent allowed by law, in all rights of integrity, disclosure and publication and any other rights that may be known as or referred to as "moral rights," "artist's rights," "publicity rights" or the like associated with such photos and audio and video recordings and assigns and transfers unto Franchisor the full and exclusive right, title, and interest to such publicity rights.

26. Non-Solicitation. Developer may not, during the term of the Development Agreement and for the “Restricted Period” in the “Restricted Area”, directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise), solicit, or attempt to establish a business relationship with any customer of Developer or its Affiliates or subsidiaries' V's Barbershops on behalf of any business except in conjunction with the development and operation of Developer's V's Barbershops in a manner consistent with this Development Agreement, any applicable Franchise Agreement, or similar agreements.

27. Non-Competition. Developer may not, during the term of the Development Agreement and for the Restricted Period, for any reason, directly or indirectly (as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent, lender or otherwise):

(a) be engaged in a business that provides Competitive Services within the Restricted Area, other than the development and operation of Developer's V's Barbershops.

(b) Enter into a franchise agreement, development agreement, or similar agreement to perform Competitive Services.

(c) Operate, develop, act as a lender for, support, assist, or consult with, a business that provides Competitive Services.

(d) perform Competitive Services for or solicit for the performance of Competitive Services any person who was a client or customer of Developer's Subsequent Units within the term of the Franchise Agreements and/or the term of this Development Agreement; or

(e) encourage, entice, induce, or influence, directly or indirectly, any Person to engage in any business, act, or transaction that contravenes the terms of this Section.

28. Definitions.

(a) The “Restricted Period” for purposes of this Development Agreement shall be the one (1) year immediately following the expiration or termination of Developer's association with Developer for any reason; except that if a court or arbitrator finds that a one (1) year Restricted Period is not reasonably necessary to protect legitimate business interests of Franchisor, the Restricted Period shall be the nine (9) months immediately following the expiration or termination of Developer's association with Developer for any reason; except that if a court or arbitrator finds that a nine (9) month Restricted Period is not reasonably necessary to protect the legitimate business interests of Franchisor, the Restricted Period shall be the six (6) months immediately following the expiration or termination of Party's association with Developer for any reason; except that if a court or arbitrator finds that a six (6) month Restricted Period is not reasonably necessary to protect the legitimate business interests of Franchisor, the Restricted Period shall be the three (3) months immediately following the expiration or termination of Party's association with Developer for any reason.

(b) The “Restricted Area” for purposes of this Development Agreement shall be the Search Territory and within a seven (7) air-mile radius of any V's Barbershop previously or presently owned, in whole or in part, by Developer or any of Developer's Affiliates; except that if a court or arbitrator finds that a seven (7) air-mile radius Restricted Area is not reasonably necessary to protect legitimate business interest of Franchisor, the Restricted Area shall be the Search Territory and a five (5) air-mile radius of any V's Barbershop previously or presently owned, in whole or in part, by

Developer or any of Developer's Affiliates; except that if a court or arbitrator finds that a five (5) air-mile radius Restricted Area is not reasonably necessary to protect legitimate business interest of Franchisor, the Restricted Area shall be the Search Territory and a three (3) air-mile radius of any V's Barbershop previously or presently owned, in whole or in part, by Developer or any of Developer's Affiliates.

(c) "Competitive Services" means any professional services that are similar to or competitive with professional barbering services, including but not limited to haircutting, styling, barbering, or grooming; men's facial services (shaves, moustache care, or beard trims) facial massage and related retail products offered or provided by Developer during the term of the Development Agreement.

(d) Any capitalized terms not explicitly defined herein shall be defined in a manner consistent with the Franchise Agreement.

**29. Representations and Warranties of Developer.** Developer represents and warrants to Franchisor that:

(a) The application submitted by Developer or his Principals, and all statements made by Developer or his Principals to Franchisor in connection with this Development Agreement, are true and correct in all material respects.

(b) Neither Developer nor his Principals, directors, officers, or managers are bound by, or subject to, any agreement that would prohibit or restrict them from entering into this Development Agreement (or the ancillary agreements and documents signed in connection herewith) or performing their respective obligations hereunder (or thereunder).

