

FRANCHISE DISCLOSURE DOCUMENT



The Barbershop A Hair Salon for Men, LLC,
A Wisconsin Limited Liability Company
1369 Mourning Dove Court
De Pere, WI 54115-9518
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www.thebarbershops.com
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You will establish and operate a The Barbershop Salon or The Guys' Place Salon franchise which is a casual hair salon offering haircuts, color and highlights, beard trims and waxing specifically geared toward the hair care needs of men and boys (although females are welcome) in accordance with the System and under the Marks.

The total investment necessary to begin operation of a single Salon franchise is \$207,000 to \$352,600. This includes \$79,400 to \$93,100 that must be paid to the franchisor or its affiliate. If you want to obtain area development rights pursuant to an Area Development Agreement, you will pay an additional initial franchise fee of \$15,000 for your second Salon franchise and an initial franchise fee of \$5,000 for each Salon franchise thereafter that you agree to develop pursuant to the Area Development Agreement. The minimum development obligation pursuant to an Area Development Agreement is 3 Salon franchises. You will pay your initial franchise fees for each Salon franchise you agree to develop when you sign an Area Development Agreement. You will pay a minimum of \$60,000 in initial franchise fees when you sign an Area Development Agreement (for a minimum of 3 Salon franchises). That amount will be paid to franchisor.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least fourteen (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 or guaranteed the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Brian Bowe at The Barbershop A Hair Salon for Men, LLC, 1369 Mourning Dove Court, De Pere, WI 54115 and (920) 639-5657.

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

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

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

Issuance Date: April 14, 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 |
|--|---|
| How much can I earn? | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit [G]. |
| How much will I need to invest? | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| Does the franchisor have the financial ability to provide support to my business? | Item 21 or Exhibit [C] includes financial statements. Review these statements carefully. |
| Is the franchise system stable, growing, or shrinking? | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| Will my business be the only The Barbershop Salon or The Guys’ Place Salon business in my area? | Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| Does the franchisor have a troubled legal history? | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| What’s it like to be The Barbershop Salon or the Guys’Guys’ Place Salon franchisee? | Item 20 or Exhibit [G] lists current and former franchisees. You can contact them to ask about their experiences. |
| What else should I know? | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

What You Need To Know About Franchise *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 delegates. These items may be more expensive than similar items you could buy or 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 the franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Wisconsin. 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 the franchisor in Wisconsin than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even 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.

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

TABLE OF CONTENTS

| <u>ITEM</u> | <u>PAGE</u> |
|--|--------------------|
| ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES..... | 1 |
| ITEM 2: BUSINESS EXPERIENCE..... | 3 |
| ITEM 3: LITIGATION..... | 3 |
| ITEM 4: BANKRUPTCY..... | 3 |
| ITEM 5: INITIAL FEES..... | 4 |
| ITEM 6: OTHER FEES..... | 4 |
| ITEM 7: ESTIMATED INITIAL INVESTMENT..... | 7 |
| ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES..... | 10 |
| ITEM 9: FRANCHISEE’S OBLIGATIONS..... | 12 |
| ITEM 10: FINANCING..... | 12 |
| ITEM 11: FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING..... | 12 |
| ITEM 12: TERRITORY..... | 19 |
| ITEM 13: TRADEMARKS..... | 22 |
| ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION..... | 23 |
| ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS..... | 24 |
| ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL..... | 24 |
| ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION..... | 25 |
| ITEM 18: PUBLIC FIGURES..... | 28 |
| ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS..... | 28 |
| ITEM 20: OUTLETS AND FRANCHISEE INFORMATION..... | 29 |
| ITEM 21: FINANCIAL STATEMENTS..... | 32 |
| ITEM 22: CONTRACTS..... | 33 |
| ITEM 23: RECEIPTS..... | 33 |

EXHIBITS

| | |
|-----------|--|
| Exhibit A | State Franchise Administrators and Agents for Service of Process |
| Exhibit B | Table of Contents for Operations Manual |
| Exhibit C | Financial Statements |
| Exhibit D | Franchise Agreement |
| Exhibit E | State Specific Addenda |
| Exhibit F | Area Development Agreement |
| Exhibit G | List of Franchisees |
| Exhibit H | Release |
| Exhibit I | Receipts |

FRANCHISE DISCLOSURE DOCUMENT

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

To simplify the language in this disclosure document, “we”, “us” and “our” means the franchisor, The Barbershop a Hair Salon for Men, LLC. “You” and “your” mean the person who buys the franchise. If the franchise will be owned by a corporation or partnership or limited liability company, “you” and “your” also mean the owners of the corporation or partners of the partnership or members and manager of the limited liability company and their spouses.

The Franchisor, Parent, Predecessor and Affiliates

We were organized on October 7, 2008, as a limited liability company in the State of Wisconsin under the name DEGS Haircuts, LLC which was changed to The Barbershop a Hair Salon for Men, LLC in July 2009. Our principal business address is 1369 Mourning Dove Court, De Pere, Wisconsin, 54115. We conduct business under “A Guys’ Place a Hair Salon for Men” and “The Barbershop a Hair Salon For Men.”

We have no predecessors, or parents. Our agents for service of process are disclosed in Exhibit A to this Disclosure Document.

Our affiliate, The Barbershop of SE Wisconsin, LLC, was formed on May 7, 2012. Its principal place of business is 1369 Mourning Dove Court, De Pere, Wisconsin, 54115 and it operates 2 The Barbershop Salons (defined below).

In 2018, one of our owners transferred his entire interest in us to our other owner. The transferring owner is also the owner of Rochelle Leigh Group, LLC. Rochelle Leigh Group, LLC owns and operates 14 The Barbershop Salons (“Prior Affiliate Salons”). In our prior Franchise Disclosure Documents, these locations were listed as affiliate-owned locations, but are now considered franchisees.

Description of Franchise

We offer franchises for the right to establish and operate a casual hair salon offering haircuts, color and highlights, beard trims and waxing specifically geared toward the hair care needs of men and boys (although females are welcome) in accordance with the System and under the Marks and in accordance with the terms of the Franchise Agreement which is attached as Exhibit D (“Franchise Agreement”). The Barbershop Salons and The Guys’ Place Salons are established and operated under a comprehensive and unique system (the “System”). The “System” includes distinctive signage; interior and exterior design, décor and color scheme; specifications and procedures for operations and customer service; techniques for recruitment of qualified employees; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of sale and tracking systems); training and assistance; and advertising and promotional materials; all of which we may change, improve or further develop, in our discretion. “Marks” mean such service marks, trademarks, trade dress, trade names, logos and commercial symbols, and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of The Barbershop a Hair Salon for Men and The Guys’ Place Salon. Marks currently include “The Barbershop a Hair Salon for Men” and logo and “The Guys’ Place A Hair Salon for Men” and logo (the “Alternative Mark”). “The Barbershop Salon” includes any and all hair salons owned by us, an affiliate of ours or a licensee or franchisee of ours or our affiliate that operates under the System and the Marks. “The Guys’ Place Salon” is any hair salon owned by us, an affiliate of ours or a licensee or franchisee of ours or our affiliate that operates under the System

and the Alternative Mark. “Salon(s)” is any or all of the “The Guys’ Place Salon(s)” and “The Barbershop Salon(s)” owned or operated by us, an affiliate of ours or a licensee or franchisee of ours or our affiliate.

You will operate your Salon under the Marks. However, if you already operate The Guys’ Place Salon(s) and/or are locating your Salon in an area where there are other The Guys’ Place Salons operating, you may elect, with our prior consent, to operate your Salon under the Alternative Marks. If so, your election will be noted on Exhibit I of the Franchise Agreement. The Franchise Agreement will provide that in such event, all references to Marks in the Franchise Agreement will mean Alternative Marks and vice versa.

This disclosure document describes our 2 franchise programs:

1. **Single Unit Franchise Program.** If we approve you as a franchisee, you will sign a Franchise Agreement, in the form attached as Exhibit A, to operate a single Salon. In no event will you be a franchisee until you and we have signed a Franchise Agreement with you.

2. **Development Program.** Under the Development Program, we assign a territory (“Development Area”) within which you must open and operate a number of Salons (“Units” or “Salons”) within a specified period of time (“Development Schedule”). There is a minimum number of 3 Units and a maximum of 5 Units that must be opened under the ADA. If you elect to participate in and are approved for this program, you will execute an Area Development Agreement (the “ADA”) in the form attached as Exhibit B, which will describe your Development Area and the Development Schedule. For each Unit, you must sign separate Franchise Agreements in the form attached as Exhibit A subject to any changes or modifications required by applicable law or, at our option, in the form of the then current Franchise Agreement we offer our new franchisees (although the Royalty Fee and Advertising Fee will remain the same as in the Franchise Agreement in Exhibit A attached to this Agreement). In no event will you sign a Franchise Agreement for any Unit until we have complied with any applicable waiting periods prescribed by law, and in no event, will you be a franchisee entitled to operate a Unit as a Salon until we sign the Franchise Agreement for that particular Unit. You will sign a Franchise Agreement for your first Unit (“First Unit”) at the same time you sign the ADA. We use the term “Subsequent Unit” to refer to Units opened under an ADA after the First Unit.

Market and Competition

Our products and services are targeted to the public, and specifically targeted to male clients. The market in which you will operate is highly competitive. You should expect to compete with other national, regional, and local businesses offering competitive goods and services, including members of established national or regional chains and franchise systems.

Industry Specific Regulations

You must comply with all applicable licensing laws and regulations for both barbers and/or cosmetologists, and for businesses that provide haircuts, shave and related services. You, your stylists and all employees must comply with licensing requirements and regulations of the cosmetology board or other similar agency governing your Salon, and all other rules and regulations relating to health and sanitation. You also must comply with all local, state, and federal laws that apply to service establishments, including employment, discrimination, health and safety laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits and licenses and operational licenses. You should consult with your attorney concerning these and other local laws and ordinances that may affect your construction and operation of your Salon.

You must understand and comply with these laws in the operation of your Salon. We do not assume any responsibility for advising you on these regulatory or legal matters.

Business Experience of Franchisor and Affiliate

We have offered Salon franchises since October 2008. We have not operated a Salon. We have not operated any other business, and have not offered franchises in any line of business other than The Barbershop Salon and The Guys' Place Salon Franchises. Our affiliates have not offered any franchises in any line of business. Our affiliate, The Barbershop of SE Wisconsin, LLC, has operated a Salon since 2012.

Item 2: Business Experience.

President – Brian J. Bowe

Brian has been our President since our formation in October 2008. Brian plays an active role in franchise development as well as operational activities.

Chief Operating Officer – Cristin Bowe

Cristin has been our Chief Operating Officer since August 2018. Cristin has a direct role in the operations of our corporate owned Salons as well as providing operational assistance to franchisees. Cristin works directly with franchisees providing support as requested by them, along with providing assistance and training in connection with the opening of new Salon.

Director of Marketing – Hans Kindsgrab

Hans has been a franchisee of ours since 2010. Hans operates seven Salons in North Carolina. In his role as Director of Marketing, Hans helps establish the marketing strategy for both franchise sales and for customer and staff acquisition in corporate and franchised locations.

Franchise Trainer and Senior Salon Manager – Shannon Endres

Shannon has been a Franchise Trainer since May 2018. In addition to being Franchise Trainer, Ms. Endres has been a Senior Salon Manager and has managed a corporate owned Salon since September 2016. Shannon has her cosmetologist license through the State of Wisconsin. Shannon has been in the salon industry for over 15 years and has managed several Salons and trained numerous franchisees and their staff members. Shannon works with franchisees and their staff to ensure best practices are being followed.

Franchise Trainer and General Manager – Jenny Wescott

Jenny has been a Franchise Trainer and a General Manager of seven Salons in North Carolina since July 2018.

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.

Franchise Agreement

You must pay us an initial franchise fee (the “Initial Franchise Fee”) of \$40,000 when you sign the Franchise Agreement. If you do not enter into an ADA and so long as you are a franchisee in good standing, the Initial Franchise Fee for a second Unit is \$25,000, the Initial Franchise Fee for a third Unit is \$15,000 and the Initial Franchise Fee for each Unit thereafter is \$7,500.

If, however, you enter into an ADA, then the Initial Franchise Fee for your first Unit is \$40,000, the Initial Franchise Fee for the second Unit is \$15,000 and the Initial Franchise Fee for each additional Unit will be \$5,000.

The Initial Franchise Fee is due in lump sum at the time you sign the Franchise Agreement. The Initial Franchise Fee is fully earned by us when paid and is non-refundable to you.

ADA

If you are a franchisee under our Development Program, you will sign a Franchise Agreement for your first Unit and pay the Initial Franchise Fee for each Unit you have agreed to develop at the same time as you sign the ADA and pay us a development fee (the “Development Fee”) for an agreed upon number of Subsequent Units. The minimum number of Units you can commit opening is 3. We may permit you to commit to open additional Units depending upon your experience and capitalization. If you sign an ADA, the Initial . If you and we enter into an ADA, the Initial Franchise Fee for a second Unit is \$15,000 and the Initial Franchise Fee for a third Unit and each subsequent Unit (if any) is \$5,000. The Initial Fees are payable in lump sum when you execute the ADA and are fully earned and non-refundable when paid.

Item 6: Other Fees.

OTHER FEES

| Type of Fee | Amount | Due Date | Remarks |
|------------------------------------|--|---|--|
| Royalty (Note 1) | 5% of Gross Sales, but if you own more than 4 Salons, 4.75% of Gross Sales | By the 10 th day of each month based on the Gross Sales from the previous month | Payments shall be made via electronic funds transfer (“EFT”) or any other method we require |
| Advertising Fee (Note 1) | Up to 2% of Gross Sales | By the 10 th day of each month based on the Gross Sales from the previous month | Only if we establish an Advertising Fund. Payment shall be made via EFT or any other method we require |
| Website and SEO Fee (Note 2) | \$1,000 per year | January 2 nd of each year | The Website and SEO fee is subject to change. Payments will be made by EFT or any other method we require |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|--|---|
| Grand Opening Training | \$3,000 plus our travel costs | When billed | This training is at your Unit on or about the time of your grand opening. This training will be from 1 to 3 days as determined by us based upon your skill level and experience |
| Additional Training and Assistance (Note 3) | Fee and all expenses | Upon request or as we require | This is for additional training we may provide from time to time and/or additional assistance that you need or request |
| Transfer Fee** Franchise Agreement Area Development Agreement | \$2,500 per operating Unit \$5,000 for each undeveloped Unit | Prior to consummation of Transfer | Payable on a Transfer (as defined in the Franchise Agreement) The Transfer Fee under the ADA will not be applied against any Initial Franchise Fees, if any, when the undeveloped Units are developed. |
| Renewal Fee | \$2,500 | At the time of the execution of the then current franchise agreement | Payable when you renew the franchise |
| Audit (Note 4) | Cost of audit. | When billed | You must pay the cost of an audit, inspection and professional fees if we find a discrepancy of 2% or greater in any information you reported or if you fail to provide financial information we may request |
| Interest on late payments (Note 4) | Lesser of 1 ½% per month or maximum legal rate | On all overdue payments | Payable on all overdue amounts |
| Late Report Fee (Note 4) | \$500 plus \$500 for every week a report is late | Upon demand | Payable on all late reports |
| Indemnification** | Will vary under circumstances | As incurred | You must reimburse us if we are held liable for claims under the Franchise Agreement or ADA |
| Mediation Fees** | Actual Costs | As incurred | You will pay the mediation fees |
| Dispute Resolution Fees** | \$50,000 plus attorneys' fees and expenses | Upon invoice | If you do not comply with our dispute resolution requirements in the Franchise Agreement or the ADA |

| Type of Fee | Amount | Due Date | Remarks |
|--|----------------------------------|-----------------|--|
| Taxes Note 5 | Actual Costs | Upon demand | |
| Fee for Testing Alternative Supplier's Goods | Actual cost of the test | Upon demand | Only if you want us to test a proposed supplier to become an approved supplier (see Item 8) |
| Costs and Attorneys' Fees** | Will vary under circumstances | As incurred | Due when you do not comply with the Franchise Agreement or ADA and /or we have to seek assistance to enforce or defend the Franchise Agreement or ADA |

* All fees are imposed by and are payable to us. All fees are non-refundable and are uniformly imposed.

** These fees are found in both the Franchise Agreement and ADA.

NOTES

Note 1: Royalty Fees and Advertising Fees. Royalties are 5% of Gross Sales from the previous month if you have 5 or less Salons. Royalties are 4.75% of Gross sales from the previous month if you have 6 or more Salons. If we establish an Advertising Fund, you will pay us Advertising Fees are up to 2% of Gross Sales from the previous month. "Gross Sales" means the total amount of all sales of products, services and merchandise sold from, through, or in connection with your Salon, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.

You will authorize us to take the Royalty Fees and Advertising Fees from you by electronic transfer or any other methods we require. You will comply with the procedures specified in the Manual (as defined below) or as otherwise communicated for any electronic funds transfer program or any other program we institute and shall perform the acts and sign the documents, including authorization forms that we, your bank and our bank may require to accomplish payment by electronic funds transfer, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of Royalty Fees, Advertising Fees, and other amounts, including interest payable to us. In addition, you will pay all costs associated with utilizing an electronic funds transfer payment program. If you fail to timely report to us in accordance with the procedures set forth in the Franchise Agreement and in the Manual, in addition to any applicable late charge, we have the right, but not the obligation, to debit from your account an estimated amount based on our reasonable estimation of your Gross Sales.

Note 2: Website and SEO Fee. This is an annual fee which we may change from time to time. We will not increase the Website and SEO Fee more than 5% in any single year. The Website and SEO Fee is for the maintenance of the website in order to direct customers to your Salon or other Salons based on the customer's location.

Note 3: Additional Training and Assistance Fees. We reserve the right to charge you a reasonable amount for any training we provide to you or your managers or employees after the opening of your Salon. You will also be responsible for any travel, meal, incidental, and lodging expenses incurred by persons conducting the training programs and attending the training program. We will make available continuing advisory assistance in a manner we deem appropriate. If we send our representatives to your Salon to

provide assistance, we reserve the right to charge a reasonable fee for this type of assistance. Currently the Fee is \$300 per hour per person providing training or assistance.

Note 4: Interest, Audit Fees and Late Report Fees. You must pay interest on any unpaid amounts at the rate of the lesser of 1 ½% per month or the maximum legal rate in the jurisdiction where your Salon is located. In addition, if the amount of Gross Sales you report for any calendar year is less than 98% of the actual Gross Sales for that period, you must pay us the amount owned for Royalty Fees, Advertising Fees, interest and reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees and expenses, travel, meals, and lodging. You will also be required to pay for the cost of the investigation or audit if you fail to furnish reports and supporting records on a timely basis. In addition, if you fail to send us any reports when due, we can charge you, to the extent permitted by law, a late fee of \$500 plus \$500 for each week your report is late.

Note 5: Taxes. You must pay us the amount of any State or local sales, use, gross receipts, or similar tax that the State or local government authority imposes on fees which you pay to us under the Franchise Agreement, without offset or deduction of any kind. Your obligation to reimburse us for these taxes does not extend to income-type taxes which a State or local government imposes on our income.

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 |
|--|------------------------|--------------------------|----------------------------------|--------------------------------------|
| Initial Franchise Fee (Note 1) | \$ 40,000 | Lump Sum | Upon signing Franchise Agreement | Us |
| Travel and Living Expenses while Training for 2 people | \$ 2,000 \$ 4,000 | As Incurred | As incurred | Vendors, airlines, hotels, etc. |
| Security Deposit and Rent (Note 2) | \$ 2,000 \$ 6,000 | As Arranged | Before opening | Lessor |
| Grand Opening Training | \$ 3,000 \$. 5,000 | As required | As Invoiced | Us |
| Licenses, Dues, Utilities Deposits | \$ 500 \$ 2,000 | As required | Before opening | Government agencies, utilities |
| Furniture, Fixtures and Equipment (Note 3) | \$ 33,500 \$ 44,600 | As Incurred | Before opening | Us |
| Leasehold Improvements (Note 4) | \$ 80,000 \$170,000 | As Incurred | Before opening | Contractors |
| Opening Inventory (Note 5) | \$ 2,000 \$ 3,000 | Lump Sum | Before opening | Vendors |
| POS Computer System and Software | \$ 1,400 \$ 1,500 | As Incurred | Before opening | Us |

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is to be Made |
|--|------------------------|-------------------|----------------------------------|---------------------------------------|
| Office Equipment and Supplies (Note 6) | \$ 1,500 \$ 2,000 | As incurred | Before opening | Us |
| Professional Fees | \$ 500 \$ 3,000 | As incurred | Before opening | Attorneys, accountants, architects |
| Signage | \$ 5,000 \$ 10,000 | As incurred | Before opening | Vendors |
| Insurance (per quarter) (Note 7) | \$ 600 \$ 1,500 | As incurred | Before opening | Insurance agent or insurance company |
| Grand Opening Advertising (Note 8) | \$ 10,000 \$20,000 | As incurred | Before opening and 60 days later | Vendors |
| Additional Funds (Note 9) | \$ 25,000 \$ 40,000 | As Incurred | As incurred | Employees, suppliers, utilities, etc. |
| Total (Note 10) | \$207,000 \$352,600 | | | |

The chart above describes the estimated initial investment for 1 Salon, whether it is a single location or a Unit under an ADA. Under an ADA, however, you will commit to opening no less than 3 Units and your Initial Franchise Fees will be as described elsewhere in this disclosure document.

NOTES

1. **Initial Franchise Fee.** The Initial Franchise Fee is \$40,000. If, however, you enter into an ADA, then the Initial Franchise Fee for the first Unit is \$40,000, the Initial Franchise Fee for the second Unit is \$15,000 and the Initial Franchise Fee for each additional Unit will be \$5,000. Neither we nor our affiliates provide any financing.

2. **Security Deposit and Rent.** You must lease or otherwise provide suitable premises for the operation of your Salon. The size of the Salon will range from 1,100 to 1,800 square feet with a typical Salon being 1,600 square feet. If you do not own or purchase real estate for your Salon location, you will need to lease space from a landlord. In most cases the landlord will require a security and/or rental deposit. Usually, the landlord will require you to pay the equivalent of 1 month's rent for the security deposit. Rental rates or deposits on an unknown location cannot be predicted in advance. However, the rental rates will most likely depend on the size and location of your Salon. The costs will vary greatly depending on the metropolitan area where the Salon will be located. These estimates are based on one month's rent for a security deposit and the first month's rent. In addition, these estimates are based on locations in and around Milwaukee, WI. Rent will generally range from \$15 a square foot to \$26 a square foot. In most cases, franchisees rent rather than purchase property. The initial investment assumes you will rent. If you purchase the property, your initial expenses will dramatically increase.

3. **Furniture, Fixtures & Equipment.** You must purchase from us and install various furniture, fixtures, and equipment, including, without limitation, chairs, a desk, barber chairs, end tables, a water cooler, coffee and ice machines, towel warmers, artwork, mats, a cash register, computers and monitors, cameras, printers,

laundry baskets, trash cans, a microwave, display racks, a filing cabinet, a router, a washing machine, a dryer, tables, televisions, a refrigerator and massagers, necessary to furnish and equip your Salon according to our specifications. The cost of furniture, fixtures and equipment will vary according to, among other things, local market conditions, the size of your Salon, competition among suppliers, and other related factors.