**30. Acknowledgement of Developer.** Developer acknowledges that, except as expressly set forth in the Disclosure Document delivered to Developer, neither Franchisor nor anyone acting on behalf of Franchisor, has made any claims or representations whatsoever regarding potential sales, profits, or earnings achievable by Developer in connection with the conduct of the Franchised Businesses. Developer acknowledges that he has been informed, and he understands that the successful operation of the Franchised Businesses will depend primarily upon the efforts, capabilities and management skills of Developer and general economic conditions and trends. Developer acknowledges and confirms that he has selected, or will select, the premises on which the Franchised Businesses will be established and operated by him, and that the decision to establish and operate the Franchised Businesses in those premises was, or will be, made solely by him.

**[Signatures on Following Page]**

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**CONSENT OF SPOUSE**  
**(to be signed if Franchisee is a married individual)**

In consideration of the execution of the Development Agreement to which this Consent is attached (including the exhibits thereto, the "Agreement") by V's Barbershop Franchise, LLC, and knowing that V's Barbershop Franchise, LLC will rely upon this Consent of Spouse, the undersigned spouse of the franchisee identified in the Agreement acknowledges that he/she has read the Agreement, agrees to be bound by provisions and agrees that he/she will make, execute and deliver such instruments and documents that may be necessary to carry out the provisions of the Agreement.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Spouse)

\_\_\_\_\_  
(Print Name of Spouse)

**SCHEDULE A TO DEVELOPMENT AGREEMENT INFORMATION SHEET**

If Franchisee is any entity, identify:

Type of entity: \_\_\_\_\_

State of organization: \_\_\_\_\_

Title of signatory: \_\_\_\_\_

If an individual, identify state of residence and domicile: \_\_\_\_\_

Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Person who will supervise the Franchised Business: \_\_\_\_\_

Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Telephone Numbers: (H) \_\_\_\_\_

(O) \_\_\_\_\_

(C) \_\_\_\_\_

Principals of Franchisee (Shareholders, Partners, Members, Etc.--Total MUST equal 100%)

<u>Name</u>	<u>% Ownership</u>
_____	_____
_____	_____
_____	_____
_____	_____

Initial Franchise Fees Payable for each Subsequent Unit(s): \_\_\_\_\_

\_\_\_\_\_(Franchisee Initials)

**ILLINOIS ADDENDUM TO DEVELOPMENT AGREEMENT**

**AGREEMENT**, dated as of the date set forth at the end of this Agreement, by and between **V's BARBERSHOP FRANCHISE, LLC**, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee").

That certain Development Agreement, dated as of the date hereof, by and between Franchisor and Franchisee is amended as follows:

- 1. Sections 14(a) and (b) of the Development Agreement will be revised to read as follows:
  - (a) This Agreement will be governed by, and construed and enforced in accordance with, the law of Illinois, regardless of any conflict-of-law provisions to the contrary.
  - (b) In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
- 2. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois is void.
- 3. Your rights upon termination and non-renewal are set forth in the Section 19 and 20 of the Illinois Franchise Disclosure Act.
- 4. 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 undersigned does hereby acknowledge receipt of this Rider.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO DEVELOPMENT AGREEMENT FOR INDIAN A RESIDENTS  
AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN INDIANA  
ONLY**

**AGREEMENT**, dated as of the date set forth at the end of this Agreement, by and between **V's BARBERSHOP FRANCHISE, LLC**, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee").

1. Indiana law prohibits Franchisor from requiring Franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed pursuant to the Indiana Deceptive Franchise Practices Act or requiring any controversy between Franchisee and Franchisor to be referred to any person, if referral would be binding upon Franchisee. Such prohibition does not apply to arbitration before an independent arbitrator.
2. Indiana law prohibits Franchisor from limiting litigation brought for breach of the terms of the Development Agreement.
3. Indiana law may prohibit Franchisor from designating Arizona law to govern the Multi- Unit Agreement. If it is so construed, Indiana law will govern the Development Agreement.