4. Leasehold Improvements. When a site has been selected, we will provide you with layout, drawings and design of a typical Salon. The services of a licensed architect may be required to detail the layout into construction plans. You will pay for the architect's services directly. The cost of construction, improvements or building varies widely by the size of the space, the existing improvements and local construction rates. Until a specific site is located and evaluated a reliable estimate of costs cannot be projected. Sometimes you may receive a construction allowance from the landlord or you may lease a location that was already built out as a hair salon and if so, the costs may be reduced accordingly.

5. Opening Inventory. You must purchase an initial supply of product from our approved suppliers. These costs will vary based upon the size and location of your Salon, the time of year of opening, suppliers' cost, and other related factors. These products will probably last for 30-45 days after opening.

6. Office Equipment and Supplies. You must purchase from us general office supplies and typical office equipment, including a scanner/copy machine, a drop safe with two (2) compartments, calculators, computers with Internet access, credit card device, filing cabinets, a desk and desk chair. You will also need to purchase cleaning supplies and other types of supplies necessary to operate your Salon.

7. Insurance. These amounts represent 25% of the annual premium for the required insurance. Many insurance companies will require you to pay this amount prior to opening and allow you to pay the remainder in monthly payments throughout the year. The type of insurance you are required to maintain is described in Item 8. Typically, the annual premiums will range from \$2,400 to \$6,000 per year.

8. Grand Opening Advertising. We recommend that you spend a minimum of \$10,000 on Grand Opening Advertising during the first 3 months of operation. You may choose to spend more.

9. Additional Funds. This item estimates your expenses during the initial period of operation of your Salon (other than the items identified separately in this table) which is 3 months. These expenses include estimated rent, payroll costs, benefits, utilities, additional inventory requirements, supplies, etc., but do not include Royalty Fees, Advertising Fees, or an owners' draw or salary. These figures are estimates, and you may have additional expenses in order to start the business. These figures were based on the experience of our affiliate and our other franchisees dating back to 2008 and the expenses may differ in different parts of the country.

10. Total. Costs and expenses can vary depending on factors like local real estate values, cost of labor and supplies. Your costs will depend on how closely you follow the System, your management skill, experience and business acumen, local economic conditions, the acceptance by local consumers of our approved goods/services, prevailing wage rates, competition, etc. Except as described above, none of the fees listed in this Item are refundable. Your financial condition and arrangements negotiated by and the business decisions made by you will also affect these costs. There can therefore be no assurance that the experience of a particular franchisee will correspond with the information presented above. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Item 8: Restrictions on Sources of Products and Services.

You must operate your Salon according to our System. In order to ensure that the System is uniformly maintained, we have established standards and specifications for you to follow which are described in the Manual. Therefore, you are required to purchase all products, services, supplies, inventory, equipment, materials, computer systems and other items required for the operation of your Salon from us and from manufacturers, suppliers, and distributors we approve, or from other suppliers who meet our specifications and standards. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention, as well as payments, contributions, or other consideration to us, our affiliates, any advertising fund and/or otherwise, and may be temporary, in each case in our reasonable discretion. We may, from time-to-time withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion. We have imposed these requirements in order to assure quality and uniformity of the services and products sold to customers. Approved suppliers will be designated in the Manual or some other writing delivered to you. We may modify the list of approved brands, products and suppliers, and will notify you, in writing, of any modification.

You will purchase from us and install various furniture, fixtures, and equipment, including, without limitation, chairs, a desk, barber chairs, end tables, a water cooler, coffee and ice machines, towel warmers, artwork, mats, a cash register, computers and monitors, cameras, printers, laundry baskets, trash cans, a microwave, display racks, a filing cabinet, a router, a washing machine, a dryer, tables, televisions, a refrigerator and massagers, necessary to furnish and equip your Salon according to our specifications. The cost of furniture, fixtures and equipment will vary according to, among other things, local market conditions, the size of your Salon, competition among suppliers, and other related factors.

If you wish to purchase or lease any goods, products, equipment or supplies not approved by us as meeting our specifications, you must first notify us. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, or supplies meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. We will advise you within a 90-day period whether these goods, products, equipment or supplies meet our specifications. We may require samples from alternate suppliers to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a charge based on our costs and the actual cost of the test made by us or by an independent testing laboratory designated by us. We may require your proposed supplier to execute a confidentiality agreement. There is no designated supplier that is owned, in whole or in part, by any of our officers, but our officers reserve the right to do so in the future.

We and our affiliates reserve the right to negotiate with various vendors for quantity discount contracts which may include rebates to us or our affiliates under these contracts. You may or may not find the contracts to your advantage and may elect to participate or not to participate in them. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under the Franchise Agreement. We have the right to affiliate ourselves with suppliers or become an approved supplier or the sole supplier, and/or receive revenues, rebate, commissions or other benefits from purchases made by our franchisees.

The purchase of products from us or approved sources will represent approximately 70% of your overall purchases in opening the franchise and 25% of your overall purchases in operating the franchise. In the fiscal year ending December 31, 2024, neither we nor our affiliates received rebates based on our franchisees' purchases from approved suppliers, and neither we nor our affiliates sold any products to our franchisees. No officer of the franchisor owns an interest in any supplier.

There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms), for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

In addition to the purchases or leases described above, you, must buy and maintain insurance coverage that we require and to meet the other insurance-related obligations, all of which are described in greater detail in Section IX.H of the Franchise Agreement. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us and our designated affiliates as an additional insured party. We may, from time to time, in our sole discretion, make such changes in minimum policy limits, coverage, and endorsements as we may determine, which we will specify in the Confidential Operations Manual. Currently, we require that the insurance policies you maintain for your Salon shall, at a minimum, include the following

Comprehensive general liability insurance for the location and operations of your Salon in the amount of \$1,000,000 per occurrence with a \$2,000,000 aggregate;

Worker's compensation insurance with broad form coverage with minimum limits of \$100,000 - \$500,000-\$500,000 unless your state requires greater coverage;

Umbrella Policy that covers the underlying policies described above in the amount of \$2,000,000;

Employment Practices Liability Insurance in the amount of \$100,000;

Data Compromise Insurance in the amount of \$50,000;

Cyber Liability in the amount of \$250,000; and

Property coverage for improvements in your location with business interruption endorsement of 12 months, actual loss sustained limits.

We may, from time to time, in our sole discretion, make such changes in minimum policy limits, coverage, and endorsements as we may determine. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us as an additional insured party, contain primary and non-contributory endorsements and a waiver of subrogation. These policies will stipulate that we will receive a 30-day written notice of cancellation, modification or termination. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us must be furnished to us together with proof of payment within 30 days of issuance. These insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate.

If you fail to obtain insurance and keep the same in full force and effect, we may obtain this insurance at our discretion and you will pay us the premium costs upon our demand. Failure to obtain and maintain the required insurance constitutes a material breach of the Franchise Agreement entitling us to terminate that agreement. You must also procure and pay for all other insurance required by state or federal law. We may periodically increase the amounts of coverage required and/or require different or additional coverage.

Item 9: Franchisee’s Obligations.

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 | Disclosure Document Item |
|--|-----------------------------|---------------------------------|
| a. Site selection and acquisition/lease | Sections III.A and III.B | Items 11 And 12 |
| b. Pre-opening purchases/leases | Section IX.A | Items 7 And 8 |
| c. Site development and other pre-opening requirements | Sections IX.A | Items 6, 7, 8 And 11 |
| d. Initial and ongoing training | Section VIII.A and VIII.B | Items 6, 7 And 11 |
| e. Opening | Section IX.A | Items 7 And 11 |
| f. Fees | Section VI | Items 5, 6 And 7 |
| g. Compliance with standards and policies/operating manual | Section IX.D and XV | Items 8 And 16 |
| h. Trademarks and proprietary information | Sections X and XI | Items 13 And 14 |
| i. Restrictions on products/services offered | Section IX.D | Items 8 And 16 |
| j. Warranty and customer service requirements | Section IX.D | Item 16 |
| k. Territorial development and sales quotas | Section II | Item 12 |
| l. Ongoing product/service purchases | Section XIV | Items 8 And 11 |
| m. Maintenance, appearance, and remodeling requirements | Sections IX.O | Item 6 |
| n. Insurance | Section IX.H | Items 6, 7 And 8 |
| o. Advertising | Section VII | Items 6, 7 And 11 |
| p. Indemnification | Section XVII | Item 6 |
| q. Owner’s participation / management / staffing | Section IX.G | Item 15 |
| r. Records and reports | Section IX.L | Item 11 |
| s. Inspections and audits | Section IX.H | Items 6, 11 And 13 |
| t. Transfer | Section XVI | Item 17 |
| u. Renewal | Section V.C | Item 17 |
| v. Post-termination obligations | Section XI, XII and XIII.C | Item 17 |
| w. Non-competition covenants | Section XII | Item 17 |
| x. Dispute Resolution | Section XVIII | Item 17 |
| y. Termination | Section XIII | Item 17 |

Item 10: Financing.

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

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

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

Before you open your Salon, we will:

- (1) Designate your Protected Territory. (Franchise Agreement – Section II.B and Exhibit I)
- (2) Designate your Development Area. (ADA – Section I.A and Attachment B)

(3) Approve or disapprove a site for your Salon regardless of whether this is for a single location or a Unit opening pursuant to an ADA. We do not currently own sites for leasing to franchisees. (Franchise Agreement – Section III.A) Our consent to a particular site is not to be regarded as an endorsement by us of any particular site, nor will it constitute a warranty by us as to the future success of your Salon at the location. You are primarily responsible for investigating the site and having any leases or sale contract for the site reviewed and approved by your attorney.

We will provide you with our site selection criteria for a Salon. The site must meet our criteria for demographic characteristics: traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; foot traffic; daytime business population; size; appearance; and other physical and commercial characteristics. We will approve or disapprove a location you propose within 30 days after receiving your description of the site and all demographic information we require in order to evaluate the site. We will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to assist in designating the location, although we will not conduct site selection activities for you.

If you intend to lease a site, you will submit a copy of the proposed lease to us, within 30 days of our consent to the site. Within 10 days of execution of the lease, you shall provide us a copy of the executed lease. The lease must include substantially the terms in the Addendum to Lease which is Exhibit II of the Franchise Agreement. You must also sign a Collateral Assignment of Lease which is Exhibit III of the Franchise Agreement whereby you agree to assign your rights to the lease to us in the event of a termination or expiration of this Agreement or a default under the lease.

If you intend to own the site, you will furnish to us proof of ownership or an executed sale contract within 90 days after we consent to the site. You shall create a separate entity to own the site and then lease the site to you at its full rental value and on commercially reasonable terms for the term of the Franchise Agreement.

- (4) Provide suggestions for layout and design of the Salon. (Franchise Agreement – Section VIII.E)

Any such suggestions will not include the requirements of any federal, state, or local law, code, or regulation, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities, nor shall such suggestions include the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific hair salon. You will construct your Salon in accordance with specifications and plans prepared by you based upon our standards, subject to our right to consent. The cost of plans and specifications shall be borne by you. Our consent shall be limited to review of such plans to assess compliance with our design standards for a Salon, including such items as trade dress, presentation of trademarks, and the provision to the potential customer of certain products and services that are central to the operation of the Salon.

- (5) Provide approved suppliers or specification for the products and services you need to equip your Salon. (Franchise Agreement – Section XIV)

(6) Provide an initial training program for the operation of your Salon to you and your designated manager(s). This training is described in greater detail later in this Item 11. (Franchise Agreement – Section VIII.A)

(7) Loan you a copy of the Manual. (Franchise Agreement - Section XV)

This Confidential Operations Manual, which may be in a format determined by us (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.) (“Manual” or “Operations Manual”) is confidential and remains our property. You will operate your Salon in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manual which are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments thereto, all of which are a part of the Manual.

You must treat the Manual, any other manuals or written materials provided by us or our affiliate for use in the operation of your Salon, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place within your Salon. It must be returned to us upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from or revisions to the Manual which you have to comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit D to this disclosure document. The Manual is approximately 36 pages in length.

Pursuant to applicable law, we retain the right to establish or recommend the prices you charge.

Time for Opening Your Salon.

We estimate that the typical length of time between signing of the Franchise Agreement and the opening of a Salon is approximately 8 to 10 months. Factors affecting the length of time usually include obtaining a satisfactory site, zoning and governmental requirements, financing arrangements, building improvements, and purchase and installation of equipment, fixtures, and signs. The opening of the Salon may be delayed only if such delay is caused by contingencies not within your control, such as acts of God, governmental restrictions, strikes or labor disputes. You are required to use your best efforts to cure any of these delays and any of these delays in opening shall only be for a period of days equal to the number of days during which the events actually prevent completion. You must notify us of any delay promptly. If you fail to open your Salon within 18 months of signing the Franchise Agreement, we may terminate the Franchise Agreement.

You may open a Unit under an ADA only by signing a Franchise Agreement for that Unit. You will sign a Franchise Agreement for the First Unit at the same time you sign the ADA.

During the Operation of your Salon, we will:

(1) Provide on-site opening assistance, consisting of at least 1 representative for a period of 8 days as described in greater detail later in this Item 11. (Franchise Agreement – Section VIII.C)

- (2) Furnish you, at your request, with additional guidance and assistance. We reserve the right to charge a reasonable fee. (Franchise Agreement - Section VII.D)
- (3) Continue to loan you one copy of the Manual. (Franchise Agreement – Section XV)

ADVERTISING

We reserve the right to establish an advertising and marketing fund (“Advertising Fund”). Once established, you must contribute a monthly Advertising Fee of up to 2% of your Gross Sales to the Advertising Fund. We agree that the Advertising Fees received from you will be made available for the payment of all costs associated with the creation, production, distribution, media placement, maintenance and enhancements to the website, and administration of local, state, regional or national advertising programs and for any taxes incurred on these funds. The Advertising Fund is intended to maximize recognition of the Marks, the Alternative Marks and the patronage of The Guys’ Place Salons and The Barbershop Salons. Although we will try to use the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all The Guys’ Place Salons and The Barbershop Salons, we do not ensure that the Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Advertising Fund contributions by The Guys’ Place Salons and The Barbershop Salons operating in that geographic area or that any The Guys’ Place Salon or The Barbershop Salon benefits directly or in proportion to its Advertising Fund contributions. We do not have to spend any amount on advertising in your Protected Territory (as defined below). These funds will be used for advertising on television, radio, direct marketing mailings, the newspaper, the Internet and other media. We have the right to determine the type of advertising and the media in which it will appear. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising and franchise expansion program, consistent with applicable law. We do not have to spend the Advertising Fund contributions during any specific time period. Advertising may be handled by the outside advertising agency which we select. The Advertising Fund will not be used for the sale, promotion, travel and other expenses that are principally for the solicitation of new franchises, except that we will use portions of the Advertising Fees towards the costs of websites we may maintain, which websites may contain information about our franchising programs. Unaudited financial statements of the Advertising Fund will be made available to franchisees on reasonable request. If we do not use all of the Advertising Fund contributions in a particular fiscal year, the remaining contributions will be carried over to the next fiscal year and be included in that year’s advertising budget. We are entitled to reimbursement from the Advertising Fund to cover our administrative and overhead expenses associated with operating the Advertising Fund. Our franchisees that signed franchise agreements prior to the date of this Franchise Disclosure Document are not required to participate in the Advertising Fund because their franchise agreements did not include a provision for payment of an advertising fee. Other than those franchisees, all other franchisees and any affiliate owned The Guys’ Place Salons and The Barbershop Salons will contribute to the Advertising Fund on an equal basis.

The Advertising Fund is not our asset. The Advertising Fund is not a trust. We have a contractual obligation to hold all Advertising Fund contributions for the benefit of the contributors and to use the contributions only for their permitted purposes as described above. We have no fiduciary obligation to you for administering the Advertising Fund. During our prior fiscal year, we did not collect any Advertising Fees.

We do not have a franchisee advertising advisory council that advises us on advertising policies, but we reserve the right to establish one in the future.

Your Own Advertising.

Other than contributions to the Advertising Fund, your grand opening obligations and any local or regional cooperative which may be formed in the future, you are required to spend at least 2% of your Gross Sales per year for each of the first 2 years your Salon is in business in order to promote your Salon locally. You must submit all of your own advertising and sale promotion materials to us, or our advertising agency, for approval before use. If you do not receive written disapproval within 20 days after we receive the materials, we will be deemed to have given approval. Whether approved or not, the Franchise Agreement prohibits you from advertising or using in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols (“©”, “®”, “TM” or “SM”) as we direct.

You agree not to distribute individual advertising items (i.e., coupons, circular advertising, etc.) outside of your Protected Territory, unless you use a form of advertising which is not programmed to restrict to the Protected Territory, like direct mail advertising by outside contractors based on zip code.

Internet and Other Electronic Advertising

We and our affiliates have established an Internet website, www.thebarbershops.com and www.theguysplace.com and we control. We may provide contact information for your Salon on our websites for so long as we determine. Further, you shall not use the Marks or the Alternative Marks (or any marks or names confusingly similar to the Marks or Alternative Marks) as an Internet domain name or in the content of any Website. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Salon on the Internet (such as on Instagram, Facebook or Twitter). Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual, which may restrict the content that you are permitted to post to such social media outlet. We have the right to cease granting you permission to operate any such social media outlet at any time. Except as otherwise provided by us, you may not maintain a presence on the Internet for your Salon or otherwise advertise or use any of the Marks or Alternative Marks on the Internet. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us. We may require you to place all such electronic advertisements with us or our designated third-party vendor. We may, from time to time, create or have available to you advertising materials. We reserve the right to charge you a reasonable fee for any such advertising materials.

Grand Opening Advertising.

In addition to the other advertising requirements, you are required to spend a minimum of \$10,000 on grand opening advertising and sales promotions within the first 60 days your Salon is opened. Within 90 days after the opening of your Salon, you must provide us proof of your expenditures in the form and with the detail, including copies of all grand opening advertising materials and receipts, as we request.

Local Advertising Cooperative.

Currently we do not operate or authorize any local or regional advertising cooperatives. However, we reserve the right to identify certain advertising markets that may benefit from the formation of an advertising cooperative in the future, and we reserve the right to require your participation in any advertising cooperative we form. If formed, you may be required to pay reasonable fees to fund the local or regional advertising efforts you are required to join. Those fees may be in addition to any other fees described in this disclosure document.

COMPUTER SYSTEM

We have the right, under the Franchise Agreement, to require you to purchase or lease and use any and all hardware and computer software programs that we may designate. Presently, our specifications require the use of MyTime Point of Sales Software owned by MyTime which includes features for sales transaction recording, online appointment scheduling and forecasts, and also serves as the time clock and delivery router (“POS System”). MyTime requires an initial contract term of 5 years. There is a monthly subscription rate of between \$159 and \$303 depending on the specific modules used. These costs do not include the costs of any hardware including computers, monitors, router, printers or mice required to operate the software.

We will have independent access to the information stored in your POS System and this right is protected contractually. The types of business information that will be collected by the POS System will be sales reports by category, department, inventory, etc. We will have independent access to information or data in the POS System with no contractual limits imposed upon our access. We have no contractual obligation to upgrade or update any hardware or software. We are not obligated to provide or assist you in obtaining the above item or services. In the future, you may be required to change, upgrade or modify the type of computer hardware and software you must use at your expense (i.e. Web-Based reporting solutions.) Internet service may be required to make your POS System accessible for web-based solutions.

TRAINING PROGRAM

We believe proper training is essential to running a successful Salon. You, your designated manager, and/or at least 1 other employee must visit 1 of our affiliate-owned locations for a period of 2-3 days. The purpose of the visit is to observe a fully operational Salon. You are responsible for the salaries of your designated manager and other employee(s) attending the initial training, plus attendees’ expenses in traveling to our location, including airfare, lodging, and meals.

Our onn-site opening assistance is required for your first Salon and will be conducted at your Salon starting 2 or 3 days prior to the scheduled opening of your Salon. Our trainer will remain at your Salon for the opening day. The timeframe will be mutually agreed upon prior to our trainer arriving at your Salon.. We will send at least 1 of our trainers to your Salon. Your Salon will generally be scheduled for opening on a Saturday, so our onsite assistance will begin on the Wednesday through Friday preceding the opening (to be adjusted as necessary if a Saturday opening is not possible) and continue through the opening on Saturday. Training will cover all of the topics listed below and will be taught in accordance with the Operations Manual.

TRAINING PROGRAM

| Subject | Hours of Online Training | Hours of On-The-Job Training | Location |
|----------------------------|---------------------------------|-------------------------------------|-----------------|
| Initial Training | -- | 8-16 | Waukesha, WI |
| Setting up the Salon | 8-10 hours | 12-15 hours | Salon |
| Product / Ordering | 2 hours | 2 hours | Salon |
| Office and Supplies | 1 hour | 1 hour | Salon |
| Hiring Qualified Employees | 6 hours | 3 hours | Salon |
| POS / Computer | 4 hours | 4 hours by vendor | Salon |

| Subject | Hours of Online Training | Hours of On-The-Job Training | Location |
|---|---------------------------------|-------------------------------------|---|
| Running the Appointment book | 2 hours | 6 hour | Salon |
| Employee Handbook | 2 hours | 1 hour | Salon |
| Payroll | 1 hour | 2 hours | Salon |
| The “The Guys’ Place A Hair Salon For Men” Experience | -- | 4 hour | Salon |
| Daily Paperwork | 1 hour | 1 hour | Salon |
| Weekly Paperwork | 1 hour | 1 hour | Salon |
| Monthly Paperwork | 1 hour | 2 hours | Salon |
| Marketing and Advertising | 4 hours | 1 hour | Salon |
| Phones | -- | 1 hour | Salon |
| Receptionist Training | -- | 1 hour | Salon |
| Business Operations Training (Owner Only) | 15-20 hours | 5-10 hours | Bi-weekly 1 hour Owner Video Conference = 2 hours Monthly Check in Calls = 1 hour Bi-annual Shop Visit = 8-24 hours |
| Total | 48-53 hours | 47 – 55 hours | 15-51 hours annually |

Most, if not all our training, is provided on-the-job and generally on an as-needed basis. It is the nature of the business that all subjects are integrated into the training program, and that there are no clear delineations between the subjects being learned.

Training will be provided by the following individuals:

Cristin Bowe – Chief Operating Officer, Cristin has been our Chief Operating Officer since August 2018. Cristin manages our corporate owned locations. Cristin works directly with franchisees providing support as requested by them, along with providing assistance and training in connection with the opening of new franchised locations.

Shannon Endres – Franchise Trainer and Senior Salon Manager, Shannon has her cosmetologist license through the State of Wisconsin. Shannon has been in the salon industry for over 15 years and has managed several Salons and trained numerous franchisees and their staff members. Shannon works with franchisees and their staff to ensure best practices are being followed. Shannon .

Jenny Wescott - General Manager and Franchise Trainer, Jenny has been General Manager and Franchise Trainer since July 2018. In addition to her work as a franchise trainer, Jenny is the General Manager of the seven location located in North Carolina.

The training requirements described herein apply only if you are a new franchisee opening your first Salon or if you are a transferee of an existing Salon. One of your owners and your designated manager are required to complete the training to our satisfaction. If training is not completed to our satisfaction, you or your manager(s) must retake the program until satisfactory completion is met. Training is not required for all owners of a business entity but is strongly recommended.

We may also provide refresher programs to experienced managers and employees. Such programs are not mandatory at this time but may be deemed mandatory in the future. We may elect to charge a reasonable fee for any training provided after the opening of your Salon. You are solely responsible for paying the compensation of your trainees as well as your trainees' travel, lodging and personal expenses. The location, duration, and content of such refresher training programs have not been determined yet.

Item 12: Territory.

FRANCHISE AGREEMENT

You must operate your Salon at a specific location identified in the Franchise Agreement. You may not conduct business at any site other than at your Salon. You may not relocate your Salon without our written consent that we will not unreasonably withhold. The Protected Territory will be determined when we both agree on the site as described in Exhibit I of the Franchise Agreement ("Protected Territory"). Your Protected Territory will be tailored to your specific site's demographics (there is no minimum geographic territory). Typically, your Protected Territory will be a 3-mile radius around your Salon unless you are in a densely populated area or a rural area. If you are in a rural area, your Protected Territory may be much larger and if you are in a densely populated area, such as in a downtown metropolitan area, your Protected Territory may be smaller. We grant you what is considered an exclusive territory under franchise law.

So long as the Franchise Agreement is in force and you are not in default under it or any other agreement with us or any affiliate of ours, neither we nor our affiliates will own or operate or franchise or license others to own or operate The Guys' Place Salon or The Barbershop Salon within the Protected Territory. Except as limited above in this Item 12, we and our affiliates retain all rights with respect to The Guys' Place Salon, The Barbershop Salon, the Marks, the Alternative Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate The Guys' Place Salons and The Barbershop Salons immediately adjacent to your Protected Territory and outside of your Protected Territory; (2) the right to operate or license others to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks and Alternative Marks in any location, both inside or outside of your Protected Territory; (3) the right to operate or license others to operate businesses that are not similar to The Guys' Place Salon and The Barbershop Salon under the Marks in any location, both inside or outside of your Protected Territory; and (4) the right to offer any products or services (including the products and services you offer at your Salon through other channels of distribution (including retail stores, the Internet and other outlets) both inside and outside of your Protected Territory, and we may promote products bearing the Marks or Alternative Marks at special events, athletic contests, etc., through temporary locations and mobile units. We are not required to pay you if we exercise any of the rights specified above inside your Protected Territory.

You are prohibited from distributing individual advertising items (i.e., coupons, circular advertising, etc.) outside of the Protected Territory, unless you use a form of advertising which is not programmed to restrict delivery to the Protected Territory, like direct mail advertising by outside contractors based on zip code.

You do not receive the right to acquire additional franchises either within or outside your Protected Territory, but we may consider granting you multiple franchises. You must sign a separate Franchise Agreement, however, for each franchise and each Salon.

Although we and our affiliates have the right to do so, neither we nor our affiliates have owned, operated or franchised, and have no plans to own, operate or franchise, other businesses selling similar products or services under trademarks or service marks other than the Marks and the Alternative Marks.

So long as you are not in default under the Franchise Agreement, you may relocate your Salon within the Protected Territory with our prior written consent. However, the Protected Territory for the relocated site will be subject to renegotiation. Regardless of the reason for relocating, you agree to pay all costs and expenses of relocating your Salon including the cost of a demographic study and our cost and expenses in reviewing the proposed site.

We and our affiliates have the right to purchase, be purchased, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and either we, our affiliates or our successor have the right to operate, franchise or license those businesses and/or facilities as The Guys' Place Salons or The Barbershop Salon operating under the Marks, the Alternative Marks or any other marks following that purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within your Protected Territory, near your Protected Territory, or near any of your locations).

We and our affiliates may sell ourselves, our assets, our proprietary marks (including the Marks and the Alternative Marks) and/or our system (including the System) to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you will, in the Franchise Agreement, expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Marks, Alternative Marks, other proprietary marks (or any derivation of those marks), the System, other systems and/or the loss of association with or identification as a franchisee under the Franchise Agreement. If we assign our rights in the Franchise Agreement, nothing in this disclosure document or in the Franchise Agreement will be deemed to require us to remain in this business.

Continuation of your franchise or your territorial protection is not dependent upon sales quotas, market penetration or opening additional locations; however, your territorial protection is dependent upon your compliance with the Franchise Agreement.

AREA DEVELOPMENT AGREEMENT

Under the ADA, you are granted the right to develop and operate Salons solely in a specified Development Area, which may be within one or more cities, counties, states or some other defined area. During the term of the ADA, we may not own, operate, franchise or license any The Guys' Place Salon or The Barbershop Salon in your Development Area. Until the termination, expiration or transfer of the ADA, you retain your right of exclusivity as long as you comply with the Development Schedule (Attachment B of the ADA). If

you fail to meet any of your obligations under the ADA, including compliance with the Development Schedule, or breach any Franchise Agreement executed by you pursuant to the ADA, we may terminate your right to develop new Units within the Development Area. However, the termination of the right to develop your Development Area will not terminate any rights granted under the Franchise Agreements then in effect between you and us in which you are in compliance. After the expiration or termination of your ADA, we may own, operate, franchise or license others to operate additional The Guys' Place Salons and The Barbershop Salons anywhere, without restriction, including in your Development Area, except for any Protected Territories under your Franchise Agreement(s) which remain in effect. For each Unit you open pursuant to an ADA, you must obtain our approval of the sites using our current site criteria.

Except as limited above in this Item 12, we and our affiliates retain all rights with respect to The Guys' Place Salons, The Barbershop Salons, the Marks, the Alternative Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate The Guys' Place Salons and The Barbershop Salons immediately adjacent to your Development Area or anywhere outside of your Development Area; (2) the right to operate or license others to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks and Alternative Marks in any location, both inside or outside of your Development Area; (3) the right to operate or license others to operate businesses that are not similar to The Guys' Place Salon and The Barbershop Salon under the Marks in any location, both inside or outside of your Development Area; and (4) the right to offer any products or services (including the products and services you offer at your Salon) through other channels of distribution (including retail stores, the Internet and other outlets) both inside and outside of your Development Area. We are not required to pay you if we exercise any of the rights specified above inside your Development Area.

We and our affiliates have the right to purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as The Guys' Place Salons or The Barbershop Salons operating under the Marks, Alternative Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within your Development Area, near your Development Area, or near any of your locations).

We and our affiliates may sell ourselves, our assets, our proprietary marks (including the Marks) and/or our system (including the System) to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you will, in the ADA, expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Marks, Alternative Marks, other proprietary marks (or any derivation of those marks), the System, other systems and/or the loss of association with or identification as a franchisee under the ADA. If we assign our rights in the ADA, nothing in this disclosure document or in the ADA will be deemed to require us to remain in this business.

You have no options, rights of first refusal or similar rights to acquire additional franchises except as provide in the ADA. Under the ADA, the continuation of your territorial exclusivity is dependent upon your compliance with the Development Schedule, as described above.

Item 13: Trademarks.

We grant you the right to operate your Salon under the Marks. The principal Marks are:

| Mark | Registration Date (Application Date) | Registration Number (Serial Number) |
|-------------------------------------|---|--|
| The Barbershop A Hair Salon for Men | October 23, 2007 | 3,318,141 |

The principal Alternative Marks are:

| Mark | Registration Date (Application Date) | Registration Number (Serial Number) |
|----------------------------------|---|--|
| Guys' Place A Hair Salon for Men | March 3, 2015 | 4,696,815 |

Trademarks for which registration with the USPTO has been applied for but for which registration has not yet issued are:

| Mark | Application Date | Serial Number |
|-------------------|-------------------------|----------------------|
| Barber Blend | September 9, 2024 | 98740548 |
| The Straight Edge | September 9, 2024 | 98740589 |
| Faded Blend | October 1, 2024 | 98780412 |
| Faded Roast | October 1, 2024 | 98780482 |
| Tapered Taste | October 1, 2024 | 98780613 |
| Beard Brew | October 11, 2024 | 98796913 |
| Scissor Sip | October 11, 2024 | 98796875 |

No renewals or affidavits are yet due with respect to the registration of the Marks or Alternative Marks. We intend to file all affidavits and to renew the registrations for the Marks and the Alternative Marks when they become due. Currently, the "Marks" do not include those trademarks which are not yet registered but they may contain one or more of those trademarks in the future.

We will grant you a nontransferable, non-sublicensable, non-exclusive license to use the Marks or the Alternative Marks at your Salon as noted in Exhibit I of the Franchise Agreement. You must follow our rules when you use the Marks or Alternative Marks. You cannot use any of the Marks or Alternative Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license

to you. You may not use the Marks or Alternative Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

There are currently no effective material determinations of the Patent and Trademark Office (“PTO”), the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, and no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving the Marks or Alternative Marks.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark or Alternative Marks, or any claim by any person of any rights in any or Alternative Marks Mark. We will have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of such infringement, challenge or claim. You must execute any and all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and maintain our interest in any litigation or other proceeding or otherwise to protect and maintain our interest in the Marks or Alternative Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or Alternative Marks or if the proceeding is resolved unfavorably to you.

If we decide to modify or discontinue the use of the Marks or Alternative Marks and/or to use one or more additional or substitute names or marks, you must make the changes at your own expense and without claim against us. You will need to comply within a reasonable time of the request.

Item 14: Patents, Copyrights, and Proprietary Information.

We own no special patents which pertain to the System.

We or our affiliates have copyright rights in the Manual, sales material and brochures, and related items used in operating the franchise. We and our affiliates have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Salon.

There currently are no effective adverse determinations of the PTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if it is in the system’s best interest.

Although neither we nor any of our affiliates have filed an application for a copyright registration for these materials, we have copyright rights and the information is proprietary. Item 11 describes limitations on the use of the Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information in a manner we think is appropriate.

The Franchise Agreement provides that all ideas, concepts, techniques, or materials concerning your Salon whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you assign ownership of that item and all related rights to that item, to us and must take

whatever action (including signing assignment or other documents) we request to show our ownership or help us obtain intellectual property rights in the item. In the event that these requirements are found to be invalid or unenforceable, the Franchise Agreement provides that you and your owners grant to us a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of such ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials.

The Franchise Agreement provides that you acknowledge that the System and the methods of operation licensed by us for the operation of your Salon, are our proprietary, confidential trade secrets, and you agree to maintain the confidentiality of all materials and information lent or otherwise furnished to you by us at all times, including after the termination or expiration of the Franchise Agreement, for any reason.

Further, under the Franchise Agreement, you agree that you shall not, during the term of the Franchise Agreement (other than to the extent necessary to operate your Salon) or after its expiration transfer or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those in the public domain. You also agree to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement.

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

Although you are not required to personally participate in the day-to-day management of your Salon, we recommend that you do, and no matter what your participation in management is, you are required to devote your best efforts to the operation of your Salon. You are required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of your Salon. If you personally participate in the day-to-day operation of the Salon, then you must hire 1 additional person to serve as your designated manager, and both you and this designated manager must successfully complete our initial training program. However, if you will not actively participate in the management of your Salon, then you must hire 2 designated managers. You and the 2 designated managers must successfully complete our initial training program. None of the designated managers must own an equity interest in the Salon.

All owners of any entity franchisee and their spouses must sign a Guaranty and Assumption of Obligations in the form attached to the Franchise Agreement assuming and agreeing to discharge all of your obligations under your Franchise Agreement and an agreement to comply with all the restrictive covenants. All your managers and key employees must sign a confidentiality and non-competition agreement in a form acceptable to us.

Item 16: Restrictions on What the Franchisee May Sell.

We require you to offer and sell only those goods and services that we have approved. We have the right to change the types of required and/or authorized products and services and you will be notified by a bulletin or supplement to the Manual. You are prohibited from offering or selling any products or services not authorized or approved by us and from using the premises of your Salon for any other purpose than the operation of a Salon in compliance with the Franchise Agreement. In our discretion, we may approve or deny your request to eliminate some or add other services. To the extent permitted by applicable law, we may set the prices at which you sell your products and services. You will be required to add such equipment and make such alterations, at your expense, as may be necessary to equip your Salon for sale of such products or services as we may require. You may need to make an additional investment to do so.

We require you, if permitted by applicable law, to participate in various programs and activities with other Salons, including programs in which customers place appointments via the Internet or cellular telephone

“text messaging” and any gift card or loyalty program we or our affiliates may establish from time to time, in accordance with the provisions either set forth in the Manual or otherwise disclosed to you. In order to participate in these programs and activities, you may be required to purchase additional equipment and pay applicable fees associated with the purchase, installation and training for this equipment. If we establish a gift card program, we have the right to determine how fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You are not permitted to solicit business through the distribution of individual advertising items, such as coupons and circular advertising outside of your Assigned Territory, without our consent.

Other than as described in this Item, we do not impose any restrictions or conditions that limit your access to customers.

Item 17: Renewal, Termination, Transfer, and Dispute Resolution.

THE FRANCHISE RELATIONSHIP

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

| Provision | Section in franchise or other agreement | Summary |
|---|--|---|
| a. Length of the franchise term | Section V.A of the Franchise Agreement Section III of the ADA | 10 years from signing the Franchise Agreement. Your development rights begin on the date you sign the ADA and pay the Development Fee and terminate on the earlier of the day you open the last Unit listed in the Development Schedule or the expiration date. |
| b. Renewal or extension of the term | Section V.C of the Franchise Agreement | 5 additional terms of 10 years each. |
| c. Requirements for franchisee to renew or extend | Section V.C of the Franchise Agreement | Give notice, sign new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement such as different fee requirements, provide evidence that your lease has been extended, sign release, remodel and pay a renewal fee. |
| d. Termination by franchisee | Section XIII.B of the Franchise Agreement | If we breach agreement and do not cure or attempt to cure after notice. |
| e. Termination by franchisor without cause | Not Applicable | Not applicable. |

| Provision | Section in franchise or other agreement | Summary |
|--|---|--|
| f. Termination by franchisor with cause | Section XIII.A of the Franchise Agreement Section VII.A of the ADA | If you don't satisfactorily complete training, do not open within 18 months, or generally if you breach agreement. Generally, for a material breach of the ADA. But this does not terminate any Franchise Agreements which are in good standing. |
| g. "Cause" defined – curable defaults | Sections XIII.A.1 and XIII.A.2 of the Franchise Agreement Section VII.A.4 of the ADA | You have 10 days to cure monetary defaults and 30 days to cure all others except those listed in Sect. XIII.A.2 and XIII.A.3. If you materially breach any Franchise Agreement and do not cure such breach within the cure period provided for in that Franchise Agreement. |
| h. "Cause" defined – non-curable defaults | Section XIII.A.3 Section VII.A.1, 2, 3 and 5 of the ADA | Non-curable defaults: conviction of felony, abandonment, giving insufficient funds checks and bankruptcy. If you fail to meet the Development Schedule, you transfer or encumber your rights in violation of the ADA, you or your owner is convicted of a crime or you are bankrupt. |
| i. Franchisee's obligations on termination/non-renewal | Section XIII.C the Franchise Agreement Section VII.B of the ADA | Complete de-identification and payment of amounts due, return materials comply with restrictive covenants and Manual, direct transfer of phone and lease if requested. No rights to open additional Units; you must continue to operate the Units according to any existing Franchise Agreements that are not terminated. |
| j. Assignment of contract by franchisor | Section XVI.A of the Franchise Agreement Section VI of the ADA | No restrictions on our right to assign the Franchise Agreement. No restrictions on right to assign ADA. |
| k. "Transfer" by franchisee – defined | Section XVI.B of the Franchise Agreement Section VI.A of the ADA | Transfer of contract or assets or ownership change. Transfer of rights under the ADA or in you. |
| l. Franchisor approval of transfer by franchisee | Section XVI.B of the Franchise Agreement Section VI of the ADA | We have the right to approve all transfers. You have no right to assign the ADA. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| m. Conditions for franchisor approval of transfer | Section XVI.B of the Franchise Agreement Section VI of the ADA | Transferee qualifies, transfer fee paid, new franchise agreement signed, training of transferee, your Salon remodeled and release signed. Transferee qualifies, transfer fee paid, new ADA is signed and release is signed. |
| n. Franchisor's right of first refusal to acquire franchisee's business | Section XVI.D of the Franchise Agreement | We can match any offer for your business or an ownership interest in you. |
| o. Franchisor's option to purchase franchisee's business | Section XIII.D of the Franchise Agreement | After termination we can purchase your personal property at book value minus liens. |
| p. Death or disability of franchisee | Section XVI.C of the Franchise Agreement | Heir must be approved but no right of first refusal. |
| q. Non-competition covenants during the term of the franchise | Section XII.A of the Franchise Agreement | No involvement in a Competitive Business except as duly licensed by us. |
| r. Non-competition covenants after the franchise is terminated or expires | Section XII.B of the Franchise Agreement | No involvement in a Competitive Business except as duly licensed by us for 2 years within 10 miles of any The Guys' Place Salon, The Barbershop Salon and your Salon. |
| s. Modification of the agreement | Section XIX.C of the Franchise Agreement Section IX.L of the ADA | No modification generally but Manual and system subject to change. Amendments must be in writing and signed by you and us. |
| t. Integration/merger clause | Section XIX.C of the Franchise Agreement Section IX.L of the ADA | Only the terms of the franchise agreement are binding (subject to state law). Only the terms of the franchise agreement) are binding (subject to state law). |
| u. Dispute resolution by arbitration or mediation | Section XVIII Section VIII. of the ADA | Except for certain claims, all disputes must be mediated in Brown County, WI. Except for certain claims, all disputes must be mediated in Brown County, WI. |
| v. Choice of forum | Section XVIII of the Franchise Agreement Section VIII of the ADA | Subject to applicable law, any litigation and arbitration must be pursued in courts situated in Brown County, Wisconsin. Subject to applicable law, any litigation and arbitration must be pursued in courts situated in Brown, Wisconsin. |

| Provision | Section in franchise or other agreement | Summary |
|------------------|--|---|
| w. Choice of law | Section XIX.F of the Franchise Agreement | Wisconsin law applies, subject to state law |
| | Section IX.G of the ADA | Wisconsin law applies, subject to state law |

Item 18: Public Figures.

We will not employ any public figure to use or endorse our product or service.

Item 19: Financial Performance Representations.

Actual 2024 Annual Gross Sales of Salons

The financial performance representations contain the historical date of the actual 2024 average and median annual gross sales of all of the franchised Salons that were open during the entire 2024 calendar year except the Prior Affiliate Salons. Salons that were not in operation for the entire calendar year or from whom we do not have a full year of data to report have also been excluded from the financial performance representation because their partial year performance is not indicative of the performance we would reasonably expect to see over an entire calendar year. Information from the Prior Affiliate Salons are not included because these Prior Affiliate Salons were affiliate-owned locations, are not true franchisees governed by franchise agreements and we have no gross sales information on these units. The information contained in this Item 19 includes The Guys' Place Salons and The Barbershop Salons because both operate under the same System, but different trademarks. The information from the 34 Salons reported in the table below represent approximately 71% of the 48 franchised Salons open as of December 31, 2024. "Gross Sales" include all sales derived from the Salons except for sales, use or service taxes.

| | 2024 | | |
|---------------------------------|-----------------------|-----------------------------|----------------------------|
| | Annual Gross Sales | # of Salons Met or Exceeded | % of Total Met or Exceeded |
| Average of Top 25% of Salons | \$678,876 | 3 | 9% |
| Median of the Top 25% of Salons | \$625,683 | 4 | 12% |
| Highest/Lowest Gross Sales | \$851,020 / \$559,094 | | |
| Average of Top 50% of Salons | \$599,632 | 5 | 15% |
| Median of Top 50% of Salons | \$556,913 | 9 | 26% |
| Highest/Lowest Gross Salons | \$851,020 / \$463,371 | | |
| Average of Top 75% of Salons | \$539,709 | 12 | 35% |
| Median of Top 75% of Salons | \$537,414 | 13 | 38% |
| Highest/Lowest Gross Sales | \$851,020 / \$334,308 | | |
| Average of Top 100% of Salons | \$464m527 | 16 | 47% |

| | 2024 | | |
|---------------------------------|-----------------------|----|-----|
| Median of Top 100% of Salons | \$463,071 | 17 | 50% |
| Highest/Lowest Gross Salons | \$851,020 / \$131,990 | | |
| | | | |
| Average of Bottom 25% of Salons | \$255,686 | 31 | 91% |
| Median of Bottom 25% of Salons | \$283,970 | 30 | 88% |
| Highest/Lowest Gross Sales | \$325,765 / \$131,990 | | |

Bases and Assumptions

All of the Salons included in this Item 19 are similar in operation to the franchises offered by us under this disclosure document; however, there are differences. As explained above, some operated under the Marks and others operated under the Alternative Marks. A new franchisee's results are likely to differ from the results listed above since new business commonly experience lower revenues than businesses with an established customer base like the Salons that have been operating for a number of years. Gross Sales will also vary due to various factors, including the size of the Salon, the demand for services, related products and services, the type and number of competitive businesses in the market, advertising efforts, management experience, location, presence and prevalence of the Marks and Alternative Marks in the region, and other factors. One other factor is that the vast majority of our franchisees own multiple locations and they can therefore enjoy certain economies of scale in the operation of these locations.

Some of our Salons have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.

This financial performance representation was prepared without an audit. Prospective franchisees should be advised that no certified public accountant has audited these figures or expressed an opinion with regard to their contents or form. Written substantiation for the financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or 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 Brian Bowe at The Barbershop a Hair Salon for Men, LLC, 1369 Mourning Dove Court, De Pere, WI 54115 and (920) 639-5657, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Information.

The information contained in this Item 20 includes The Guys' Place Salons and The Barbershop Salons because both operate under the same System, but different trademarks.

Table No. 1
Systemwide Outlet Summary For years 2022 to 2024

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|--------------------|------|----------------------------------|--------------------------------|------------|
| Franchised Outlets | 2022 | 52 | 49 | 0 |
| | 2023 | 49 | 47 | -2 |
| | 2024 | 47 | 48 | 1 |
| Company-Owned* | 2022 | 2 | 2 | 0 |
| | 2023 | 2 | 2 | 0 |
| | 2024 | 2 | 2 | 0 |
| Total Outlets | 2022 | 51 | 51 | 0 |
| | 2023 | 51 | 49 | -2 |
| | 2024 | 49 | 50 | 1 |

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) From years 2022 to 2024

| State | Year | Number of Transfers |
|----------------|------|---------------------|
| Alabama | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| Florida | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| Hawaii | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| Indiana | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| Michigan | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| Minnesota | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| Missouri | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| North Carolina | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| South Dakota | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |
| Wisconsin | 2022 | 0 |
| | 2023 | 0 |

| State | Year | Number of Transfers |
|-------|------|---------------------|
| | 2024 | 0 |
| Total | 2022 | 0 |
| | 2023 | 0 |
| | 2024 | 0 |

**Table No. 3
Status of Franchised Outlets
From years 2022 to 2024**

| State | Year | Outlets at the Start of the Year | Outlets Opened | Terminations | Non-Renewals | Reacquired By Franchisor | Ceased Operations Other Reasons | Outlets Operating At Year End |
|----------------|------|----------------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|-------------------------------|
| Alabama | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 0 | 0 | 0 | 0 | 1 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Hawaii | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| 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 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Minnesota | 2022 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | 2023 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | 2024 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| Missouri | 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 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2023 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| South Dakota | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Wisconsin | 2022 | 22 | 0 | 0 | 0 | 0 | 0 | 22 |
| | 2023 | 22 | 0 | 0 | 0 | 0 | 1 | 21 |
| | 2024 | 21 | 0 | 0 | 0 | 0 | 0 | 21 |
| Totals | 2022 | 49 | 0 | 0 | 0 | 0 | 0 | 49 |
| | 2023 | 49 | 0 | 0 | 0 | 0 | 2 | 47 |

| State | Year | Outlets at the Start of the Year | Outlets Opened | Terminations | Non-Renewals | Reacquired By Franchisor | Ceased Operations Other Reasons | Outlets Operating At Year End |
|-------|------|----------------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|-------------------------------|
| | 2024 | 47 | 1 | 0 | 0 | 0 | 0 | 48 |

Table No. 4
Status of Company-Owned Outlets*
For years 2022 to 2024

| State | Year | Outlets at Start of the Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|-----------|------|------------------------------|----------------|------------------------------------|----------------|----------------------------|----------------------------|
| Wisconsin | 2022 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 2 |
| Total | 2022 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 2 |

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

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|----------------|---|--|---|
| North Carolina | 1 | 1 | 0 |
| Total | 1 | 1 | 0 |

Exhibit E lists the names, addresses and telephone numbers of all our operating franchisees. Exhibit E also lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchise organizations associated with our System.