The undersigned does hereby acknowledge receipt of this Rider.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC      FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO DEVELOPMENT AGREEMENT FOR MARYLAND RESIDENTS  
AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN MARYLAND  
ONLY**

**AGREEMENT**, dated as of the date set forth at the end of this Agreement, by and between **V's BARBERSHOP FRANCHISE, LLC**, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee").

1. That certain Development Agreement, dated as of the date hereof, by and between Franchisor and Franchisee, is amended as follows:
2. The provisions of Section 23 are not intended to, nor will they, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
3. Sections 16 "Construction" and 30 "Acknowledgement" of the Development Agreement are deleted in their entirety.
4. Pursuant to the Maryland Franchise Registration and Disclosure Law, litigation arising out of the Development Agreement may be conducted in Maryland.
5. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.
6. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the franchise agreement. In addition, all Development fees and initial payments by Development operators shall be deferred until the first franchise under the development agreement opens.
7. 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 undersigned does hereby acknowledge receipt of this Rider.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO DEVELOPMENT AGREEMENT FOR MINNESOTA RESIDENTS  
AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN MINNESOTA  
ONLY**

**AGREEMENT**, dated as of the date set forth at the end of this Agreement, by and between **V's BARBERSHOP FRANCHISE, LLC**, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee").

That certain Development Agreement, dated as of the date hereof, by and between Franchisor and Franchisee, is amended as follows:

1. The provisions of Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.440J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Development Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
2. No statement, questionnaire, or acknowledgement 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 with the franchise.
3. Section 14(c) of the Development Agreement will be deleted. The undersigned does hereby acknowledge receipt of this Rider.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC      FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO DEVELOPMENT AGREEMENT FOR NEW YORK RESIDENTS  
AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN NEW YORK  
ONLY**

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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be 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 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for a 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. Franchise Questionnaires and Acknowledgements--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.

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.

The undersigned does hereby acknowledge receipt of this Rider.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC      FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO DEVELOPMENT AGREEMENT FOR NORTH DAKOTA  
RESIDENTS AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN  
NORTH DAKOTA ONLY**

AGREEMENT, dated as of the date set forth at the end of this Agreement, by and between V's BARBERSHOP FRANCHISE, LLC, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee").

That certain Development Agreement, dated as of the date hereof, by and between Franchisor and Franchisee, is amended as follows:

1. Section 14 of the Development Agreement is subject to the following: (a) litigation may be conducted in North Dakota, (b) North Dakota law will govern the Development Agreement and (c) paragraph (c) will be deleted.

The undersigned does hereby acknowledge receipt of this Rider.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC      FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**ADDENDUM TO DEVELOPMENT AGREEMENT FOR VIRGINIA RESIDENTS  
AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN VIRGINIA  
ONLY**

AGREEMENT, dated as of the date set forth at the end of this Agreement, by and between V's BARBERSHOP FRANCHISE, LLC, an Arizona limited liability company ("Franchisor"), and the franchisee identified at the end of this Agreement ("Franchisee").

That certain Development Agreement, dated as of the date hereof, by and between Franchisor and Franchisee, is amended as follows:

1. The following language is added to the Development Agreement.

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Development fees owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement."

2. 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 undersigned does hereby acknowledge receipt of this Addendum.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**V's BARBERSHOP FRANCHISE, LLC      FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

## WASHINGTON ADDENDUM TO THE FRANCHISE DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

- 1. Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
- 2. Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
- 3. Site of Arbitration, Mediation, and/or Litigation.** 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.
- 4. General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
- 5. Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
- 6. Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
- 7. Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
- 8. Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise

agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

**9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

**10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

**11. Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

**12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

**13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

**14. Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

**15. Nonsolicitation Agreements.** 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.

**16. Questionnaires and Acknowledgments.** 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.

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned does hereby acknowledge receipt of this addendum.

**V's BARBERSHOP FRANCHISE, LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Diego Valenzuela  
Managing Member & CEO  
2320 W. Mission Lane, #3  
Phoenix, Arizona 85021

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_



## RELEASE

A. V's Barbershop Franchise, LLC, an Arizona limited liability company ("Franchisor"), and the undersigned ("Franchisee"), or one or more of Franchisee's Affiliates (as defined below) have signed the following Franchise Agreements (collectively, the "Franchise Agreements"):

<u>Franchisee/Affiliate</u>	<u>Date</u>	<u>Unit #</u>	<u>Location</u>
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B. Franchisor and Franchisee have signed that certain Development Agreement, dated as of \_\_\_\_\_ (the "Development Agreement"), pursuant to which Franchisor has granted Franchisee an option to establish and operate additional V's Barbershops.

C. One of the conditions precedent to Franchisee's right to establish and operate the additional V's Barbershops is the signing and delivery by Franchisee of a general release of Franchisor and its Affiliates.

D. Franchisee or one of his Affiliates desires to establish and operate an additional V's Barbershops and to exercise its rights under the Development Agreement in connection therewith.

## AGREEMENT

**IN CONSIDERATION OF** Franchisor's agreement to grant Franchisee or one of his Affiliates a franchise to establish and operate V's Barbershop Unit # \_\_\_\_\_ in accordance with the Development Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

1. Franchisee, on behalf of Franchisee and his Affiliates and their respective shareholders, members, directors, officers, employees, representatives and agents (collectively, the "Franchisee Parties"), hereby releases, discharges and acquits Franchisor and Sublessor and their Affiliates and their respective shareholders, members, directors, employees, representative and agents (collectively, the "Franchisor Parties") for, from and against any and all claims, demands and causes of action (whether now existing or hereafter arising, known or unknown) that any of the Franchisee Parties now has or may in the future have against any of the Franchisor Parties that resulted, result or may result from, arise out of or relate to the Franchise Agreements, offering and sale of the V's Barbershop® franchise thereby, the establishment and operation of the Franchisee Parties' V's Barbershops® and/or the relationship among the Franchisor Parties and the Franchisee Parties in connection with any of the foregoing.

2. For purposes of this Release, the term "Affiliate" means any Person controlling, controlled by or under common control with another Person.

3. This Release is not intended to, nor will it, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**EXECUTED** as of the date first set forth above.

\_\_\_\_\_

[Name of Franchisee]

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

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

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

**GENERAL RELEASE (SPECIMEN)**

Franchisee and its shareholders and members, on their own behalf and on behalf of their respective Affiliates and their respective, shareholders, members, directors, officers, employees, representatives and agents (collectively, the "Franchisee Parties"), hereby release, discharge and acquit V's Barbershop Franchise LLC, an Arizona limited liability company ("Franchisor"), and its Affiliates and their respective shareholders, members, directors, officers, employees, representatives and agents (collectively, the "Franchisor Parties") for, from and against any and all claims, demands and causes of action that accrued on or prior to the date hereof (whether now existing or hereafter arising, known or unknown) that the Franchisee Parties (or any of them) may now or in the future have against the Franchisor Parties (or any of them), including, without limitation, claims, demands and causes of action that resulted, result or may result from, arise out of or relate to that certain Franchise Agreement, dated as of [date], by and between Franchisor and Franchisee, the operation of Franchisee's V's Barbershop®, the offering and sale of Franchisee's V's Barbershop® franchise and/or the relationship among Franchisor (or the other Franchisor Parties) and the Franchisee Parties (or any of them) in connection with any of the foregoing.

For purposes of this Release, the term "Affiliate" means any Person controlling, controlled by, or under common control with another Person.

The above does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

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

FRANCHISEE

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

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

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

Address: \_\_\_\_\_

\_\_\_\_\_  
[Name of Shareholder/Member]

\_\_\_\_\_  
[Name of Shareholder/Member]

\_\_\_\_\_  
[Name of Shareholder/Member]

**[the form you may be required to sign may differ from the above]**

**Exhibit M  
to Disclosure Document  
Franchise Disclosure Questionnaire**

**Franchise Disclosure Questionnaire**

Questionnaire is not applicable in California.

Do not sign this Statement if you are a resident of Maryland or the business is to be operated in Maryland.

The questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Washington franchisees should not sign the Questionnaire.

As you know, V's Barbershop Franchise, LLC and you are preparing to enter into a Franchise Agreement for the operation of a V's Barbershop®. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue or inaccurate. You must sign and date this Questionnaire the same day that you sign the Franchise Agreement. You cannot sign or date this Questionnaire the same day as the Receipt for the Disclosure Document. 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 on the back of this sheet.