Item 21: Financial Statements.

Attached in Exhibit C to this disclosure document are our audited financial statements as of December 31, 2024, December 31, 2023 and December 31, 2022.

Item 22: Contracts.

The following agreements are attached to this disclosure document:

Exhibit D – Franchise Agreement

Exhibit F - Area Development Agreement

Exhibit H - Release

Item 23: Receipts.

See Exhibit I.

EXHIBIT A

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

California Commissioner
Department of [Financial Protection and Innovation]
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(231) 576-7500

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

Office of Illinois Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

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

Indiana Secretary of State (Agent for Service)
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

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

Maryland Securities Commissioner (Agent for Service)
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan Attorney General's Office
Consumer Protection Division, Franchise Unit
P.O. Box 30213
Lansing, Michigan 48909
(517) 373-7117

Minnesota Department of Commerce
85 - 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 296-6328

New York State Attorney General (Administrator)
Division of Economic Justice
Investor Protection Bureau
28 Liberty Street
New York, New York 10005
(212) 416-8211

New York Secretary of State (Agent for Service)
99 Washington Avenue
Albany, NY 12231
(518) 473-2492

North Dakota Securities Department
600 East Boulevard Avenue
Capitol Building, 5th Floor
Bismarck, North Dakota 58505
(701) 328-2910

Rhode Island Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex- Building 69-1
Cranston, Rhode Island 02920
(401) 462-9585

South Dakota Division of Insurance
Securities Regulation
124 S. Euclid Suite, 104
Pierre, South Dakota 57501
(605) 773-4823

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

Clerk of State Corporation Commission (Agent for Service)
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

Securities Administrator
Department of Financial Institutions
Securities Division
150 Israel Road, SW
Tumwater, WA 98501
(360) 902-8760

Department of Financial Institutions Div. of Securities
345 W. Washington Ave., 4th FL
Madison, WI 53703
(608) 261-9555

EXHIBIT B

TABLE OF CONTENTS FOR OPERATIONS MANUAL

| | |
|---|----|
| CHAPTER 1: INTRODUCTION | 9 |
| How to Use This Operations Manual | 9 |
| Confidential Disclosure Agreements | 9 |
| CHAPTER 2: WELCOME TO THE BARBERSHOP A HAIR SALON FOR MEN, LLC | 9 |
| History of The Barbershop A Hair Salon for Men | 9 |
| The Barbershop A Hair Salon for Men Management Team | 9 |
| The Barbershop A Hair Salon for Men Mission Principles & Promises | 9 |
| CHAPTER 3: SUPPORT RESOURCES | 10 |
| Franchise Corporate Officers | 10 |
| CHAPTER 4: SELECTING LOCATION | 10 |
| Location Specifications | 10 |
| Letter of Intent | 10 |
| Build Out | 11 |
| Minimum Specifications | 11 |
| CHAPTER 5: PRE-OPENING TIMETABLE & OBLIGATIONS | 11 |
| Week One | 11 |
| Signs | 11 |
| Licensing and Permits | 11 |
| Set Up Services | 11 |
| Week Two | 12 |
| Recruiting Plan | 12 |
| Set up accounts with Vendors | 12 |
| Waiting Room Furniture | 12 |
| Week Three | 12 |
| Week Four | 12 |
| Week Five | 12 |
| Week Six | 12 |
| Week Seven | 12 |
| Advertising – Create an Advertising Plan | 12 |
| Week Eight | 13 |
| Retail Product Supplier/Order | 13 |
| Week Nine | 13 |
| Printing | 13 |
| POS And Office Computer/Schedule Install | 13 |
| Week Ten | 13 |
| Location Set Up | 13 |
| CHAPTER 6: FRANCHISEE TRAINING | 14 |
| Visit Operational Location | 14 |
| On Site Training | 14 |
| 3 Days Prior To Opening | 14 |

| | |
|--|----|
| Lobby Area | 15 |
| Front Desk Area | 15 |
| Stations | 16 |
| Salon in General | 16 |
| Retail shelves | 16 |
| Bathroom | 16 |
| Backroom | 16 |
| On Going Support | 16 |
| CHAPTER 7: STAFFING YOUR FRANCHISE | 17 |
| Position Descriptions with Profiles | 17 |
| Manager & Co Manager | 17 |
| Work Expectations | 17 |
| Customer Service Process | 18 |
| Stylist Job Description | 19 |
| <i>Work Expectations</i> | 19 |
| <i>Customer Service Process</i> | 19 |
| <i>Our Customer Service Experience – The Barbershop Experience</i> | 20 |
| Recruiting | 21 |
| Interviewing | 24 |
| Onboarding process | 25 |
| CHAPTER 8: QUALITY CONTROL AND CUSTOMER SERVICE | 25 |
| Quality Standards of Service | 25 |
| Service and Courtesy to Clients | 25 |
| Handling Typical Complaints and Problems | 25 |
| Procedures & Polices | 25 |
| Minimize Your Re-Dos | 26 |
| Employee Appearance and Hygiene | 26 |
| CHAPTER 9: SALON OPERATION AND MAINTENANCE | 27 |
| Staff Scheduling in My Time` | 27 |
| Appointment Booking Expectations | 27 |
| Appointments And Walk-Ins | 27 |
| Business Process Mapping | 27 |
| The Barbershop Experience | 27 |
| Customer service | 27 |
| The greeting | 27 |
| When calling the next customer | 27 |
| The experience | 27 |
| Product | 28 |
| Quality | 28 |
| Ending | 28 |
| General Housekeeping | 29 |
| Opening Procedures | 29 |
| Closing Procedures | 29 |
| Cleaning Procedures | 30 |
| Miscellaneous Franchise Duties and Responsibilities | 30 |
| Office Administration Major Activities Listing | 30 |
| Alarms, Locks and Keys | 31 |
| Inventory Levels | 31 |

| | |
|--|----|
| Daily Procedures | 31 |
| Safety | 31 |
| Material Safety Data Sheets (MSDS) | 31 |
| CHAPTER 10: SALON EQUIPMENT, COMPUTER SYSTEM, INVENTORY AND SUPPLIES DEFINED. | 32 |
| Salon Equipment | 32 |
| Computer/POS Equipment | 32 |
| Salon Supplies | 32 |
| Retail Inventory | 32 |
| Approved Vendors | 32 |
| CHAPTER 11: REPORTS, AUDITS & INSPECTIONS | 32 |
| Franchisee Reports | 32 |
| Accounting Records | 32 |
| Gross Sales Reports | 33 |
| Financial Statements | 33 |
| Audits and Inspections | 34 |
| CHAPTER 12: MARKETING | 34 |
| The Barbershop A Hair Salon for Men Franchisee Marketing | 34 |
| CHAPTER 13: SALES & PRICING | 34 |
| Pricing Policies | 34 |
| CHAPTER 14: CORPORATE STRUCTURE AND FINANCING | 34 |
| Setting Up Your Entity | 34 |
| Corporate Structure | 34 |
| Financing | 35 |
| Insurance | 35 |
| CHAPTER 15: TRADEMARKS AND TRADE SECRETS - PROTECTION POLICIES | 35 |
| Proprietary Information | 35 |
| Trademark Usage and Guidelines | 35 |
| CHAPTER 16: RESALE, TRANSFER, RENEWAL AND CLOSING | 36 |
| Conditions of Renewal | 36 |
| Continuation | 36 |
| Assignment or Transfer | 36 |
| Termination | 36 |
| CHAPTER 17: EXPANSION AND RELOCATION REQUIREMENTS | 36 |
| Franchise Expansion, New Territory, Resale Purchase or Territory Expansion | 36 |

EXHIBIT C
FINANCIAL STATEMENTS

**THE BARBERSHOP A HAIR
SALON FOR MEN, LLC**

Financial Statements

**For the Years Ended
December 31, 2024, 2023, and 2022**

THE BARBERSHOP A HAIR SALON FOR MEN, LLC

Table of Contents

December 31, 2024, 2023 and 2022

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT | 1 - 2 |
| FINANCIAL STATEMENTS | |
| Balance Sheets | 3 |
| Statements of Income and Members' Equity | 4 |
| Statements of Cash Flows | 5 |
| Notes to Financial Statements | 6 - 8 |

Independent Auditors' Report

To the Members
The Barbershop A Hair Salon for Men, LLC
De Pere, Wisconsin

Opinion

We have audited the accompanying financial statements of The Barbershop A Hair Salon for Men, LLC, (a Wisconsin limited liability company), which comprise the balance sheets as of December 31, 2024, 2023 and 2022, and the related statements of income and members' 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 The Barbershop A Hair Salon for Men, LLC as of December 31, 2024, 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. 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 The Barbershop A Hair Salon for Men, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

To the Members
The Barbershop A Hair Salon for Men, LLC

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Barbershop A Hair Salon for Men, 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 The Barbershop A Hair Salon for Men, 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.

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
February 14, 2025

FINANCIAL STATEMENTS

THE BARBERSHOP A HAIR SALON FOR MEN, LLC

Balance Sheets

As of December 31, 2024, 2023 and 2022

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash | \$ 108,958 | \$ 60,506 | \$ 39,625 |
| Certificate of Deposit | 36,044 | 65,000 | 60,000 |
| Accounts Receivable | 77,415 | 72,720 | 66,325 |
| Other Receivable | - | - | 9,975 |
| Total Current Assets | <u>222,417</u> | <u>198,226</u> | <u>175,925</u> |
| OTHER ASSETS | | | |
| Equipment, Net of Depreciation | - | 102 | 225 |
| Franchise Costs | 36,212 | 36,212 | 36,212 |
| Total Other Assets | <u>36,212</u> | <u>36,314</u> | <u>36,437</u> |
| TOTAL ASSETS | <u>\$ 258,629</u> | <u>\$ 234,540</u> | <u>\$ 212,362</u> |
| CURRENT LIABILITIES | | | |
| Accounts Payable | \$ 150 | \$ 1,260 | \$ - |
| Accrued Payroll | - | - | 121 |
| Income Taxes Payable | 523 | 25,376 | - |
| Total Current Liabilities | <u>673</u> | <u>26,636</u> | <u>121</u> |
| MEMBERS' EQUITY | <u>257,956</u> | <u>207,904</u> | <u>212,241</u> |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | <u>\$ 258,629</u> | <u>\$ 234,540</u> | <u>\$ 212,362</u> |

See Accompanying Notes

THE BARBERSHOP A HAIR SALON FOR MEN, LLC

Statements of Income and Members' Equity

For the Years Ended December 31, 2024, 2023 and 2022

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|------------------------------------|-------------------|-------------------|-------------------|
| REVENUES | \$ 480,581 | \$ 468,499 | \$ 418,536 |
| OPERATING EXPENSES | | | |
| Salaries | 100,000 | 92,400 | 70,063 |
| Payroll Taxes | 7,650 | 7,153 | 6,032 |
| Employee Benefits Solo 401k | 25,000 | 23,100 | - |
| Contracted Services | - | - | 6,153 |
| Advertising | 1,893 | - | 1,116 |
| Automobile | 682 | 176 | 374 |
| Computer | 596 | 1,437 | 2,864 |
| Depreciation | 102 | 123 | 123 |
| Franchise Costs | 618 | 140 | - |
| Meals and Entertainment | 849 | 206 | 684 |
| Registration and Licenses | 1,235 | 1,426 | 1,808 |
| Office | 373 | 301 | 210 |
| Accounting Fees | 4,300 | 3,150 | 3,000 |
| Professional Fees | 10,350 | 9,900 | 8,100 |
| Telephone | 3,270 | 3,813 | 3,650 |
| Dues and Subscriptions | 362 | 351 | 2,430 |
| Travel | 4,095 | - | 2,838 |
| TOTAL OPERATING EXPENSES | <u>161,375</u> | <u>143,676</u> | <u>109,445</u> |
| INCOME FROM OPERATIONS | <u>319,206</u> | <u>324,823</u> | <u>309,091</u> |
| OTHER REVENUE (EXPENSE) | | | |
| Other Income (Expense) | 2,729 | (196) | - |
| Employer Retention Credit | - | - | 2,845 |
| Interest Income | 5,478 | 2,412 | 258 |
| TOTAL OTHER REVENUE | <u>8,207</u> | <u>2,216</u> | <u>3,103</u> |
| INCOME BEFORE INCOME TAXES | 327,413 | 327,039 | 312,194 |
| INCOME TAXES | <u>(25,883)</u> | <u>(25,376)</u> | <u>-</u> |
| NET INCOME | 301,530 | 301,663 | 312,194 |
| MEMBERS' EQUITY - BEGINNING | 207,904 | 212,241 | 176,047 |
| DRAWS BY MEMBERS | <u>(251,478)</u> | <u>(306,000)</u> | <u>(276,000)</u> |
| MEMBERS' EQUITY - ENDING | <u>\$ 257,956</u> | <u>\$ 207,904</u> | <u>\$ 212,241</u> |

See Accompanying Notes

THE BARBERSHOP A HAIR SALON FOR MEN, LLC

Statements of Cash Flows

For the Years Ended December 31, 2024, 2023 and 2022

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---|-------------------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net Income | \$ 301,530 | \$ 301,663 | \$ 312,194 |
| Adjustments to Reconcile Net Income to Net Cash Flows | | | |
| From Operating Activities: | | | |
| Depreciation | 102 | 123 | 122 |
| Changes In Operating Assets and Liabilities | | | |
| Decrease (Increase) in Accounts Receivable | (4,695) | (6,395) | 583 |
| Decrease (Increase) in Other Receivable | - | 9,975 | - |
| (Decrease) Increase in Accounts Payable | (1,110) | 1,260 | - |
| (Decrease) Increase in Accrued Payroll | - | (121) | (10) |
| (Decrease) Increase in Income Taxes Payable | (24,853) | 25,376 | - |
| Net Cash Flows From Operating Activities | <u>270,974</u> | <u>331,881</u> | <u>312,889</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Certificate of Deposit | (36,044) | (5,000) | (60,000) |
| Redemption of Certificate of Deposit | 65,000 | - | - |
| Net Cash Flows From Investing Activities | <u>28,956</u> | <u>(5,000)</u> | <u>(60,000)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Draws by Members | (251,478) | (306,000) | (276,000) |
| NET CHANGE IN CASH | 48,452 | 20,881 | (23,111) |
| CASH - BEGINNING | <u>60,506</u> | <u>39,625</u> | <u>62,736</u> |
| CASH - ENDING | <u>\$ 108,958</u> | <u>\$ 60,506</u> | <u>\$ 39,625</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOWS | | | |
| Cash Paid for Taxes | <u>\$ 50,736</u> | <u>\$ -</u> | <u>\$ -</u> |

See Accompanying Notes

THE BARBERSHOP A HAIR SALON FOR MEN, LLC

Notes to Financial Statements
December 31, 2024, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Barbershop A Hair Salon for Men, LLC (Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

NATURE OF OPERATIONS

The Barbershop A Hair Salon for Men, LLC is a franchisor of hair salons for men. The franchisees will operate as "The Guy's Place A Hair Salon for Men" or "The Barbershop A Hair Salon for Men" under agreements with the Company.

BASIS OF ACCOUNTING

The Company uses the accrual method of accounting.

CASH

For purposes of the statements of cash flows, cash is defined as demand deposits including checking and savings accounts.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considers the amounts fully collectible, therefore no allowance for uncollectible accounts is provided.

INCOME TAXES

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Accordingly, the financial statements do not include a provision for federal income taxes because the earnings and losses are included in the stockholder's personal income tax return.

At the end of 2018, the state of Wisconsin signed legislation that provides for an election for pass-through entities (PTE) to be taxed at the entity level, with the stockholder allowed an exclusion on their personal income tax return for their distributive share of income subject to the PTE tax. For the years ended December 31, 2024 and 2023, the Company elected to be taxed at the entity level.

Current year taxable income varies from income before current year tax expense primarily due to the use of accelerated depreciation method for tax reporting purposes.

During the year ended December 31, 2022, the Company elected to be taxed as a partnership under the Internal Revenue Code. Accordingly, the financial statements do not include a provision for income taxes because the earnings and losses are included in the members' personal income tax returns.

THE BARBERSHOP A HAIR SALON FOR MEN, LLC

Notes to Financial Statements
December 31, 2024, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FRANCHISE COSTS

The costs incurred to establish the franchise concept and develop the various agreements it will have with franchisees have been capitalized. There is no amortization of the costs as the asset has an indefinite life and will instead be valued at least annually for impairment.

FRANCHISING

In general, the Company's franchise agreements provide for the payment of a franchise fee for each opened franchised barbershop. Franchisees pay contributing fees of up to 4.75% of sales. Subject to approval and payment of a renewal fee, a franchise may generally renew its agreement upon expiration.

Initial franchise fees, which may be up to \$30,000, are generally recognized when substantially all services or conditions relating to the franchise sale have been performed or satisfied by the Company. Services provided by the Company include assistance in site selection, personnel training, and implementation of an accounting and quality control system. The Company has elected the practical expedient allowed by accounting principles generally accepted in the United States of America to treat pre-opening services as distinct from the franchise license and as a single performance obligation. Franchisees may also add more locations to their franchise agreement for an additional fee.

Franchise fee revenue for 2024, 2023 and 2022 consist of the following:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|-------------------|
| Initial Franchise Fees, Including Additional Locations | \$ - | \$ 2,500 | \$ - |
| Continuing Fees | <u>480,581</u> | <u>465,999</u> | <u>418,536</u> |
| | <u>\$ 480,581</u> | <u>\$ 468,499</u> | <u>\$ 418,536</u> |

Revenue from continuing fees is recognized under the terms of the contract with the customer at the amount of consideration the Company receives in exchange for transferring the good or service to the customer. Based on the services provided by the Company, the Company satisfies its performance obligations at a point in time.

Accounts receivable resulting from agreements with franchisees was as follows:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|-----------------|-------------|-------------|-------------|
| Opening Balance | \$ 72,720 | \$ 66,325 | \$ 66,908 |
| Ending Balance | \$ 77,415 | \$ 72,720 | \$ 66,325 |

ADVERTISING

Advertising costs, which are principally included in operating expenses, are expensed as incurred. Advertising expenses were \$1,893, \$ - and \$1,116 for the years ended December 31, 2024, 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 certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates, and such differences may be material.

THE BARBERSHOP A HAIR SALON FOR MEN, LLC

Notes to Financial Statements
December 31, 2024, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 14, 2025, the date which the financial statements were available to be issued.

NOTE 2 - RETIREMENT PLAN

Employees of the Company may participate in a Solo 401(k) savings plan, whereby employees elect to make voluntary contributions pursuant to a salary reduction agreement. The Company made contributions of \$25,000 and \$23,100 for the years ended December 31, 2024 and 2023.

EXHIBIT D
FRANCHISE AGREEMENT

**THE BARBERSHOP A HAIR SALON FOR MEN, LLC
FRANCHISE AGREEMENT
TABLE OF CONTENTS**

| | | |
|--|---|----|
| I. | DEFINITIONS | 1 |
| II. | GRANT OF FRANCHISE | 2 |
| III. | LOCATION AND LEASE..... | 3 |
| IV. | INITIAL FRANCHISE FEE | 4 |
| V. | TERM | 4 |
| VI. | FEES..... | 5 |
| VII. | ADVERTISING | 6 |
| VIII. | OUR GENERAL DUTIES..... | 7 |
| IX. | YOUR GENERAL DUTIES | 8 |
| X. | PROPRIETARY MARKS..... | 12 |
| XI. | CONFIDENTIAL INFORMATION..... | 13 |
| XII. | NON-COMPETITION | 13 |
| XIII. | DEFAULT AND TERMINATION..... | 14 |
| XIV. | SOURCES OF PRODUCTS | 18 |
| XV. | CONFIDENTIAL OPERATIONS MANUAL AND CHANGES..... | 18 |
| XVI. | TRANSFERABILITY OF INTEREST..... | 19 |
| XVII. | INDEPENDENT CONTRACTOR/INDEMNIFICATION | 21 |
| XVIII. | DISPUTE RESOLUTION..... | 21 |
| XIX. | MISCELLANEOUS PROVISIONS | 23 |
| XX. | YOUR WARRANTIES AND REPRESENTATIONS..... | 26 |
| XXI. | CAVEAT | 26 |
| XXII. | NON-LIABILITY OF OUR AFFILIATES | 27 |
| XXIII. | LIMITATION OF LEGAL ACTIONS | 27 |
| GUARANTY AND ASSUMPTION OF OBLIGATIONS | | |
| EXHIBIT I | PROTECTED TERRITORY AND TRADENAME | |
| EXHIBIT II | LEASE PROVISIONS | |
| EXHIBIT III | COLLATERAL ASSIGNMENT OF LEASE | |
| EXHIBIT IV | IRREVOCABLE POWER OF ATTORNEY | |
| EXHIBIT V | FRANCHISEE QUESTIONNAIRE | |
| EXHIBIT VI | STATE LAW ADDENDUM | |
| EXHIBIT VII | SBA ADDENDUM | |

**THE BARBERSHOP A HAIR SALON FOR MEN, LLC
FRANCHISE AGREEMENT**

This Franchise Agreement is entered into this _____ day of _____, 20____, by and between THE BARBERSHOP A HAIR SALON FOR MEN, LLC, a Wisconsin limited liability company (“us,” “our,” or “we”), and _____, a _____ (“you” or “your”).

RECITALS

1. We and our Affiliates (as defined below) have the rights to and have developed and refined the System (as defined below);
2. We own the Marks; and
3. You recognize the benefits from being identified with and licensed by us, desire a franchise to establish and operate a Salon (as defined below), and we are willing to grant such a franchise on the terms and conditions in this Agreement.

NOW, the parties agree as follows:

I. DEFINITIONS

For purposes of this Agreement, the following terms will have the meaning as defined below:

A. “Affiliates” means individually or collectively, any and all entities controlling, controlled by, or under common ownership with us including but not limited to The Barbershop of SE Wisconsin, LLC.

B. “Competitive Business” means any business offering haircuts, color and highlights, beard trims and/or waxing.

C. “Gross Sales” means the total amount of all sales of products, services and merchandise sold from, through, or in connection with your Salon, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.

D. “Marks” means such service marks, trademarks, trade dress, trade names, logos and commercial symbols, and all configurations and derivations thereof, as may presently exist, or which may be modified, changed, or acquired by us or our Affiliates, in connection with the operation of the business contemplated by this Agreement if Marks is checked on Exhibit I. The Marks currently include “The Barbershop A Hair Salon for Men” and logo and “The Guys’ Place A Hair Salon for Men” and logo.

E. “Principal Owner” means you if you are a sole proprietor, the majority shareholder of you if you are a corporation, a partner owning a majority interest of you if you are a partnership or a member owning the majority interest of you if you are a limited liability company. In the event there are multiple owners with equal interest in you, then you will designate 1 of these owners to be the Principal Owner for purposes of this Agreement.

F. “Salon(s)” is any or all of the “The Barbershop Salon(s)” and “The Guys’ Place Salon(s)” owned or operated by us, an affiliate of ours or a licensee or franchisee of ours or our affiliate.

G. “System” means a specially developed method of operating a casual hair salon offering haircuts, color and highlights, beard trims and waxing specifically geared toward the hair care needs of men and boys (although females are welcome) under the Marks using certain distinctive signage; interior and exterior design, décor and color scheme; specifications and procedures for operations and customer service; techniques for recruitment of qualified employees; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of sale and tracking systems); training and assistance; and advertising and promotional materials; all of which we may change, improve or further develop, in our discretion and any other matters relating to the operation and promotion of The Barbershop Salons and The Guys’ Place Salons as they may be changed, improved, modified and further developed by us or our Affiliates from time to time.

H. “The Barbershop Salon” and “The Guys’ Place Salon” means the Salon and any other salon operating under the System and Marks, whether owned by us or any Affiliate, or licensed or franchised by us or any Affiliate.

I. “Term” means, individually or collectively, the Initial Term, any Continuation Term and any Renewal Term of this Agreement.

J. “Transfer” means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift, conveyance, lease or other disposition of an interest in this Agreement, you or your Salon, including: (a) transfer of any capital stock, partnership interest, limited liability company interest or other ownership interest; (b) merger, consolidation, reorganization, business combination or other issuance of additional stock or ownership interests; (c) transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) transfer to a personal representative upon disability or transfer upon the death of you or a Principal Owner; (e) the grant or creation of any lien or encumbrance on any ownership interest or asset; (f) the grant of any option, call, warrant, conversion rights, or rights to acquire any equity or voting interest; (g) assignment of contract rights; or (h) sale of assets (including the inventory, furniture, fixtures, equipment and other operating assets of your Salon, other than in the ordinary course of business).

K. “You” or “Your” also includes: (a) those persons and their spouses owning any interest in you if you are a corporation or a limited liability company; (b) all partners and their spouses owning any partnership interest in you if you are a partnership; (c) the individual and his or her spouse who owns you if you are a sole proprietorship; (d) the guarantors of this Agreement; and (e) the Principal Owner. For purposes of determining ownership in you, the interests owned by a husband and wife will be considered one interest, and both husband and wife will be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.

II. GRANT OF FRANCHISE

A. **Grant of License.** We grant to you and you accept from us, a non-exclusive right to use the System and Marks, as designated on Exhibit I, to open and operate one Salon to be located at the location listed in Exhibit I, attached to this Agreement (the “Site”) during the Term of this Agreement. If no Site is specified at the time you and we sign this Agreement, an appropriate location will be specified when it is determined and you and we agree to initial a completed Exhibit I describing that location. In order for you to operate a Salon at an additional location, a separate Franchise Agreement must be signed and you will be required to pay us an additional initial franchise fee. The Marks you will use will be indicated on Exhibit I attached hereto.

B. **Protected Territory.** You are granted a Protected Territory, which is described on Exhibit I attached to this Agreement (“Protected Territory”). The Protected Territory will be determined at the time

the Site is agreed to by both parties, and will be specified in Exhibit I, which you and we will initial. During the Term of this Agreement so long as you are not in default, we and our Affiliates will not locate, operate, or grant a license or franchise for another The Barbershop Salon or The Guys' Place Salon within your Protected Territory. We will not permit one franchisee's Protected Territory to overlap with your Protected Territory.

C. **Retention of Rights.** We, on behalf of ourselves and our Affiliates, reserve all rights not specifically granted to you pursuant to this Agreement, all without compensation to you, including but not limited to the following:

1. the right to own or operate, or license others to own or operate The Barbershop Salons and/or The Guys' Place Salons immediately adjacent to your Protected Territory and outside of your Protected Territory;

2. the right to operate or license others to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Protected Territory;

3. the right to operate or license others to operate businesses that are not similar to The Barbershop Salon or The Guys' Place Salon under the Marks in any location, both inside or outside of your Protected Territory;

4. the right to offer any products or services (including the products and services you offer at your Salon through other channels of distribution (including retail stores, the Internet and captive and alternative outlets like malls, airports, stadiums, office complexes, and university campuses) both inside and outside of your Protected Territory, and we may promote products bearing the Marks at special events, athletic contests, etc., through temporary locations and mobile units. Notwithstanding anything to the contrary contained within this Franchise Agreement, the Protected Territories of captive and alternative outlets may overlap your Protected Territory. We are not required to pay you if we exercise any of the rights specified above inside your Protected Territory.

5. We and our Affiliates may sell ourselves, our assets, our proprietary marks, the Marks, our and their systems and/or the System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above transfers, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, the Marks (or any variation thereof), the System and/or the loss of association with or identification of as a franchisee under this Agreement. If we assign our rights in this Agreement, nothing will be deemed to require us to remain in the salon business or to offer or sell any products or services to you.

III. LOCATION AND LEASE

A. **Site Selection.** You will select the proposed site for the location of your Salon and submit a completed site analysis package, including demographics and other material requested by us containing all information reasonably required by us to assess a proposed site. Within 30 days after receipt, we will advise you whether the proposed site is acceptable. We are not responsible for and do not make any warranty regarding the suitability of the Site. Our consent to a Site means only that the Site meets our minimum standards for an acceptable location of a The Barbershop Salon or The Guys' Place Salon. You are primarily responsible for investigating the Site and having any leases or sale contract for the Site reviewed and approved by your attorney.

B. Site Acquisition.

1. **Our Consent to Lease.** If you intend to lease the Site, within 30 days of us consenting to the Site, you must submit a copy of the proposed lease to us for our consent. Within 10 days of signing the lease, you must provide us with a copy of the executed lease. The term of the lease plus all renewal option period, together must equal or exceed the Term of this Agreement. Our consent to the lease means only that the lease meets our minimum standards and is not a warranty as to the appropriateness of the lease or any of its terms. Your lease for the Site must contain substantially the same terms as found on Exhibit II attached to this Agreement. In addition, you must execute a Collateral Assignment of Lease in the form found in Exhibit III, attached to this Agreement, whereby you agree to assign your rights in the lease to us in the event of a termination or expiration of the Term of this Agreement or a default or termination under the lease. We strongly recommend that you hire a professional leasing agent to assist you in site location and lease negotiations. We may recommend or approve leasing agents; however, we are not liable for any acts or omissions of these agents, and any agent will be an independent contractor.

2. **Proof of Ownership.** If you intend to own the Site, within 90 days of us consenting to the Site, you must furnish to us proof of ownership or an executed sale contract for the Site. Your submission of proof of ownership or an executed sale contract will be deemed a warranty by you that the Site can be utilized for salon purposes according to the terms of this Agreement. You must create a separate entity to own the Site and then lease the Site to you at its full rental value and on commercially reasonable terms.

C. **Relocation.** So long as you are not in default under the Franchise Agreement, you may relocate your Salon within the Protected Territory with our prior written consent. However, the Protected Territory for the relocated Site will be subject to renegotiation. Regardless of the reason for relocating, you agree to pay all costs and expenses of relocating your Salon including the cost of a demographic study and our cost and expenses in reviewing the proposed site.

IV. INITIAL FRANCHISE FEE

You must pay us an initial franchise fee (“Initial Franchise Fee”) when you sign this Agreement. The amount of the Initial Franchise Fee is 40,000. If you have entered into an Area Development Agreement, the Initial Franchise Fee for the first Salon is \$40,000, the Initial Franchise Fee for the second Salon is \$15,000 and the Initial Franchise Fee for each additional Salon will be \$5,000. The Initial Franchise Fee is fully earned when paid and not refundable under any circumstances.

V. TERM

A. **Term.** The initial term of this Agreement will begin on the date of this Agreement, and, unless it is terminated earlier according to the terms of this Agreement, will expire 10 years later (“Initial Term”).

B. **Continuation.** If you continue to operate your Salon with our express or implied consent following the expiration of the Term of this Agreement, the continuation (“Continuation Term”) will be a month-to-month extension of this Agreement, unless otherwise set forth in writing. All provisions of this Agreement will apply while you continue to operate your Salon. This Agreement will then be terminable by either party on 30 days’ written notice to the other party.

C. **Renewal.** If you are in full compliance with the terms of this Agreement, you will have the right to renew for 5 additional terms of 10 years each (each a “Renewal Term”), provided you agree to execute the most current franchise agreement being utilized by us at the time you renew. The most current

franchise agreement may contain significantly different terms than this Agreement. In any event, we may in our discretion, refuse to renew this Agreement if you have been notified of defaults (even if subsequently cured) under this Agreement more than 2 times during the Initial Term or more than 2 times during any Renewal Term, even if you are not in default at the time of the renewal. You agree to give us not less than 6 nor more than eighteen 18 months written notice of an election to renew this Agreement, prior to the end of the Initial Term. Your failure to give us this notice will be deemed an election not to renew this Agreement. You will also be required to pay us a renewal fee of \$2,500 for each Renewal Term. Additionally, you must remodel your Salon to meet our then current standards of decor in accordance with the provisions of our Confidential Operations Manual, and you must execute a general release, to the extent permitted by applicable law, of any and all claims against us and our Affiliates, and our and our Affiliates' respective owners, officers, directors, employees, agents, successors and assigns arising under or from this Agreement and/or any related agreements between you and us or our Affiliates, or under any applicable law, rule or regulation.

VI. FEES

A. **Royalty Fee.** You will pay us a continuing monthly royalty fee of 5% of Gross Sales, payable by the 10th day of each month based on the Gross Sales from the previous month ("Royalty Fee"). If you own and operate more than 4 Salons, your Royalty Fee will be 4.75% of Gross Sales, payable by the 10th day of each month based on the Gross Sales from the previous month.

B. **Advertising Fee.** If we establish an Advertising Fund (as defined below), you will pay us a monthly advertising fee of up to 2% of Gross Sales, payable by the 10th day of each month based on the Gross Sales from the previous month ("Advertising Fee") which will be deposited into the Advertising Fund.

C. **Grand Opening.** You will pay us a grand opening training fee of \$2,000 for training at your Salon on or about the time of your Salon's grand opening, as determined by us.

D. **Website and SEO Fee.** You will pay us a continuing annual fee of \$1,000 (the "Website and SEO Fee") by January 2 of each year during the Term of this Agreement. We may increase the Website and SEO Fee upon written notice to you, but we will not increase the Website and SEO Fee more than 5% in any single year.

E. **Time and Manner of Payments.** Royalty Fees and Advertising Fees will be paid on the 10th day of each month based on the Gross Sales from the previous month (unless a legal holiday in the jurisdiction where your Salon is located falls on the 10th day of the month, in which case the payment will be made on the next day which is not a legal holiday), and all of these payments together with the other amounts due to us our Affiliates will be made via electronic funds transfer ("EFT") or such other manner which we may designate from time to time. None of these fees are refundable. Any payment or report not received by us on or before the date they are due will be deemed overdue. You will comply with the procedures specified in the Confidential Operations Manual or as otherwise communicated for such EFT program and will perform the acts and sign the documents, including authorization forms that we, our bank, and your bank may require to accomplish payment by EFT, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing an EFT payment program. If you fail to timely report to us, in addition to any applicable late charges, we have the right, but not the obligation, to debit from such account an estimated amount based on our reasonable estimation of your Gross Sales.

F. **Interest on Late Payments.** If Royalty Fees, Advertising Fees, Website and SEO Fees or any other amounts due to us or our Affiliates are overdue, we have the right to charge interest on these

overdue amounts equal to the lesser of 1 ½% per month or the maximum legal rate in the jurisdiction where your Salon is located. Our right to interest is in addition to any other remedies that we may have.

G. **No Right of Offset.** You agree to make prompt payment, without deduction or set-off, of all charges which are properly due, including the Royalty Fees, Advertising Fees and Website and SEO Fees. You cannot withhold any payment to us or our Affiliates on the grounds of non-performance by us or them of any of our or their obligations hereunder or otherwise.

H. **Under-Reporting.** If it is found that you under-reported Gross Sales, you will reimburse us for the amount of the Royalty Fees and Advertising Fees that would have been due had Gross Sales been reported accurately, plus interest on those amounts at the rate of the lesser of 1 ½ % per month or the maximum legal rate in the jurisdiction where your Salon is located. In addition, if the amount of Gross Sales reported for any calendar year is less than 98% of the actual Gross Sales for that period, you agree to reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals and lodging.

I. **Late Reporting.** If you fail to send us any report when due, we can charge you, to the extent permitted by applicable law, a late report fee of \$500 plus \$500 for each week the report is late.

J. **Taxes.** You agree to indemnify and/or reimburse us and our Affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of your Salon’s business or the license of any of our or our Affiliates’ intangible property to you (whether required to be paid by us or our Affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our Affiliates for these taxes does not extend to income-type taxes which a state or local government imposes on us or our Affiliates’ income.

VII. ADVERTISING

A. **Advertising Fund.** If an Advertising Fund is established (“Advertising Fund”), the Advertising Fees will be deposited into it. The Advertising Fund will be used to provide advertising and promotional activities we deem beneficial to the System. We agree to use the Advertising Fees received from you for the payment of costs associated with the creation, production, distribution, media placement, website maintenance and enhancements and administration of local, state, regional or national advertising programs we may develop or have developed, and for any taxes incurred on these funds. The Advertising Fund is intended to maximize recognition of the Marks, and the patronage of the The Barbershop Salons and The Guys’ Place Salons generally. Although we will try to use the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all The Barbershop Salons and The Guys’ Place Salons, we do not ensure that the Advertising Fund expenditures in or affecting any geographic area will be proportionate or equivalent to the Advertising fund contributions by The Barbershop Salons or The Guys’ Place Salons operating in that geographic area, or that any particular The Barbershop Salon or The Guys’ Place Salon will benefit directly or in proportion to its Advertising Fund contributions. We have the right to determine the type of advertising and the media in which it will appear, as we feel is appropriate. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising, consistent with applicable law. We do not have to spend the advertising funds during any specific time period. Advertising may be handled by the outside advertising agency which we select.

Unaudited financial statements of the Advertising Fund will be made available to you on your reasonable request. If we do not use all of the funds deposited in the Advertising Fund in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year’s advertising budget. We are entitled to reimbursement from the Advertising Fund to cover our

administrative and overhead expenses associated with operating the Advertising Fund. The Advertising Fund is not our asset. The Advertising Fund is not a trust. We have a contractual obligation to hold all Advertising Fund contributions for the benefit of the contributors and to use the contributions only for the purposes described above. We have no fiduciary obligation to you for administering the Advertising Fund.

B. **Your Own Advertising.** Other than contributions to the Advertising Fund, your grand opening obligations and any local or regional cooperative which may be formed in the future, you are required to spend at least 2% of your Gross Sales per year for each of the first 2 years your Salon is in business in order to promote your Salon locally. You must submit all of your own advertising and sale promotion materials to us, or our advertising agency, for approval before use. If you do not receive written disapproval within 20 days after we receive the materials, we will be deemed to have given approval. Whether approved or not, you are prohibited from advertising or using in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols (“©”, “®”, “TM” or “SM”) as we direct.

You will not distribute individual advertising items (i.e., coupons, circular advertising, etc.) outside of your Protected Territory, unless you use a form of advertising which is not programmed to restrict delivery to the Protected Territory, such as direct mail advertising by outside contractors based on zip code. Except as otherwise permitted, you may not maintain a presence on the Internet for your Salon without our consent. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us. We may require you to place all such electronic advertisements with us or our designated third-party vendor.

C. **Grand Opening Advertising.** In addition to the other advertising requirements, you are required to spend a minimum of \$10,000 on grand opening advertising and sales promotions within the first 60 days your Salon is opened. Within 90 days after the opening of your Salon, you must provide us proof of your expenditures in the form and with the detail, including copies of all grand opening advertising materials and receipts, as we request.

D. **Local Advertising Cooperative.** We reserve the right to identify certain advertising markets that may benefit from the formation of a local or regional advertising cooperative. Any cooperative we established will be required to operate under governing documents we approve. If your Salon is located in an area that we have designated for an advertising cooperative, we have the right to require you to join the cooperative. Members of a cooperative may be required to pay monthly contributions to the cooperative at the rates established by the governing body of such cooperative. Any such contribution will be in addition to the other marketing and advertising fees required under this Agreement, including the Advertising Fee. The members and their elected officers will be responsible for the operation of the advertising cooperative, but we will have the right to approve all advertising, marketing and public relations activities of the cooperative. We reserve the right to change, dissolve or merge any cooperative we establish.

VIII. OUR GENERAL DUTIES

A. **Initial Training.** You, your designated manager, and at least one (1) other employee must visit one of our affiliate-owned locations for a period of 2-3 days for the Initial Training Program. The purpose of the visit is to observe a fully operational Salon. You are responsible for the salaries of your designated manager and other employee(s) attending the initial training, plus attendees’ expenses in traveling to our location, including airfare, lodging, and meals. The Initial Training Program is furnished after this Agreement is signed and prior to the opening of your Salon. The Initial Training Program will be furnished at such time and place as we may designate. Principal Owner, your designated manager(s), satisfactorily complete the Initial Training Program before opening your Salon. If these persons fail to complete the Initial Training Program to our satisfaction, we have the right to terminate this Agreement.

Satisfactory completion of the Initial Training Program is, however, no assurance of the success of your Salon. If you currently operate a The Barbershop Salon or a The Guys' Place Salon, the Initial Training Program will not be mandatory or provided unless we deem it necessary, and may be modified by us as we deem necessary. We do not charge for the Initial Training Program, but you are responsible for wages, travel, and living expenses for you and your employees for the training.

B. **Subsequent Training.** We may offer training for your new employees who are not initially trained pursuant to the Initial Training Program. We may also provide refresher programs to experienced employees or managers. We are permitted to charge a reasonable fee for any subsequent training we may offer or require. We reserve the right to designate certain training programs or meetings as mandatory and to treat your failure to have a representative attend as a material breach of this Agreement. You must pay the compensation of the trainees as well as such trainees' travel, lodging and personal expenses during any subsequent training.

C. **Opening Assistance.** We will, at our expense, also provide on-site, opening assistance, consisting of at least 1 representative, who will be on-site at your Salon for at least 8 days around the scheduled opening. At your request, we may make additional on-site assistance available to you, and we may elect to charge a reasonable fee for any such additional on-site assistance, including our trainers' travel and lodging expenses. If you already operate a The Barbershop Salon or The Guys' Place Salon, on-site assistance will not be mandatory or provided unless we deem it necessary.

D. **Continuing Advisory Assistance.** We will make available continuing advisory assistance in the operation of your Salon, rendered in such manner and available from time to time, as we may deem appropriate. If we send our representatives to your Salon to provide assistance, we reserve the right to charge a reasonable fee for this type of assistance.

E. **Layout and Design.** We will provide you with suggestions for the layout and design of a typical Salon. These suggestions will not include the requirements of any federal, state, or local law, code, or regulation, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities, nor will such suggestions include the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Salon.

IX. YOUR GENERAL DUTIES

A. **Salon Opening and Construction.** You agree to begin operation your Salon within 18 months after this Agreement is accepted by us. You will construct and equip your Salon according to the specifications required by the Manual (as defined below) or as otherwise disclosed to you. You must pay for the cost of construction drawings and other documentation necessary to build, obtain permits or receive other necessary authorizations for constructing your Salon. You must submit these plans and other documents, along with any revisions of them made during the construction process, to us for our consent prior to your use of them. Our review will be limited to reviewing these plans and documents to assess compliance with our design specifications and standards for Salons, including items such as trade dress, presentation of trademarks, and the provision to the potential customer of certain products and services that are central to the functioning of the Salon under the System. Our review is not designed to assess, nor does it assess, compliance with federal, state or local laws and regulations, including the Americans with Disabilities Act, as compliance with such laws is the sole responsibility of you. The opening of your Salon may be delayed only if the delay is caused by contingencies not within your control, like acts of God, governmental restrictions, strikes or labor disputes, the occurrence of which we are given notice within a reasonable period time. You will use your best efforts to cure any delay. Any permitted delay in completion

will only be for a period of days equal to the number of days during which such event actually prevents completion.

B. **Use of Name and System.** You agree that during the Term, you will operate, advertise and promote your Salon under the Marks without prefix or suffix and to adopt and use the Marks and System licensed hereunder solely in the manner prescribed by us. You agree to identify your Salon with a sign in compliance with applicable local ordinances and approved by us.

C. **Compliance with Laws.** You agree to operate your Salon in compliance with applicable laws and governmental regulations and in accordance with the operational standards we may establish from time to time. At all times you will comply with all federal, state, municipal and local laws, rules, regulations, ordinances and codes applicable and related to this Agreement, your Salon, and all aspects of the conduct of your Salon. You must obtain all licenses and permits required by any applicable federal, state, municipal, and local law, rule, regulation, ordinance, and code to operate your Salon as required by this Agreement. You must make timely filings of all tax returns and pay when due all taxes levied or assessed on, and related to this Agreement and your Salon. At no time are we required to inform you of any federal, state, municipal, or local law, rule, regulation, ordinance, code, or tax. You represent to us that your signature on and performance of this Agreement does not violate or constitute a breach of the terms of any other agreement or commitment to which you are a party.

D. **Standards of Operation.** Your Salon must conform with the mandatory standards relating to signage, color scheme, appearance, hours of operation, cleanliness, sanitation, trade dress, presentation of trademarks, the provision to the potential customer of certain products and services that are central to the functioning of your Salon, and décor, as designated by us. Unless we give you our prior consent, you must offer all products and services required by us in our Confidential Operations Manual or in any other written instruction we give to you and no other products or services. We have imposed these requirements in order to assure quality and uniformity of the decor and products sold to customers. You will not conduct any business or sell any products at your Salon other than those approved by us. If you offer to sell or do sell products or services which are not authorized or are not prepared in accordance with the Confidential Operations Manual, you agree that we will be damaged.

You must keep the premises clean and provide prompt and courteous service to all customers. However, we may, to the extent permitted by applicable law, set prices for the products or services you offer at your Salon. You agree to, and will take all steps as are necessary to, ensure that all of your employees treat each customer fairly and provide services in an honest, ethical, and non-discriminatory manner. You must not advertise in a deceptive, misleading, or unethical manner and agrees to meet such minimum standards as we may establish from time to time in the Confidential Operations Manual.

We require you, if permitted by applicable law, to participate in various programs and activities with other Salons, including programs in which customers place appointments via the Internet or cellular telephone “text messaging” and any gift card or loyalty program we or our affiliates may establish from time to time, in accordance with the provisions either set forth in the Manual or otherwise disclosed to you. In order to participate in these programs and activities, you may be required to purchase additional equipment and pay applicable fees associated with the purchase, installation and training for this equipment. If we establish a gift card program, we have the right to determine how fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You are not permitted to solicit business through the distribution of individual advertising items, such as coupons and circular advertising outside of your Protected Territory, without our consent.

E. **Staffing.** You will maintain a competent, conscientious, and trained staff. You will be solely responsible for all employment decisions and functions of your Salon including those related to

hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees. You must employ such licensed cosmetologists or barbers as required by your state's licensing board and other personnel as are reasonably necessary to support the business of your Salon. In addition, you must ensure that all of your employees maintain the required licenses in order to perform the services in your Salon.

F. **Security and Safety Procedures.** You are solely responsible for taking necessary or appropriate security and safety measures to protect employees, customers, those engaging in business with you, those coming on the premises of your Salon and the general public at large. We do not in any way share any of that responsibility.

G. **Actual Participation.** You recognize the importance of the Principal Owner's and/or designated manager's participation in the management of your Salon and that the Principal Owner's and designated manager's agreement to participate in the management of your Salon is a material inducement for us to enter into this Agreement. Therefore, you agree that either the Principal Owner or a designated manager who has satisfactorily completed our Initial Training Program is required to use his or her best efforts and is personally responsible for the management of your Salon on a day-to-day basis. In any event, the Principal Owner is required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of your Salon. Supervisory personnel, including your designated manager are required to sign an agreement regarding confidentiality and covenants not to compete in a form acceptable to us.