Question	Yes	No
1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
2. Have you received and personally reviewed the Disclosure Document we provided?		
3. Did you sign a receipt for the Disclosure Document indicating the date you received it?		
4. Do you understand all of the information contained in the Disclosure Document and all of the terms of the Franchise Agreement?		
5. Have you reviewed the Disclosure Document and the Franchise Agreement with a lawyer, accountant, or other professional advisor?		
6. Have you discussed the benefits and risks of developing and operating a V's Barbershop with existing V's franchisees?		
7. Do you understand the risks of developing and operating a V's Barbershop franchise?		
8. Do you understand that the success or failure of your V's Barbershop 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 weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
9. Do you understand that, subject to applicable state law, any applicable mediation, arbitration, or litigation must take place in Arizona?		
10. Do you agree that no employee or other person speaking on our behalf has made any statement or promise regarding the costs involved in operating a V's Barbershop, or otherwise, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?		

Question	Yes	No
11. Do you agree that no employee or other person speaking on our behalf has 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 V's Barbershop will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?		
12. Do you understand that the Franchise Agreement and the exhibits to the Franchise Agreement and the Disclosure Document contain the entire agreement between us and you concerning your purchase of a V's Barbershop franchise and that any oral or written statements, if any, not contained in the Franchise Agreement or Disclosure Document will not be binding?		

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

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THE UNDERSIGNED UNDERSTANDS THAT HIS ANSWERS ARE IMPORTANT TO V's BARBERSHOP FRANCHISE, LLC AND THAT V's BARBERSHOP FRANCHISE, LLC WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, THE UNDERSIGNED REPRESENTS AND WARRANTS THAT HE HAS CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO EACH OF THE ABOVE QUESTIONS.

All representations requiring prospective franchisees to asset 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.

EXECUTED as of \_\_\_\_\_

**FRANCHISEE**

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

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

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

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

**FOR CALIFORNIA RESIDENTS AND FRANCHISEES WHOSE FRANCHISES WILL  
BE LOCATED IN CALIFORNIA ONLY**

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

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

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAY PRIOR TO EXECUTION OF AGREEMENT.

The Franchisor's web address is: [www.vbarbershop.com](http://www.vbarbershop.com)

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

**COVER PAGE, RISK FACTOR:**

**Spousal Liability:** Your spouse will be 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.

**ITEM 3, LITIGATION.**

The following statement is added to Item 3:

Neither Franchisor nor any person listed in Item 2 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 parties from membership in such association or exchange.

**ITEM 6, OTHER FEES.**

The highest interest rate allowed in California is ten percent (10%) per annum.

**ITEM 17, ADDITIONAL DISCLOSURES.**

The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a V's Barbershop Franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.

A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

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

#### Item 17

Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Franchise Investment law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition..

The Franchise Agreement required binding arbitration. The arbitration will occur in Phoenix, Arizona, with the costs being borne by the non-prevailing party.

The Franchise Agreement requires that any litigation be held in Phoenix, Arizona. Costs will be borne by the non-prevailing party.

Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as California Business and Professions Code Section 20040.5 and California Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

You must sign a general release 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).

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.

### **FOR HAWAII RESIDENTS AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN HAWAII ONLY**

THESE FRANCHISES HAVE 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 THAT THE INFORMATION PROVIDED HEREIN 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 THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS 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 V's AND THE FRANCHISEE.

### **ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

Illinois law governs the franchise agreements.

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

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

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

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.

### **FOR INDIANA RESIDENTS AND FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN INDIANA ONLY**

Indiana law prohibits us from operating a substantially identical business to that conducted by you pursuant to the Franchise Agreement within a reasonable area, regardless of the trade name used by Franchisor.

Indiana law prohibits us from requiring you to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed pursuant to the Indiana Deceptive Franchise Practices Act or requiring any controversy between us to be referred to any person, if referral would be binding upon Franchisee. Such prohibition does not apply to arbitration before an independent arbitrator.