H. **Insurance.** You will at all times maintain at your sole expense the minimum amounts of such insurance type as set forth in the Confidential Operations Manual. We may, from time to time, in our sole discretion, make such changes in minimum types of insurance and policy limits, coverage, and endorsements as we may determine. You agree to comply with any of these changes, at your sole cost and expense. All general liability insurance policies will name us and our successors and assigns as additional insured and will provide that we must receive 30 days prior written notice of any termination, expiration or cancellation of the insurance policy. Each year you must provide us with a certificate or other evidence of your compliance with our insurance requirements. If you fail to maintain such insurance, we may procure such insurance on your behalf and will be entitled to reimbursement from you of our costs to do so, in addition to any other rights and remedies we may have under this Agreement. However, we are not obligated to obtain such insurance on behalf of you. Regardless of the amounts required hereby, it will be your responsibility to maintain adequate insurance coverage at all times during the Term of and after the expiration of the Term of this Agreement. You recognize that the levels of insurance required hereby are merely minimum requirements. You should determine if additional insurance is necessary through consultation with your advisors. Your failure to maintain coverage will not relieve you of any contractual responsibility or obligation or liability under this Agreement.

I. **Inspections.** You must permit our representatives or agents or the representatives or agents of our Affiliates to enter the business premises with or without notice during regular business hours to inspect your Salon and audit the business operations, including all books and records. You also grant us permission to examine all records of any supplier from whom you have made purchases. You will keep on file and make available for our review the following documents and reports: weekly inventory sheets, deposit slips, bank statements and canceled checks, sales and purchase records, business tax returns and such other accounting records for such periods of time as is necessary to provide appropriate documentation in the event of an audit of your business by any governmental taxing authority having jurisdiction over you. Our right to approve certain matters, to inspect your Salon and its operation and to enforce our rights, exists only to the extent necessary to protect our interest in the System and Marks for the benefit of us, our Affiliates and all Salons and to ensure compliance with this Agreement. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those

matters which are clearly reserved to you, nor will they be construed to do so. The obligations of this provision survive termination or expiration of the Term of this Agreement.

J. **Cooperation for Financial Performance Representations.** You will maintain your books and records in accordance with generally acceptable accounting principles, consistently applied. If we at any time desire to utilize a financial performance representation or similar document in connection with the sale of franchises, you agree to provide us, at no cost, with such reasonable information as we may require in order to properly prepare such representation, and will permit us to utilize such information as we deem necessary.

K. **Innovations.** All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning a The Barbershop Salon and a The Guys' Place Salon, whether or not protectable intellectual property and whether created by or for you or your owners, affiliates, employees or representatives, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and works made-for-hire for us. To the extent any such item does not qualify as a "work made-for-hire" for us, you must assign, or must require your owners, affiliates, employees or representatives to assign, your or their ownership interest of such item to us. You agree to take, or direct your owners, affiliates, employees or representatives to take, whatever action required by us to document such assignment or to assist us in obtaining any and all intellectual property rights in such item. In the event that this provision is found to be invalid or unenforceable, you and your owners grant to us a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of such ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials.

L. **Remodeling.** We may require you to make capital expenditures to remodel your Salon to reflect our then current standards. Compliance with these standards may be an ongoing obligation of yours, and may be a condition of our consenting to a renewal of the Term, or our consenting to a Transfer.

M. **Financial Reports.** You will maintain and preserve for at least 5 years from the dates of their preparation, full, complete and accurate books, records and accounts in consistently applied accounting principles and in the form and manner prescribed by us from time to time. You will send us annual income and expense statements within 60 days of the end of your fiscal year. You will also send us weekly summary reports every Monday based on the preceding week, monthly profit and loss statements by the 10th day of the following month and any other information or reports including copies of balance sheets, copies of sales tax returns, and such other financial reports and information as we may reasonably request. However, you will not be obligated to disclose confidential tax returns if such disclosure would violate applicable state law. All reporting data will be prepared in accordance with generally accepted accounting principles, consistently applied.

N. **Assignment by You.** You grant us an irrevocable, world-wide, royalty-free license to use your likeness or images of your Salon, in any manner we deem appropriate in our sole discretion, including our or our Affiliates' use on any Internet domain or website we create or through any other Internet representation we deem appropriate for the System. This provision will survive the termination or expiration of the Term of this Agreement.

O. **Maintenance of Your Salon.** You must keep the exterior and interior of your Salon and all fixtures, equipment, furnishing, computer equipment and software, and signs in the highest degree of cleanliness, orderliness, sanitation and repair and in accordance with the Confidential Operations Manual. You may not make any material alternations, additions, replacements or improvements to your Salon without our prior written consent. You shall equip your Salon with furniture, fixtures, signs, and equipment, including computer equipment, and use such items as required in the Confidential Operations Manual, which we may change or modify from time to time. You acknowledge and understand that in the future,

and from time to time, you may be required to upgrade or purchase or lease new or different furniture, fixtures, equipment, computer hardware and software, and signs at your sole expense.

X. PROPRIETARY MARKS

A. **Right to Use Marks.** You acknowledge that the Marks are valid service and/or trademarks, which are owned or licensed to us. You recognize that valuable goodwill is attached to the Marks, and that you will use the Marks only in the manner and to the extent specifically licensed by this Agreement. Any goodwill arising out of your use of the Marks and inures to the benefit of us and our Affiliates. You further acknowledge that the right to use the Marks and the grant contained in this Agreement is non-exclusive, and that we and/or our Affiliates, in our and/or their sole discretion, have the right to operate businesses under the Marks on any terms and conditions we or they deem fit; provided that we agree to abide by the provisions with respect to protection of the Protected Territory as set forth in Section II.A. of this Agreement. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights and the rights of our Affiliates. All provisions of this Agreement applicable to the Marks apply to any additional service marks, trademarks, trade dress, trade names, logos, commercial symbols and copyrights hereafter authorized for use by, and licensed to, you.

B. **Contest of Marks.** You will not directly or indirectly contest or aid in contesting the validity or ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest our and our Affiliates' rights to register, use or license others to use the Marks or the System. You will not at any time (whether during or after the Term of this Agreement) directly or indirectly infringe on our rights to or in the Marks. You agree to promptly notify us of any claim, demand or suit based upon or arising from any attempt by anyone else to use the Marks or any colorable variation thereof. We and our Affiliates will have the sole discretion to determine if we will defend the use of the Marks, and we are not obligated to defend the Marks. We or our Affiliates have the right to control any administrative proceeding or litigation involving the Marks. You will execute any and all instruments and documents, render assistance and do such acts as may, in the opinion of our counsel, be necessary or advisable to protect our interests or the interests of our Affiliates in any such litigation or proceedings, or to otherwise protect and maintain our interest or the interest of our Affiliates in the Marks.

C. **Prohibition on Use of Name.** You will not use any of the Marks or the names "The Barbershop" or "The Guys' Place" as part of your corporate name with any prefix, suffix, or other modifying words, terms, designs or symbols. You will, however, identify yourself as our franchisee, solely with the logos and marks licensed by us to you hereunder. You will not incur any obligations or indebtedness except in your name. Further, you will not use our name, the Marks (or any marks or names confusingly similar to our name or the Marks) as an Internet domain name or in the content of any website.

D. **Change of Marks.** We will have the right to change the Marks to be used by you at any time and for any reason we deem appropriate. You will pay the costs associated with any change in the Marks we make, and you will make these changes promptly.

E. **Use of Marks on the Internet.** You acknowledge that we and our Affiliates are the lawful, rightful and sole owner of the *www.theguysplace.com* and *www.thebarbershops.com* Internet addresses (URL), and you unconditionally disclaim any ownership interest in that or any similar Internet addresses. You will not maintain a website, mobile application or social media (e.g., Instagram, Facebook or Twitter) account or user name, or any other presence, or otherwise advertise on the Internet, or any other public computer network, in connection with your Salon, without our prior written consent or in the manner we approve. Any such permission shall only be for such time as we permit and shall be on the terms and conditions we specify from time to time in the Confidential Operations Manual, which may restrict the

content that you are permitted to post to such social media outlet. We have the right to cease granting you permission to operate any such social media outlet at any time.

You agree not to register any Internet address name under any Internet domain, class or category that contains the Marks or any abbreviation, acronym or variation of the Marks. We and our Affiliates retain the sole right to advertise on the Internet and create a website or websites using any of the Marks or any variation of the Marks. We retain the right to pre-approve your use of linking and framing between your web pages and all other websites. You will, within 5 days after our request, dismantle any frames and links between your web pages and any other websites.

XI. CONFIDENTIAL INFORMATION

You acknowledge that the trade secrets, information, ideas, research, methods, manuals, sales and marketing procedures, systems, improvements and copyrighted materials, etc., including the Confidential Operations Manual, owned or developed by or licensed to us, whether or not published, confidential or suitable for registration or copyright, and the goodwill associated with them, are and shall remain the sole and exclusive property of us. This information is provided or revealed to you in trust and confidence. You will not, during the Term of this Agreement, or after a Transfer, or the termination or expiration of the Term of this Agreement, communicate or divulge to anyone, any such information or knowledge, including distinctive signage; interior and exterior design, décor and color scheme, specifications and procedures for operations and customer service, techniques for recruitment of qualified employees, quality and uniformity of products and services offered, inventory, management and financial control procedures (including point of sale and tracking systems), training and assistance, and advertising and promotional materials, all of which we may change, improve or further develop, in our discretion, knowledge of the System and experience in operating your Salon, and other information or material which we may designate as confidential (“Confidential Information”), nor will you disclose, use or divulge, in whole or in part, any Confidential Information, unless the information is generally known and in the public domain, and except to the extent necessary to operate your Salon. You will ensure that each of your employees exercises the highest degree of diligence and makes every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the Term of this Agreement.

XII. NON-COMPETITION

A. **Competing Business During the Term of this Agreement.** You acknowledge the uniqueness of the System, and that we are making our knowledge, know-how and expertise available to you for the purpose of operating your Salon strictly and solely within the Protected Territory. You agree that it would be an unfair method of competition to use or duplicate, or to allow others to use or duplicate, any of the knowledge, know-how or expertise you receive from us or our Affiliates for any reason other than for the operation of your Salon under this Agreement. You further recognize the importance of devoting substantial time and energy to your Salon. Therefore, you warrant that during the Term of this Agreement, unless you have our prior written consent, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on profits or revenues of any Competitive Business except as a duly licensed franchisee of us (except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

B. **Non-Competition After Term.** For 2 years after a Transfer, or the termination or expiration of the Term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to, or have any interest based on profits or revenues of any Competitive Business (except for

other outlets franchised from us to you or your owners, and except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction will cover the area within a 10-mile radius of your Salon and the area within a 10-mile radius of any The Barbershop Salon and any The Guys' Place Salon that is established, being constructed or subject to an executed Franchise Agreement at the time this restriction begins to be enforced.

C. **Reasonableness of Restrictions.** You and any guarantor of this Agreement acknowledge and confirm that the length of the term and geographical restrictions contained in Sections XI and XII are fair and reasonable and not the result of overreaching, duress or coercion of any kind. You acknowledge and confirm that your and their full, uninhibited and faithful observance of each of the covenants contained in Sections XI and XII will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Sections XI and XII will not impair your or their ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to you or them or otherwise to obtain income required for your or their comfortable support and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

D. **Enforcement.** You acknowledge that to disregard the provisions of Sections XI and XII would effectively foreclose us from selling other franchises, and you could be unjustly enriched and unfairly derive benefit from the goodwill of and training you receive from us. Moreover, our franchisees, and the Salons could be severely disadvantaged if you compete against them using the Marks or other Confidential Information. We intend to restrict your activities under Sections XI and XII of this Agreement only to the extent necessary for the protection of our, our Affiliates' and our franchisees' legitimate business interests. Each of the foregoing covenants will be construed as severable and independent, and will be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction will determine the business, time or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then, the court so holding will reduce the limitation necessary to render such restriction enforceable by the court. We will have the right to reduce the scope of any covenant contained in Sections XI and XII, without your consent, effective immediately upon receipt by you of our written notice; and you will comply with any reduced covenant. In addition to any other remedies available at law or equity, we will have the right to injunctive relief for your violation or threatened violation of any covenant described in Sections XI and XII. The terms of this non-compete are assignable by us and will inure to our benefit, as well as our successors and assigns. In the event of any assignment, sale, merger or change in our ownership or structure, the resulting entity will step into our place, without any additional consent of or notice to you, as if the terms "us", "our" or "we" were defined in this Agreement to include such entity.

XIII. DEFAULT AND TERMINATION

A. Termination By Us.

1. **With 30 Days' Opportunity to Cure.** We may, at our option, and without prejudice to any other rights or remedies provided for in this Agreement, or at law or in equity, terminate the Term of this Agreement for "good cause". Without limitation as to other situations, "good cause" for termination also exists if you or any guarantor of this Agreement:

- (1) Do not substantially perform all of the lawful terms, conditions, and obligations of this Agreement, or the mandatory obligations under the Confidential Operations Manual; or

- (2) Lose possession of the premises at which your Salon is located and fail to secure a suitable site for relocation which we consent to within 3 months of so losing possession; or
- (3) Default under the terms of the lease for the premises; or
- (4) Misrepresent Gross Sales in any report submitted to us; or
- (5) Lose any permit or license which is a prerequisite to the operation of your Salon for a period of at least 5 days; or
- (6) Repeatedly fail or refuse to comply with the lawful provisions of this Agreement (i.e. two (2) or more times in any 12-month period), whether or not the repeated failures or refusals are corrected after notice. Under no circumstances do you have a 30-day opportunity to cure this default; or
- (7) Misuse the Marks or Confidential Information, or engage in conduct which, in our opinion, reflects unfavorably upon the operation, maintenance, goodwill and/or reputation of the System; or
- (8) Are adjudged bankrupt, become insolvent, or make a general assignment for the benefit of creditors (subject to paragraph XIII.A.3.(d) below); or
- (9) Are convicted of, plead guilty or no contest to, or commit any criminal misconduct which materially and adversely affects the operation, maintenance, reputation or goodwill of the Salon franchise (subject to paragraph XIII.A.3.(a) below); or
- (10) Commit any other act which constitutes good cause under applicable state law or court decision; or
- (11) Fail to keep your Salon open for a period of 5 consecutive days without justifiable cause; or
- (12) Fail to pay any lawful debt or tax when due; or
- (13) Surrender or transfer control of your Salon (including entering into a management arrangement with any person who does not meet our standards, such as satisfactorily completing our Initial Training Program), or make an unauthorized direct or indirect Transfer.

Subject to applicable law and except as otherwise provided in this Agreement, we will give you at least 30 days' prior written notice of default (except that, if state law requires a longer period, you will be granted the longer period, and except that, if state law permits, we will have the right to terminate earlier if the "good cause" constitutes a default that is not curable). The notice will state the reason(s) for default and will provide that you have 30 days from the date of the notice to correct any claimed deficiency. If the default is corrected within this period, the notice will be void. If the default is not corrected within this period, we have the right to terminate the Term of this Agreement immediately.

2. **10 Days' Opportunity to Cure.** We may also terminate the Term of this Agreement for non-payment of sums due to us or our Affiliates or suppliers; your failure to open your Salon

for business 18 months after our acceptance of this Agreement; or your failure to immediately correct and cure a threat or danger to the public health or safety resulting from the construction, operation or maintenance of your Salon. Subject to applicable law and except as otherwise provided in this Agreement, if termination is based on the foregoing, we will give you at least 10 days' prior written notice of default (except that, if state law requires a longer period, you will be granted the longer period, and except that if state law permits, we will have the right to terminate earlier if the claimed deficiency constitutes a default that is not curable). The notice will state the reason(s) for default and will provide you with at least 10 days from the date of the notice to correct any claimed deficiency. If the deficiency is corrected within this period of time, the notice will be void. If the deficiency is not corrected within this period of time, then we have the right to terminate the Term of this Agreement effective 30 days after the date we gave you notice of default.

3. **Without Opportunity to Cure.** Notwithstanding anything contained herein to the contrary, if state law permits, we will be permitted to terminate the Term of this Agreement immediately and without notice when the basis or grounds for termination is: (a) allegation of, conviction of, or pleading guilty or no contest to, a felony or engaging in any other criminal misconduct that materially and adversely affects the operation, maintenance, reputation or goodwill of your Salon or the System; (b) fraudulent activity that materially and adversely affects the operation, maintenance, reputation, or goodwill of your Salon or the System; (c) abandonment of your Salon; (d) your bankruptcy or insolvency or that of your guarantors; (e) the giving of more than 2 no account or insufficient funds checks to us or our Affiliates within a 12 month period, or our or our Affiliates receipt of any similar notice when utilizing any EFT payment; (f) your making or having made any material misrepresentation or omission in the application for this franchise; (g) violation any non-compete, confidentiality or non-solicitation provision contained in this Agreement; or (g) any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law.

B. **Termination by You.** You must notify us in writing of any failure of us to perform any of our obligations pursuant to this Agreement. You may terminate the Term of this Agreement only if we materially default in our performance of any terms and conditions in this Agreement, you give us written notice within 30 days of this material default, and we fail to cure this material default within 60 days of our receipt of your written notice of default.

C. **Consequences of Termination.** Upon a Transfer, or the termination or expiration of the Term of this Agreement for any reason whatsoever, all of your rights hereunder will terminate, and you will do each of the following:

1. You will cease to be a franchisee of us and cease to operate your Salon under the System and Marks. You will not thereafter directly or indirectly represent to the public that the business at the Location is or was operated or is in any way connected with the System, or hold yourself out as a present or former franchisee of us at or with respect to the Location.

2. You will immediately discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of our business or the System, and return any Confidential Information or other copyrighted materials, including the Confidential Operation Manual, to us.

3. If we request, you will assign your telephone numbers, any telephone references, and any advertising to us or any of our designees.

4. You will pay all amounts due to us, our Affiliates, and suppliers.

5. You will cancel any assumed name registration or equivalent registration which contains the Marks, and you will furnish us with evidence satisfactory to us of your compliance with this obligation within 5 days of a Transfer, or the termination or expiration of the Term of this Agreement.

6. Pursuant to the Collateral Assignment of Lease, upon our request, you will assign to us any interest that you may have in any lease or sublease for the Site. We may exercise the option at or within 30 days after either (i) the termination or expiration of the Term of this Agreement, or (ii) our receipt of notice by your landlord of its intent to terminate the lease or sublease for the Site. If we exercise this option, we will have the right and are hereby empowered to take possession of the Site demised by the lease or sublease and expel you from the Site, after which you will have no further right, title or interest in the lease or sublease. In the event that we do not exercise our option to acquire the lease or sublease for the Site, you will make such modifications or alterations to the Site immediately upon the termination or expiration of the Term of this Agreement, as we may deem necessary, to distinguish the appearance of the Site from that of other Salons. In the event you will fail or refuse to comply with the requirements of this paragraph, we or our designees will have the right to enter upon the premises without being guilty of trespass or any other tort for the purposes of making or causing to be made the changes that may be required by this paragraph at your expense. You agree to pay us this expense upon demand.

7. You irrevocably appoint us or our nominee to be your attorney-in-fact coupled with an interest, and with power of substitution, to execute and to file for you any relevant document to transfer your telephone number or telephone listing. We have the right to file an original counterpart or a copy of this Agreement with the telephone company, landlord or any court, agency or person as written evidence of your appointment of us or our nominee to be your attorney-in-fact. A power of attorney is attached hereto as Exhibit IV.

8. You will comply with all post-term covenant obligations including the trade secrets, Confidential Information, non-competition and indemnification covenants set forth in this Agreement.

Neither a Transfer, nor the termination or expiration of the Term of this Agreement will relieve you of any of your obligations to us or our Affiliates existing at the time of such Transfer, termination or expiration, or terminate your obligations that, by their nature, survive a Transfer, or the termination or expiration of the Term of this Agreement. Furthermore, a Transfer, or the termination or expiration of the Term of this Agreement will be without prejudice to our rights against you; and in the event of a termination which is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all rights and remedies available at law or in equity.

D. **Our Right to Purchase Personal Property.** After the termination or expiration of the term of this Agreement, but not upon an approved Transfer pursuant to Section XVI.B, we will have the right, but not the obligation, to purchase any or all of your equipment, inventory, supplies and other personal property used in connection with the operation of your Salon. The purchase price for such property will be the book value less any liens. We will have 30 days after the determination of such value, to exercise our rights granted by this Section XIII.D., and we will have an additional 30 days to pay for the property we desire to purchase. If we fail to exercise our rights within the time periods set forth above, you will be free to otherwise sell or dispose of the personal property used in connection with the operation of your Salon.

E. **Our Operation of Your Salon.** In order to prevent any interruption of the franchise business which would cause harm to the business, if you are unable to operate the business for any reason whatsoever, you abandon or fail to actively operate your Salon for any period or you fail to cure a breach within the applicable cure period (if any), you authorize us and our agents and Affiliates to operate your Salon if we desire to do so, in our sole discretion, for so long as we deem necessary and practical. All

income from the operation of the business shall be kept in a separate account, and the expenses of the business, including our reasonable compensation and expenses, and, those of our agents and Affiliates, shall be charged to this account. We may charge you a reasonable management fee that we specify plus any out-of-pocket expenses incurred in connection with the management of your Salon. We and our designees will have a duty only to use reasonable efforts upon assuming your Salon's management and will not be liable for any debts, losses or obligations that your Salon incurs, or to any creditors for any supplies or other products or services purchased for your Salon in connection with such management. Nothing contained herein shall be construed to require us to operate the business in the case of your inability to operate same, and the rights set forth herein may be exercised in our sole and absolute discretion.

XIV. SOURCES OF PRODUCTS

You must purchase all products, services, supplies, inventory, equipment, materials, computer systems and other items required for the operation of your Salon from manufacturers, suppliers, or distributors we approve, or from other suppliers who meet our specifications and standards. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention, as well as payments, contributions, or other consideration to us, our affiliates, any advertising fund and/or otherwise, and may be temporary, in each case in our reasonable discretion. We may, from time-to-time withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion. We or our Affiliates may receive rebates, commissions, and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under this Agreement. We or our Affiliates will be an approved supplier or the sole supplier approved for certain products.

If you wish to purchase or lease any goods, products, equipment or supplies not approved by us as meeting our specifications, you must first notify us. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, or supplies meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. We will advise you within a 90-day period whether these goods, products, equipment or supplies meet our specifications. We may require samples from alternate suppliers to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a charge based on our costs and the actual cost of the test made by us or by an independent testing laboratory designated by us. The foregoing will not be construed as an attempt to unreasonably limit the sources from which you may procure products, services, supplies and materials. Rather, it is our intention that such items conform to our strict standards and strict specifications as to consistent quality, uniformity and reliability. Further, we will not be required to approve an inordinate number of alternative suppliers of a given item which in our reasonable judgment would prevent our effective supervision of suppliers. We may require your proposed supplier to execute a confidentiality agreement regarding the product.

XV. CONFIDENTIAL OPERATIONS MANUAL AND CHANGES

For the duration of the Term we will loan you 1 copy of the Confidential Operations Manual ("Manual"), which may cover such items as approved suppliers, general business methods, merchandising, financial reporting requirements, confidentiality agreements, plans and specification requirements, and other proprietary aspects of the System. The Manual will be in a format determined by us (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.) and all other supplemental bulletins, notices, revisions, modifications or supplemental information, either in document or electronic form, concerning the System are considered part of the Manual. Also included are any passwords or other digital identification necessary to access the Manual on a website or extranet. You agree to comply with the

mandatory requirements in the Manual and acknowledge your compliance is an essential part of your obligations under this Agreement. You will at all times be responsible for ensuring that your employees and all other persons under your control comply with the mandatory provisions of the Manual in all respects. The Manual constitutes a confidential trade secret of ours and will remain our property. The Manual cannot be photocopied, reproduced, or disseminated without our written consent. We may modify the Manual from time to time in our discretion, and you agree that from time to time we may reasonably change the System. You expressly agree to comply with each modification, addition or deletion of the System or Manual at your sole cost and expense. You acknowledge that due to the changing nature of the salon business, as well as changing attitudes of customers and other factors, changes to the System or the Manual may be necessary and may involve your expenditure of additional sums of money.

We agree to impose any of these changes in a reasonable, non-discriminatory manner among other franchisees. However, because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole discretion and as we may deem to be in the best interests of the System in any specific instance, to vary standards for any particular franchisee based upon the peculiarities of a particular territory, density of population, business potential, business practice or other condition important to the successful operation of a Salon. We may grant variations from standard specifications and practices as we determine in our discretion, and we will have no obligation to grant you or any other franchisee like or similar variations; our failure to require a change from any particular franchisee will not affect your obligations under this Agreement.

You will at all times insure that your copy of the Manual is kept current and up-to-date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us will be controlling.

XVI. TRANSFERABILITY OF INTEREST

A. **By Us**. We are free to assign all of our rights and obligations under this Agreement, and upon such assignment we will be relieved of all liability under this Agreement, and all rights and obligations will accrue to our successor or assignee.

B. **By You**. The rights and duties created by this Agreement are personal to you. We have granted this franchise in reliance upon our perception of the individual and collective character, skill, attitude, and business and marketing abilities of you and your owners. Therefore, there can be no Transfer without our prior written consent. Any consent by us will not operate as a consent to any future such Transfer, and no future such Transfer will be valid without our prior written consent to that specific Transfer. Any attempted Transfer in violation of this paragraph is voidable at our option. If we elect not to exercise our right of first refusal pursuant to Section XVI.D below, we will not unreasonably withhold our consent to a Transfer, provided that the following conditions are satisfied:

1. **Governmental Compliance**. The Transfer is conducted in compliance with applicable laws and regulations;
2. **Prior Compliance**. You have performed your obligations and duties under this Agreement, and you are not in default under this Agreement, or any other agreement with us or our Affiliates;
3. **Payments**. You have paid all amounts owed to us and our Affiliates, and all other outstanding obligations relating to your Salon are fully paid and satisfied.

4. **Release.** To the extent permitted by law, you, including all officers, directors and owners (as well as all guarantors under this Agreement) must execute a general release, in the form we approve, of any and all claims against us, our Affiliates, and our and their respective officers, directors, employees and agents.

5. **Requirements of Transferee.** The transferee meets our established standards for new franchisees, is of good moral character, has a good credit rating, sufficient financial resources to operate the business and competent qualifications. The transferee must execute the most current franchise agreement for the state in which your Salon is located, which may include different terms and conditions. In addition, the transferee's owners (actual and beneficial) and their spouses must sign the Guaranty and Assumption of Obligations attached to that franchise agreement.

6. **Transfer Fee.** We are paid a transfer fee of \$2,500 in lieu of the initial franchise fee required in the then-current form of franchise agreement for the state in which your Salon is located.

7. **Assumption of Liabilities.** The transferee agrees to assume all liabilities and obligations from you and your operation of your Salon, including the lease, and must comply with other reasonable requirements we may impose.

8. **Completion of Training.** The transferee and/or transferee's management team, including, at a minimum, a Principal Owner and designated manager(s), must complete the Initial Training Program to our satisfaction.

9. **Update and Remodel Salon.** The transferee updates and remodels your Salon to comply with our then-current standards for new Salons.

10. **Continuing Liability.** If we approve an assignment of this Agreement, we will have the discretion to require you and the guarantors to remain liable for the full and faithful performance of the obligations of the assignee.

11. **Economically Reasonable Terms.** Although we will not be required to determine the value of your business upon a Transfer, if in our reasonable judgment, the purchase price or other terms of sale are not economically feasible to the proposed transferee, we can withhold our consent to such Transfer. Our consent is not, however, to be construed as an implication or warranty that the terms of the sale are in fact economically feasible. We may, in good faith, notify you and the proposed transferee, stating the reasons that we have elected to withhold our approval of the proposed Transfer.

C. **Your Death or Incapacity.** You, by will or other written instrument, may appoint a designated heir to continue operation of your Salon, upon your death. The designated heir must meet the qualifications of Section XVI.B, including the requirement to meet our standards for new franchisees, execute the then-current form of franchise agreement used in the state in which your Salon is located, and the designated manager(s) or new Principal Owner has, or within 60 days will have, satisfactorily completed the Initial Training Program; provided that no transfer fee will be charged on a Transfer pursuant to this paragraph. The Transfer to a designated heir, personal representative or conservator, as applicable, in the event of your death or legal incapacity, will not give rise to our right of first refusal as described in paragraph XVI.D below.

D. **Right of First Refusal.** Notwithstanding the foregoing paragraphs (other than paragraph XVI.C), if you receive a bona fide, executed, written offer to acquire an interest in this Agreement, you or your Salon from a responsible, fully disclosed third party purchaser, you must submit a copy of the offer to us. You must also provide us with any other information we request to evaluate the offer. We have the

right, exercisable by delivering written notice to you within 15 days from the date of last delivery by you of the offer and any other documents we request, to acquire such interest for the price and on the terms and conditions contained in the offer, except that regardless of the terms of the offer, we may substitute cash for any form of payment proposed in the offer; require you to include customary warranties and representations in the purchase agreement; and structure the transaction as an “asset purchase” rather than a “stock purchase.” We will not be obligated to pay any “finder’s” or broker’s fees that are a part of the proposed sale, and we will not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona fide purchase price for the interest proposed to be transferred (for example, we will not be obligated to pay any earn out or other share of the profits from our operation of your Salon after the Transfer is completed). If we decline to exercise our right of first refusal, you will have 90 days after the earlier of our decline to exercise the right or the expiration of the right, to consummate such Transfer to the bona fide third-party purchaser upon the terms and conditions described in the offer notice submitted to us, subject to compliance with Section XVI.B. In the event you fail to complete the sale on these terms within this 90-day period, you must again comply with this paragraph and give us the first right to acquire such interest prior to any sale. Our election to not exercise our right of first refusal as to any particular offer will not affect our right of first refusal as to any subsequent offer.

XVII. INDEPENDENT CONTRACTOR/INDEMNIFICATION

A. **Independent Contractor.** We and you are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between you and us. You will conspicuously identify yourself at the premises of your Salon and in all dealings with the public as an independently owned business. Neither we nor you will make any agreements or representations in the name of or on behalf of the other that this relationship is other than franchisor and franchisee.

B. **Indemnification.** Under no circumstances will we be liable for any act, omission, debt, or other obligation of you. You will indemnify, defend and save harmless us and our employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns (each an “Indemnitee”) from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including legal fees and expenses) of any kind and nature whatsoever, including damages or injuries suffered by any Indemnitee, which may be imposed on, incurred by, or asserted against any Indemnitee in any way arising out of the acts or omissions of you or your employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns pursuant to or in connection with the operation of your Salon regardless of whether the Indemnitees were negligent or that this negligence was a contributing factor in any Indemnitee’s liability (to the extent permitted by applicable law).

XVIII. DISPUTE RESOLUTION

A. **Mediation.** Before any party may bring an action in court for any controversy, dispute or claim between you and us arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the “Mediation”) in Brown County, Wisconsin, unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the “AAA Mediation Rules”) except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted through the AAA. You and we will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by you. All negotiations and mediation proceedings (including, without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party

or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, you and we agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by us and relating to our trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the *status quo* or prevent irreparable injury pending resolution of the actual dispute between the parties.

B. **Litigation.** Except as otherwise provided in this Agreement, all controversies, disputes or claims between you and us arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court for the Eastern District of Wisconsin when the grounds set forth in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the application of Wisconsin law or to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims we have relating to our trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the *status quo* or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state courts in Wisconsin. Both parties agree to submit to the jurisdiction of the state and federal court in Wisconsin.

C. **Arbitration.**

1. In the event that the federal court described above does not have jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in Brown County, Wisconsin (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then-current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted through the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party is limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes Franchisor, its respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

2. The arbitrator will have the right to award or include in his award any relief which

he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, Franchisor may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not we were a party) will not be binding on us in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

3. The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, you and we will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. Except as provided in subsection A. above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. **Dispute Resolution Fee.** In the event that you or your owners or guarantors have not complied with the provisions in this Section on Dispute Resolutions, you shall reimburse us for all of our expenses incurred in curing your breach (including, without limitations, our attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay us a Dispute Resolution Fee of \$25,000 ("Dispute Resolution Fee"). You acknowledge and agree that we will be damaged by such breach. You agree that a precise calculation of the full extent of the damages that we will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. We have the right to collect these amounts in addition to exercising any and all other rights we may have for non-compliance under this Agreement.

XIX. MISCELLANEOUS PROVISIONS

A. **Waiver.** Neither our waiver of a breach or default by you, nor our delay or failure to exercise any right upon your breach or default, nor our acceptance of any payment from you, will be deemed a waiver, nor will it impair our rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not prevent our assertion of other defaults or breaches. We may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular Salon, but the waiver in favor of any other franchisee or Salon will not prevent us from enforcing the requirements against you, all other franchisees and all other Salons.

B. **Severability.** If any provision of this Agreement is considered to be invalid or inoperative for any reason, that part will be deemed modified to the extent necessary to make it valid and operative, or if it cannot be modified, then severed, and the remainder of this Agreement will continue in effect as if the Agreement had been signed with the invalid portion modified or eliminated.

C. **Entire Agreement.** You and we each acknowledge and warrant to each other that you and we each wish to have all terms of our business relationship defined in this Agreement. Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between us or anyone acting on our behalf and you or anyone acting on your behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and you and we each agree that we each have placed, and will place, no reliance on any such discussion; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document furnished to you. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto or incorporated herein by reference, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise rights or offer of franchise rights have been promised to you, and no such franchise rights or offer of franchise rights shall come into existence, except by means of a separate writing, executed by one of our officers or such other entity granting the franchise rights and specifically identified as a modification of this Agreement. No amendment to this Agreement is binding unless executed in writing by both parties.

D. **Notice.** All notices required under this Agreement will be in writing and will be given: (i) if hand delivered on the day of delivery; (ii) 3 business days after placement in the United States Mail by registered or certified mail, postage prepaid; or (iii) the day after placement with a courier guaranteeing overnight delivery, in each case addressed to the address listed on the signature page of this Agreement or at such other address as either party will specify in a notice to the other party.

E. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning and not strictly for or against either party. All words used in this Agreement refer to whatever number or gender the context requires.

F. **Governing Law and Jurisdiction.** You acknowledge that this Agreement was accepted in the State of Wisconsin. You acknowledge that you have and will continue to develop a substantial and continuing relationship with us at our principal offices in Wisconsin, where our decision-making authority is vested and franchise operations are conducted and supervised. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of Wisconsin without regard to principles of conflicts of law; provided, however, that the Wisconsin Fair Dealership Law (W.S.A. §135.01 to §135.07) shall apply only if its independent jurisdictional requirements are met. If, however any provision of this Agreement would not be enforceable under the laws of Wisconsin, and if your Salon is located outside of Wisconsin and the provision would be enforceable under the laws of the state in which your Salon is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where your Salon is located. We may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of Wisconsin, and you and each guarantor of this Agreement irrevocably submits to the jurisdiction of these courts and

waive any objection to the application of Wisconsin law or to the jurisdiction or venue in these Wisconsin courts. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement in Exhibit VI. We will not, however, be precluded from contesting the validity, enforceability, or applicability or such regulator's required amendment in any action relating to this Agreement or to its rescission or termination.

G. **Effect**. This Agreement will be binding upon and inure to the benefit of the parties, their legal representatives, heirs, administrators, executors, their permitted successors and assigns.

H. **Remedies**. In addition to any other remedies in law or in equity to which it may be entitled, we will be entitled, without bond, to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement in the event you actually or anticipatorily breach this Agreement. If we incur attorneys' fees or other expenses in seeking enforcement of this Agreement or defending any claim you bring against us, including without limitation, a claim related to the offering of a franchise or the franchise relationship, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' and expert witness fees). No right or remedy conferred upon us is intended to be exclusive, and every right or remedy granted in this Agreement will be cumulative and in addition to any other rights or remedies available under this Agreement or otherwise. For purposes of this Agreement, a termination will include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer.

I. **No Warranty**. You acknowledge that no approvals, consents, waivers, conditions, or the like warrant your success of operating your Salon or the appropriateness of the particular items or matters so approved.

J. **Receipt of the FDD**. You acknowledge receipt of our franchise disclosure document ("FDD") along with this Agreement, at least 14 days before your execution of this Agreement or any payment by you to us. If any unilateral modifications have been made to this Agreement you acknowledge that you have had at least 7 days to review them.

K. **Joint and Several Liability**. If you are comprised of 2 or more persons, the obligations and liabilities to us of each of these persons will be joint and several.

L. **Time is of the Essence**. Time is of the essence of this Agreement.

M. **Survival**. Your obligations regarding Confidential Information, trade secrets, non-competition, indemnification, your accrued obligations to us (monetary or otherwise) and any other terms or conditions which by their nature will survive a Transfer, or the termination or expiration of the Term of this Agreement.

N. **Payments from You**. We have the sole discretion to apply any payments by you to any of your past due indebtedness for Royalty Fees, Advertising Fees, Website and SEO Fee, expenses, purchases from us or our Affiliates, interest or any other indebtedness you may owe us or our Affiliates. Neither we nor any of our Affiliates are required to accept payments after they have become due or to extend credit or otherwise to finance your operation of your Salon. We and our Affiliates may require you to pay for all purchases on a C.O.D. basis by cashier's check, or may refuse to make further sales to you, if you are in default under this Agreement or if you have failed to pay all amounts due us or our Affiliates when due.

O. **Limitation on Liens**. You will not grant a security interest, pledge, or place a lien upon your interest in this Agreement or in your Salon or in the furniture, fixtures, or equipment used in the business, except that you will be permitted to grant a security interest in such furniture, fixtures, and

equipment to secure your obligation to the seller of, or lender of funds used for the purchase of, such furniture, fixtures, and equipment.

P. **Day-to-Day Control.** You have the sole right and responsibility for the manner and means by which the day-to-day operation of your Salon is determined and conducted and for achieving your business objectives. Subject to any approval, inspection and enforcement rights reserved to us in this Agreement, this right and responsibility possessed by you includes the employment, supervision, setting the conditions of employment and discharge for your employees, daily maintenance, safety concerns and the achievement of conformity with the System.

Q. **Right to Subcontract.** We will have the right to subcontract the performance of any of our obligations pursuant to this Agreement to any of our Affiliates or any other third-party designee.

R. **Financing from the Small Business Administration.** If you secure financing from or with the assistance of the U.S. Small Business Administration (“SBA”) to fund any portion of the Franchised Business or your investment therein, you and we may be required to sign an SBA Addendum in a form attached to this Agreement as Exhibit VII.

XX. YOUR WARRANTIES AND REPRESENTATIONS

A. We have not and do not represent that you can expect to maintain a specific level of sales, profits, or earnings. You and your guarantors have been advised to obtain independent professional and legal advice regarding this franchise. You and your guarantors acknowledge that you have and they are entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of this franchise and not act in reliance on or as a result of any representations made by our owners, officers, directors, managers, employees, agents, representatives, attorneys, franchisees, brokers or other franchise sellers that are not contained in or are contrary to the terms set forth in this Agreement or any representation in the FDD. You and your guarantors understand that they may sustain losses as a result of the operation or the closing of your Salon. You and your guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree and depends, to a large degree, on your skills, abilities, initiative, and hard work.

B. You and your guarantors represent and warrant that the execution, delivery and performance of this Agreement by you and the Guarantee and Assumption of Obligations by the guarantors do not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity.

C. Under applicable U.S. Law, including without limitation executive order 13224, signed on September 23, 2001 (the “Order”), you are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in acts of terrorism as defined in the Order. Accordingly, you do not and hereafter will not engage in any terrorist activity. In addition, you are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity. You are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

XXI. CAVEAT

THE SUCCESS OF YOUR SALON IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS

OTHER FACTORS. WE DO NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF YOUR SALON AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATION OR WARRANTY ON OUR BEHALF. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE READ AND COMPLETED THE QUESTIONNAIRE, A COPY OF WHICH IS ATTACHED TO THIS AGREEMENT AS EXHIBIT VI.

YOU UNDERSTAND AND AGREE THAT WE HAVE NO OBLIGATION TO ACCEPT YOUR APPLICATION AND MAY REFUSE TO GRANT YOU A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR OUR DECISION. YOU ACKNOWLEDGE THAT UNLESS AND UNTIL WE SIGN THIS AGREEMENT, THE FRANCHISE HAS NOT BEEN GRANTED, YOU NOT A FRANCHISEE OF OURS AND YOU MAY NOT RELY UPON BECOMING A FRANCHISEE OF OURS.

XXII. NON-LIABILITY OF OUR AFFILIATES

We are the only company obligated to you under this Agreement. You may not look to any other Affiliate of us, or related companies, other business entities or individuals for performance of this Agreement.

XXIII. LIMITATION OF LEGAL ACTIONS

A. IN NO EVENT WILL WE BE LIABLE TO YOU FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU.

B. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

C. ANY DISAGREEMENT BETWEEN YOU AND US (AND OUR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND YOU WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

D. YOU WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU, UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN 1 YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first forth above.

THE BARBERSHOP A HAIR SALON FOR MEN, LLC

FRANCHISEE: _____

By: _____
_____, _____

By: _____
_____, _____

Address: 1369 Mourning Dove Court
De Pere, WI 54115

Address: _____

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement"), by The Barbershop a Hair Salon for Men, LLC (the "BARBERSHOP") in favor of _____ ("FRANCHISEE"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally guarantees to BARBERSHOP, its Affiliates (as hereinafter defined), and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement, that FRANCHISEE will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement. The GUARANTORS each agree to be personally and unconditionally bound by each and every undertaking, agreement and covenant set forth in the Agreement, including, the restrictive covenants and non-disclosure provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Marks and Transfers (as defined in the Agreement) to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned will survive any expiration or termination of the term of the Agreement or this Guaranty and Assumption of Obligations. The GUARANTORS further hereby personally and unconditionally guarantee all debts and obligations FRANCHISEE incur to BARBERSHOP, its successors, assigns, affiliated entities, parent corporation, and subsidiaries ("Affiliates"), as the case may be, as a result of any obligations under the Agreement and as a result of purchases of products or services from BARBERSHOP and its Affiliates. Each of the undersigned waives:

- (1) acceptance and notice of acceptance by BARBERSHOP or Affiliates of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (4) any right he or she may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability;
- (5) all rights to payments and claims for reimbursement or subrogation which any of the GUARANTORS may have against the FRANCHISEE arising as a result of the GUARANTORS' execution of and performance under this Guaranty and Assumption of Obligations; and
- (6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

- (1) his or her direct and immediate liability under this guaranty will be joint and several;
- (2) he or she will render any payment or performance required under the Agreement upon demand if the FRANCHISEE fails or refuses punctually to do so;
- (3) such liability will not be contingent upon or conditioned upon pursuit by BARBERSHOP or Affiliates of any remedies against the FRANCHISEE or any other person; and

(4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or the indulgence which BARBERSHOP or Affiliates may from time to time grant to the FRANCHISEE or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty and Assumption of Obligations, which will be continuing and irrevocable during the term of the Agreement.

If BARBERSHOP or any of the Affiliates are required to enforce this Guaranty and Assumption of Obligations in any judicial proceeding or appeal thereof, the GUARANTORS will reimburse BARBERSHOP and Affiliates for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty and Assumption of Obligations.

The undersigned GUARANTORS also recognize that certain disputes relating to this Agreement are to be resolved by mediation, litigation and possibly arbitration, and hereby consent to such process in accordance with the terms of the Agreement. Further, undersigned GUARANTORS also hereby consent to the applicability of the venue and jurisdiction provision in the Agreement to this Guaranty and Assumption of Obligations.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name: _____

Signature: _____

Date: _____

Address: _____

Print Name: _____

Signature: _____

Date: _____

Address: _____

EXHIBIT I

PROTECTED TERRITORY AND TRADENAME

Your Salon will be located at:

Your Protected Territory will be:

The Barbershop a Hair Salon for Men, LLC

Franchisee: _____

Initial: _____ Date: _____

Initial: _____ Date: _____

Your Salon will operate under the following Marks:

EXHIBIT II

LEASE PROVISIONS

Any lease executed by you for the operation of your Salon will contain the following provisions or an addendum to the lease as follows.

ADDENDA TO LEASE

This lease addenda entered into this _____ day of _____, 20__, by and between _____ (“FRANCHISEE”) and _____ (“LANDLORD”) for the premises located at _____ in the City of _____, State of _____ (the “Premises”);

WHEREAS, FRANCHISEE has executed a Franchise Agreement (“Franchise Agreement”) with The Barbershop a Hair Salon for Men, LLC (the “BARBERSHOP”), and as part of said Franchise Agreement, the lease (“Lease”) for the franchised Salon (“Salon”) must contain certain provisions; and

WHEREAS, LANDLORD and FRANCHISEE agree that the terms contained herein will be applicable to the Lease, notwithstanding anything contained in the Lease to the contrary;

NOW, therefore, in consideration of the mutual promises contained herein and the execution of the Lease, which execution is made simultaneously with this Addendum, LANDLORD and FRANCHISEE hereby agree as follows:

1. LANDLORD agrees that FRANCHISEE will not otherwise assign the Lease or renew, amend or extend the term of the Lease without the prior written consent of BARBERSHOP.
2. LANDLORD agrees that FRANCHISEE will have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as FRANCHISEE is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which FRANCHISEE may operate a Salon at the Premises.
3. LANDLORD agrees to furnish BARBERSHOP with copies of any and all letters and notices sent to FRANCHISEE pertaining to the Lease at the same time that such letters and notices are sent to FRANCHISEE. LANDLORD further agrees that, if it intends to terminate the Lease, the LANDLORD will give BARBERSHOP thirty (30) days advance written notice or such intent, specifying in such notice all defaults that are the case of the proposed termination. BARBERSHOP will have after the expiration of the period during which FRANCHISEE may cure such default, an additional fifteen (15) days (or if there is no cure period, at least fifteen (15) days to cure, at its sole option, any such defaults. BARBERSHOP, or an affiliate of BARBERSHOP, will have the right, but not obligation, upon giving written notice of its election to FRANCHISEE and LANDLORD, to cure the breach and succeed to FRANCHISEE’s rights under the Lease, and any renewals or extensions thereof.
4. Upon default, expiration or termination of the Franchise Agreement, or the lease, and upon notice to LANDLORD, BARBERSHOP or its designee will have the option, without however any obligation, to assume the FRANCHISEE’s lease obligations, on the same terms and conditions available to the FRANCHISEE. Further, if FRANCHISEE or any other party with an interest in FRANCHISEE transfers to BARBERSHOP or another party all of its or their interest in the Franchise Agreement, the FRANCHISEE or the Salon, the transferee will have the right to assume the Lease on the same terms and conditions as contained in the Lease.