Indiana law prohibits us from limiting litigation brought for breach of the terms of the Franchise Agreement. Accordingly, certain provisions of the Franchise Agreement (such as the reservation of right to injunctive relief, the designation of forum and venue and specification or limitation of remedies) may not be enforceable. Indiana law may prohibit us from designating Arizona law to govern the Franchise Agreement. If it is so construed, Indiana law will govern the Franchise Agreement.

The Franchise Agreement contains a covenant not to compete. Indiana law prohibits franchisors from requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in the absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

**FOR MARYLAND RESIDENTS AND  
FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN MARYLAND ONLY**

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

The following items of the Disclosure Document are amended as follows:

Item 17

The Maryland Franchise Registration and Disclosure Law prohibits us from requiring litigation to be conducted outside Maryland. Accordingly, litigation may be conducted in Maryland.

The general release required as a condition of purchase, renewal, sale, and/or assignment/transfer will not apply to any liability 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.

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.

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.

**FOR MICHIGAN RESIDENTS AND  
FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN MICHIGAN ONLY**

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

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from setting any and all claims.
3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful 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.
4. 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 and equipment, fixtures and furnishings not reasonably required in the conduct of the Franchised Business are not subject to compensation. This paragraph applies only if: (a) the term of the franchise is less than 5 years and (b) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This paragraph does not require a renewal provision.
6. A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside the State of Michigan.
7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This paragraph does not prevent a franchisor from exercising the right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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.

8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This paragraph 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 paragraph 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 paragraph 3 above.

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

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

Any questions regarding this notice should be directed to the Michigan Consumer Protection Division of the Department of the Attorney General, whose address is 70 Law Building, Lansing, Michigan 48913, and whose telephone number is (517) 373-7117.

**FOR MINNESOTA RESIDENTS AND  
FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN MINNESOTA ONLY**

Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.440J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or the 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 the jurisdiction.

No statement, questionnaire, or acknowledgement 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 with the franchise.

With respect to franchises governed by Minnesota law, Minnesota Statutes Section 80C.12(1)(g) requires us to protect your right to use the Trademarks. Accordingly, Item 13 of the Disclosure Document and comparable provisions of the Franchise Agreement will be modified to require us to protect your right to use the Trademarks, as well as indemnify you for damages for which you are held liable in any lawsuit arising out of your use of the Trademarks in compliance with the Franchise Agreement.

Minnesota Statutes Section 80C.17(5) which provides for a three-year statute of limitations, which will

supersede Section 28(i) of the Franchise Agreement.

With respect to franchises governed by Minnesota law, V's will comply with Minnesota Statutes Section 80C.14, Subdivisions 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minnesota Rule 2860.440D prohibits us from requiring you to sign a general release in connection with renewal or transfer of the franchise.

Minnesota Rule 2860.440J prohibits us from enforcing the liquidated damages provision of the Franchise Agreement.

**FOR NEW YORK RESIDENTS AND  
FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN NEW YORK ONLY  
REQUIRED BY THE STATE OF 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be 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 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for a 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. Franchise Questionnaires and Acknowledgements--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.

**FOR NORTH DAKOTA RESIDENTS AND  
FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN NORTH DAKOTA  
ONLY**

Section 51-19-09 of the North Dakota Franchise Investment Law prohibits us from requiring you to sign a general release in connection with renewal of the franchise.

The restrictive covenant contained in Section 10 of the Franchise Agreement and Exhibits I (Principal, Director, and Officer Agreement) and J (Manager and Employee Agreement) may be unenforceable in the State of North Dakota.

Section 51-19-09 of the North Dakota Franchise Investment Law prohibits us from requiring litigation to be conducted outside North Dakota. Accordingly, litigation may be conducted in North Dakota.

Section 51-19-09 of the North Dakota Franchise Investment Law prohibits us from requiring Arizona law to govern the Franchise Agreement. Accordingly, North Dakota law will govern the Franchise Agreement

Section 51-19-09 of the North Dakota Franchise Investment Law prohibits us from requiring you to waive your right to a jury trial or your right to seek or collect punitive, consequential, and special damages.

Section 51-19-09 of the North Dakota Franchise Investment Law prohibits us from requiring you to consent to liquidated damages.

Section 51-19-09 of the North Dakota Franchise Investment Law prohibits us from requiring you to waive damages in connection with or resulting from the wrongful issuance of an injunction.

**FOR RHODE ISLAND RESIDENTS AND  
FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN RHODE ISLAND  
ONLY**

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**FOR VIRGINIA RESIDENTS AND  
FRANCHISEES WHOSE FRANCHISES WILL BE LOCATED IN VIRGINIA ONLY**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for V’s Barbershop Franchise, LLC for use in the Commonwealth of Virginia shall be amended as follows:

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

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

Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

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 THE FRANCHISE DISCLOSURE DOCUMENT**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

- 1. Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
- 2. Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
- 3. Site of Arbitration, Mediation, and/or Litigation.** 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.
- 4. General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
- 5. Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** 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.

**16. Questionnaires and Acknowledgments.** 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.

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

### State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: 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	
Illinois	
Indiana	
Maryland	
Minnesota	
New York	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

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 V's Barbershop Franchise, LLC ("V's") 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, or sooner if required by applicable state law. Applicable state law in (a) Michigan requires us to provide you this Disclosure Document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale and (b) New York and Rhode Island require us to provide you this Disclosure Document the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If V's does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the applicable state agency listed in Exhibit A.

Issuance Date: APRIL 18, 2025

I received a Disclosure Document dated APRIL 18, 2025 that included the following Exhibits:

- |   |   |
|---|---|
| <p><b>A</b> Agents for Service of Process/State Administrator<br/> <b>B</b> Financial Statements<br/> <b>C</b> Table of Contents of Operation Manual<br/> <b>D</b> List of Franchisees<br/> <b>E</b> Form of Franchise Agreement (including exhibits)<br/> <b>F</b> Agreement to Be Bound and Guarantee<br/> <b>G</b> Form of Principal, Director, and Officer Agreement<br/> <b>H</b> Form of Manager and Employee Agreement</p> | <p><b>I</b> Form of Preauthorization to Debit Funds<br/> <b>J</b> Form of Addendum to Lease<br/> <b>K</b> Form of Development Agreement (including exhibits)<br/> <b>L</b> General Release (Specimen)<br/> <b>M</b> Franchisee Disclosure Questionnaire<br/> <b>N</b> Addenda Required by Certain State Laws<br/> <b>O</b> State Effective Dates<br/> <b>P</b> Receipts</p> |
|---|---|

The franchise sellers offering the franchise to me are:

Name	Principal Business Address	Telephone No.
V's Barbershop Franchise, LLC, Diego Valenzuela II, Chris Mitchell Emily Brown, Renae Germinaro	2320 W. Mission Lane, #3 Phoenix, Arizona 85021	(602) 414-4800
Dennis Fuller	2874 Westcott Dr., Palm Harbor, Florida 34684	(866) 522-8893

Franchisor's other employees, representatives, agents, subfranchisors, and third-party brokers who are/were involved in franchise sales activities with the franchisee: \_\_\_\_\_

Date: \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 By: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 On Behalf of: \_\_\_\_\_

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If V’s does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the applicable state agency listed in Exhibit A.

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| <b>F</b> Agreement to Be Bound and Guarantee                | <b>N</b> Addenda Required by Certain State Laws            |
| <b>G</b> Form of Principal, Director, and Officer Agreement | <b>O</b> State Effective Dates                             |
| <b>H</b> Form of Manager and Employee Agreement             | <b>P.</b> Receipts   |

The franchise sellers offering the franchise to me are:

<b>Name</b>	<b>Principal Business Address</b>	<b>Telephone No.</b>
V’s Barbershop Franchise, LLC, Diego Valenzuela II, Chris Mitchell Emily Brown, Renae Germinaro	2320 W. Mission Lane, #3 Phoenix, Arizona 85021	(602) 414-4800
Dennis Fuller	2874 Westcott Dr., Palm Harbor, Florida 34684	(866) 522-8893

Franchisor's other employees, representatives, agents, subfranchisors, and third-party brokers who are/were involved in franchise sales activities with the franchisee: \_\_\_\_\_

Date: \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 By: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 On Behalf of: \_\_\_\_\_