5. BARBERSHOP will have the right to enter the premises to make any reasonable modification or reasonable alteration necessary to protect BARBERSHOP's interest in its proprietary marks. LANDLORD agrees that in such event BARBERSHOP will not be liable for trespass or any other crime or tort. Further, BARBERSHOP or its designated agents will be permitted to enter the leased premises for purposes of making inspections in accordance with the terms of the Franchise Agreement.

6. FRANCHISEE may assign to BARBERSHOP all of its rights of further assignment at any time if the LANDLORD is given reasonable notice thereof. Such an assignment will be effective only if accepted in writing by BARBERSHOP.

7. Upon request of BARBERSHOP, the LANDLORD will provide BARBERSHOP with copies of all reports, information, or data in LANDLORD's possession with respect to sales made from the leased premises.

8. Copies of any and all notices pertaining to the Lease will also be sent to BARBERSHOP at the following address, or at such other address as may be designated by BARBERSHOP in writing: 1369 Mourning Dove Court, De Pere, Wisconsin, Attn: Brian Bowe.

9. BARBERSHOP will be a third-party beneficiary of this Addendum to Lease and has the right independently of FRANCHISEE to enforce all of its rights hereunder.

10. To the extent of any conflict between the terms and conditions of this Addendum to Lease and the Lease, this Lease Addendum will govern.

FRANCHISEE

LANDLORD

By: _____

By: _____

EXHIBIT III

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, _____ a _____ (“Assignor”), hereby assigns, transfers and sets over unto THE BARBERSHOP A HAIR SALON FOR MEN, LLC, a Wisconsin limited liability company (“Assignee”) all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (the “Lease”), respecting the premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or a default or expiration under the franchise agreement by and between Assignor and Assignee (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its affiliates, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

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

Assignee: THE BARBERSHOP A HAIR SALON FOR MEN, LLC

By: _____
_____, _____

Assignor: _____

By: _____
_____, _____

EXHIBIT IV

IRREVOCABLE POWER OF ATTORNEY

That _____ (“FRANCHISEE”) does hereby irrevocably constitute and appoint The Barbershop a Hair Salon for Men, LLC (“BARBERSHOP”), FRANCHISEE’s true and lawful attorney-in-fact and agent for FRANCHISEE and in FRANCHISEE’s name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of BARBERSHOP, shall be necessary or advisable for the sole purpose of assigning to BARBERSHOP all of FRANCHISEE’s right, title and interest in and to any and all telephone numbers used in connection with your Salon and all related Yellow Pages, White Pages and other business listings, including, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services to FRANCHISEE, and to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record, and file all such agreements, certificates, instruments and documents as, in the sole discretion of BARBERSHOP, shall be necessary or advisable for the sole purpose of assigning to BARBERSHOP all of FRANCHISEE’s right, title and interest in and to any Internet and website name pages, domain name listings, and registrations that contain the Marks, or any of them, in whole or in part, hereby granting unto BARBERSHOP full power and authority to do and perform any and all acts and things which, in the sole discretion of BARBERSHOP, are necessary or advisable to be done as fully to all intents and purposes as FRANCHISEE might or could itself do, and hereby ratifying and confirming all that BARBERSHOP may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether FRANCHISEE has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with BARBERSHOP shall be required to ascertain the authority of BARBERSHOP, nor be responsible in any way for the proper application of funds or property paid or delivered to BARBERSHOP. Any person, firm or corporation dealing with BARBERSHOP shall be fully protected in acting and relying upon a certificate of BARBERSHOP that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and FRANCHISEE shall not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of FRANCHISEE by BARBERSHOP shall be deemed to include such a certificate on the part of BARBERSHOP, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney shall terminate 2 years following the expiration or termination of that certain Franchise Agreement dated of even date herewith by and between BARBERSHOP and FRANCHISEE. Such termination, however, shall not affect the validity of any act or deed that BARBERSHOP may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with an interest and such Power of Attorney shall not be affected by the subsequent disability or incapacity of the principal.

[SIGNATURE PAGE TO FOLLOW]

EXHIBIT V

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, THE BARBERSHOP A HAIR SALON FOR MEN, LLC, (the “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of the Salon. The purpose of this Questionnaire is to determine whether any statements of promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit and schedule attached to it? Yes ___ No ___

2. Have you received and personally reviewed the Franchisor’s Franchise Disclosure Document (the “FDD”) that Franchisor provided to you?
Yes ___ No ___

3. Did you sign a receipt for the FDD indicating the date you received it?
Yes ___ No ___

4. Date on which you received the FDD and related Exhibits explaining the Franchise.
_____, 20__
(month, day)

5. Date on which you received a completed copy, other than signatures, of the Franchise Agreement.
_____, 20__
(month, day)

6. Date on which you signed the Franchise Agreement.
_____, 20__
(month, day)

7. Were you given the opportunity to discuss the benefits and risks of operating a franchise with an attorney, accountant, or other professional advisor, and do you understand those risks?
Yes ___ No ___

8. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?
Yes ___ No ___

9. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn or that any of our Salons earn in operating the business other than what is discussed in Item 19 of the FDD?

Yes ___ No ___

10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the business?

Yes ___ No ___

11. Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes ___ No ___

* * *

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. You are also representing that you have reviewed all of these questions and the answers with the other owners of the business and any of your representatives who had discussions with the Franchisor or any of its officers, agents, or employees. The responses from those people are also included by you above.

Dated on _____, 20__.

FRANCHISE APPLICANT

Name: _____

Signature: _____

EXHIBIT VI

STATE LAW ADDENDUM

EXHIBIT VII

SBA ADDENDUM

SBA ADDENDUM TO FRANCHISE AGREEMENT

THIS SBA ADDENDUM TO FRANCHISE AGREEMENT (“Addendum”) is made and entered into on _____, 20__ (the “Effective Date”), by and between THE BARBERSHOP A HAIR SALON FOR MEN, LLC (“us or “we”) and _____ (“you”).

RECITALS

- A. You and we entered into a Franchise Agreement dated the ___ day of _____, 20__ (along with any amendments, the “Franchise Agreement”).
- B. You are or applying or have applied for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.
- C. You and we wish to amend and modify the Franchise Agreement as provided herein.

THEREFORE, you and we agree as follows:

- 1. Any capitalized terms used but not defined in this Addendum have the same meanings assigned to them in the Franchise Agreement.
- 2. If any provision in this Addendum conflicts with any provision in the Franchise Agreement, the provision in this Addendum will control.
- 3. If you are proposing a Transfer of a partial interest in the ownership of you or the Franchised Business and we have an option to purchase or a right of first refusal within respect to that partial interest, we may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of you.
- 4. We will not unreasonably withhold our consent to any Transfer. In the event we approve a Transfer of any interest in you or the Franchised Business, the transferor will not be liable for the actions of the transferee.
- 5. If we have the option to purchase your business or personal assets upon default or termination of the term of the Franchise Agreement and you and we are unable to agree on the value of those assets, the value will be determined by an appraiser chosen by both you and us.
- 6. If you own the real estate where the Franchised Business is operating, you will not be required to sell the real estate upon default or termination of the term of the Franchise Agreement, but you may be required to lease the real estate for the remainder of the original franchise term (excluding additional renewals) to a franchisee of ours for its fair market value.
- 7. If you own the real estate where the Franchised Business is operating, we will not, during the term of the Franchise Agreement, record against the real estate any restrictions on the use of the real estate, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against that real estate, they must be removed in order for the you to obtain SBA-assisted financing.

- 8. We will not directly control (hire, fire or schedule) your employees.
- 9. As to the Franchise Agreement, this Addendum and its provisions and restrictions automatically terminate when SBA no longer has any interest in any SBA-assisted financing provided to you.
- 10. Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its original terms.
- 11. You and we acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

WHEREFORE, you and we have entered into this SBA Addendum to Franchise Agreement as of the Effective Date.

| | |
|--|---------------------|
| THE BARBERSHOP A HAIR SALON FOR MEN, LLC | FRANCHISEE: _____ |
| Signed: _____ | Signed: _____ |
| Printed Name: _____ | Printed Name: _____ |
| Title: _____ | Title: _____ |

EXHIBIT E

STATE SPECIFIC ADDENDA

NOTICE REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its 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.

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

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

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

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

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

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subsection does not prohibited 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 subsection 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 subsection (c).

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

The fact that there is a notice of this offering on file with the attorney general doesnot constitute approval, recommendation or endorsement by the attorney general.

Any question regarding this notice should be directed to the Department of Attorney General, State of Michigan, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48909, telephone (517) 373-7117.

ILLINOIS ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement, Area Development Agreement and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the Illinois Franchise Disclosure Act ("Act") shall apply to any franchise located in the State of Illinois, which shall control to the extent of any inconsistency:

Illinois law governs the Franchise Agreement.

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.

Your 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.

Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement shall remain in full force and effect, except to the extent specifically modified herein.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth below.

Franchisor: The Barbershop A Hair Salon for Men, LLC

By: _____

Its: _____

Date: _____

Franchisee: _____

By: _____

Its: _____

Date: _____

MINNESOTA ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement, Area Development Agreement ("ADA") and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the Minnesota Franchise Act shall apply to any franchise or franchisee located in the State of Minnesota, which shall control to the extent of any inconsistency:

1. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION SOC.14 SUBD. 3-5, which require (except in certain specified cases)
 - (ii) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and
 - (ii) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.
7. Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement, ADA and FDD shall remain in full force and effect, except to the extent specifically modified herein.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth below.

Franchisor: The Barbershop A Hair Salon for Men, LLC

By: _____

Its: _____

Date: _____

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

WISCONSIN ADDENDUM

The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with and are controlled by Wisconsin Fair Dealership Law. Such provisions are hereby amended:

(a) The Wisconsin Fair Dealership Law, among other things, grants franchisee the right in most circumstances, to 90 days' prior written notice of termination or non-renewal and 60 days within which to remedy any claimed deficiencies. If the franchise documents contain a provision that is inconsistent with these provisions of the Wisconsin Fair Dealership Law (the "Law"), the provisions of the franchise documents shall be superseded by the Law's requirements.

If the franchise documents require that it / they be governed by a state's law other than the State of Wisconsin, to the extent that any provision of the franchise documents conflicts with the Law, such provision shall be superseded by the law's requirements.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

As to any state law described in the Addendum that declares void or unenforceable any provision contained in the franchise documents, including any Franchise Agreement and/or Development Agreement, the Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that the franchisee has initiated.

EXHIBIT F

AREA DEVELOPMENT AGREEMENT

THE BARBERSHOP A HAIR SALON FOR MEN, LLC

**AREA DEVELOPMENT AGREEMENT
TABLE OF CONTENTS**

I. TERRITORIAL EXCLUSIVITY..... 1

II. DEVELOPMENT OBLIGATIONS..... 2

III. TERM..... 3

IV. DEVELOPMENT FEE..... 3

V. FRANCHISE AGREEMENT 3

VI. ASSIGNABILITY 4

VII. DEFAULT AND TERMINATION..... 5

VIII. DISPUTE RESOLUTION..... 6

IX. MISCELLANEOUS..... 8

X. INDEPENDENT CONTRACTOR/INDEMNIFICATION 11

XI. REPRESENTATIONS AND ACKNOWLEDGMENTS/CAVEAT 12

ATTACHMENT A Development Area, Development Schedule
and Expiration Date

ATTACHMENT B State Law Addendum

**THE BARBERSHOP A HAIR SALON FOR MEN, LLC
AREA DEVELOPMENT AGREEMENT**

THIS AREA DEVELOPMENT AGREEMENT (“Agreement”) is made and entered into as of the ____ day of _____, 20____, by and between The Barbershop a Hair Salon for Men, LLC, a Wisconsin limited liability company (“we”, “us” or “our”), and _____, a _____ (“you” and “your”).

PREAMBLE

We are engaged in the business of franchising “The Barbershop” and “The Guy’s Place” and salons under the Marks and System as more fully described in the Franchise Agreement, which may be amended from time to time (the “Franchise Agreement”); and

You are aware of the benefit derived from being identified with and franchised by us in order to use the Marks and System as more fully described in the Franchise Agreement; and

You have simultaneously executed a Franchise Agreement pertaining to your first Salon (“First Unit”), which you agree to open or have opened within the time specified in the Franchise Agreement; and

You desire to obtain area development rights to establish and operate additional Salons (“Subsequent Units”) from us within a specific geographical area and according to a specific time schedule; and

NOW, the parties agree as follows:

I. TERRITORIAL EXCLUSIVITY

A. **Development Area.** According to the terms and conditions in this Agreement, we grant to you and you accept the exclusive right, during the term of this Agreement, to establish franchise units of The Barbershop Salon or, under certain circumstances, The Guy’s Place Salon (each referred to as a “Unit” and collectively referred to as the “Units”) in the area, which we refer to as the “Development Area” as described in Attachment A during the term of this Agreement. So long as you are not in default under this Agreement or any other agreement with us or our affiliates, neither we nor our affiliates will operate or grant a franchise to any other person or entity to operate a The Barbershop Salon or The Guy’s Place Salon within the Development Area.

Until the termination, expiration or Transfer (as defined below) of this Agreement, you retain your right of exclusivity as long as you comply with the Development Schedule (as defined below). If you fail to meet any of your obligations under this Agreement, including compliance with the Development Schedule, or if you breach any Franchise Agreement executed by you pursuant to this Agreement, we may terminate this Agreement along with your right to develop, new Units within the Development Area, but the termination of this Agreement and the right to develop your Development Area will not terminate any rights granted under the Franchise

Agreements then in effect between you and us in which you are in compliance. After the expiration or termination of this Agreement, we may own, operate, franchise or license others to operate additional Units anywhere, without restriction, including in your Development Area, except for within any Assigned Territories under your Franchise Agreement(s) which remain in effect.

B. **The Rights We Retain in the Development Area.** Except as limited by Section I.A. above, we and our affiliates retain all rights with respect to The Barbershop Salons, The Guy's Place Salons, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate The Barbershop Salons and The Guy's Place Salon and The Barbershop Salons adjacent to your Development Area or anywhere outside of your Development Area; (2) the right to operate or license others to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Development Area; (3) the right to operate or license others to operate businesses that are not similar to The Barbershop Salon and The Guy's Place Salon under the Marks in any location, both inside or outside of your Development Area; and (4) the right to offer any products or services (including the products and services you offer at your Units) through other channels of distribution (including retail stores, the Internet and other outlets) both inside and outside of your Development Area. We are not required to pay you if we exercise any of the rights specified above inside your Development Area.

We and our Affiliates have the right, now or in the future, to purchase, be purchased, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any other business, and we, our Affiliates or the successor has the right to operate, franchise or license those businesses and/or facilities operating under the proprietary marks or any other Marks following such purchase, merger, acquisition or affiliation. Notwithstanding the foregoing, following our purchase, merger, acquisition or affiliation, neither we nor our Affiliates will operate, or franchise or license others to operate a The Barbershop Salon or The Guy's Place Salon within your Development Area.

We and our Affiliates may sell ourselves, our assets, our proprietary marks, the Marks, our systems and/or the System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above transfers, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, the Marks (or any variation thereof), the System and/or the loss of association with or identification as a developer under this Agreement. If we assign our rights in this Agreement, nothing will be deemed to require us to remain in the salon business or to offer or sell any products or services to you. For purposes of this Agreement, "Marks" and "System" have the meanings assigned to them in the Franchise Agreement.

II. **DEVELOPMENT OBLIGATIONS**

A. **Development Schedule.** You will construct, equip, open and operate within the Development Area the number of Units within each of the time periods described in Attachment A attached to this Agreement (the "Development Schedule"). There is a minimum number of 3

Units and a maximum of 5 Units that must be opened under this Agreement. You must execute a Franchise Agreement in our then current form and pay the remaining balance of the Initial Franchise Fee due for each of the Subsequent Units within the time periods described in the Development Schedule. Further, you must open each Unit within the time period described in the Franchise Agreement applicable to that Unit and in the Development Schedule. You will at all times faithfully and diligently comply with the obligations imposed by this Agreement and under the Franchise Agreement for each Unit.

B. **Force Majeure/Time of Essence**. It is of material importance to us that you timely perform all obligations under this Agreement and the Franchise Agreement for each Unit. Should you be unable to meet the Development Schedule solely as the result of force majeure, which includes strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law (including our inability to deliver a Franchise Disclosure Document), and which you could not have avoided by the exercise of due diligence, the Development Schedule will be extended by the amount of time during which such force majeure existed.

III. **TERM**. The term of this Agreement will start on the date this Agreement is signed by both parties and you have paid us the Development Fee. Unless terminated earlier according to the terms of this Agreement, the term of this Agreement and all area development rights granted in this Agreement will expire at the earlier of the opening of the last Unit listed in the Development Schedule or the expiration date listed on Attachment A. There is no right to renew this Agreement.

IV. **DEVELOPMENT FEE**. In exchange for the rights granted under this Agreement, you will pay us the Initial Franchise Fee under the Franchise Agreement for the 1st Unit of \$40,000, an Initial Franchise Fee of \$15,000 for the 2nd Unit and \$5,000 for the 3rd Unit all at the time you sign this Development Agreement. If we grant you the right to open additional Units beyond your first 3 which we may or may not do in our sole discretion, you will pay an Initial Franchise Fee of \$5,000 for each of those additional Units. All fees when paid are non-refundable. The total number of Units you will develop is set forth in Attachment A.

V. **FRANCHISE AGREEMENT**

A. **Signing the Franchise Agreement**. Within the times specified in the Development Schedule, you must execute a Franchise Agreement for each Subsequent Unit and pay the balance of the Initial Franchise Fee owed under that Franchise Agreement. You will execute a Franchise Agreement in our then current form. In no event will you be required to sign a Franchise Agreement until such time as we have complied with any applicable waiting periods according to law. The Franchise Agreement will govern regarding whether your Unit will be a The Barbershop Salon or The Guy's Place Salon.

B. **Complying with the Franchise Agreement**. After you sign a Franchise Agreement, you will fully comply with all of the terms contained in the Franchise Agreement including paying all of the fees required by that Franchise Agreement in a timely manner. HOWEVER, YOU DO NOT OBTAIN ANY RIGHTS AS A FRANCHISEE FOR A PARTICULAR LOCATION UNTIL A FRANCHISE AGREEMENT IS SIGNED BY YOU AND US AND YOU HAVE PAID US THE BALANCE OF THE INITIAL FRANCHISE FEE. You

must submit all proposals for sites to us for our consent. We have the right, in our absolute discretion, to withhold our consent to any site you propose. Our consent to the site is no assurance of success.

C. **Our Discretion.** You acknowledge that all Units must be developed and operated according to our standards. You agree and recognize that we may refuse to grant a Franchise Agreement for a Subsequent Unit if we believe, in our reasonable judgment, that you do not have sufficient financial resources and other ability (including, but not limited to, experience, character, skill, aptitude, attitude, and business acumen sufficient to operate multiple locations) to properly develop and operate the proposed Subsequent Unit. We may take into account, among other things, your past performance and financial success of your existing Units. In order to assist us in making such a determination, you must provide us, upon our request, the financial and other information regarding your existing Unit(s) and the proposed Subsequent Unit. Our approval, however, is not deemed to be a warranty of your financial or other ability to develop and operate the proposed Subsequent Unit(s).

D. **Marks.** You acknowledge that we are not granting you any right to use the Marks under this Agreement. Any rights you receive regarding the use of the Marks arise from the Franchise Agreement you signed or will sign, and you may only use the Marks pursuant to the terms of that Franchise Agreement.

VI. ASSIGNABILITY

A. **By You.** We have granted these development rights in reliance upon our perception of the individual and collective character, skill, attitude, and business and marketing abilities of you and your owners. Therefore, there can be no transfer of any interest in this Agreement, or you (“Transfer”), without our prior written consent. Any consent by us will not operate as consent to any future such Transfer, and no future such Transfer will be valid without our prior written consent to that specific Transfer. Any attempted Transfer in violation of this paragraph is voidable at our option. We will not unreasonably withhold our consent to such a Transfer, provided that the following conditions are satisfied:

1. You have substantially performed the obligations and duties under this Agreement and any other agreements between you and us; and
2. You must pay a non-refundable transfer fee in the amount of \$5,000 for each undeveloped Subsequent Unit, which amount will not be applied to any Initial Franchise Fee that will be due when the Unit is developed; and
3. You and all of your officers, directors, shareholders (as well as guarantors under this Agreement) will execute a general release (in the form approved by us) of any and all claims which you have or may have against us and our affiliates and our respective officers, directors, employees and agents arising out of the franchise relationship, to the extent permitted by applicable law; and

4. The proposed transferee meets our established standards for new area developers (including experience, character, skill, aptitude, business ability, and financial capability), is of good moral character, has a good credit rating and sufficient financial resources to operate the business; and

5. The proposed transferee assumes all of your obligations and liabilities (however, such assumption will not relieve you of any such obligations and liabilities); and

6. The purchase price or terms of the sale are, in our judgment, economically feasible to the proposed transferee (however, our approval is no assurance that the sale is on economically reasonable terms); and

7. We may, in our absolute discretion, require that the Transfer include the assignment of all of the undeveloped Subsequent Units.

B. **By Us.** This Agreement is fully assignable, in whole or in part, by us, without your consent. Upon our assignment, we are relieved of all liability under this Agreement and all rights and obligations will accrue to our successor or assignee.

C. **No Subfranchising.** You must not offer, sell, or negotiate the sale of your salon franchises to any third party, either in your name or on our behalf or otherwise subfranchise, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting you the right to do so.

VII. DEFAULT AND TERMINATION

A. **Default by You.** Upon written notice to you, we may terminate this Agreement for cause, but without providing you an opportunity to cure, in the event of any material breach of this Agreement by you. Material breach, as used in this Section VII, will include, among other things, the following:

1. Any attempt by you to sell, assign or otherwise transfer this Agreement or an ownership interest in you in violation of the terms of this Agreement;

2. Your failure to develop each of the Units within the Development Schedule set forth in this Agreement;

3. Your bankruptcy, insolvency or general assignment for the benefit of creditors;

4. Any material breach by you or your affiliate of any Franchise Agreement or other agreement between you or your affiliates and us or our affiliates which is not cure within the applicable cure period in that agreement; or

5. You or your owners are convicted of, plead no contest to or commit any criminal misconduct which materially and adversely affects the operation, maintenance, reputation or goodwill of us, our franchisees, the System or the Marks.

B. **Rights on Termination, Expiration or Transfer.** Upon expiration, Transfer or termination, for any reason, of this Agreement, all of your rights regarding the Development Area will cease and any remaining rights you may have to open any Subsequent Unit will cease. We will be entitled to establish, or to license others to establish, salons using the Marks and System in the Development Area, subject to the provisions in any existing Franchise Agreements you or your affiliates have with us relating to the Assigned Territory defined in those Franchise Agreements. You or your affiliates will continue to operate Units according to the signed Franchise Agreements between you or your affiliates and us, if such Franchise Agreements have not been terminated. A default and termination under this Agreement does not constitute a default and termination under any Franchise Agreement between you or your affiliates and us.

VIII. DISPUTE RESOLUTION

A. **Mediation.** Before any party may bring an action in court for any controversy, dispute or claim between you and us arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the “Mediation”) in Brown County, Wisconsin unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the “AAA Mediation Rules”) except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted through the AAA. You and we will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by you. All negotiations and mediation proceedings (including, without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, you and we agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by us and relating to our trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the *status quo* or prevent irreparable injury pending resolution of the actual dispute between the parties.

B. **Litigation.** Except as otherwise provided in this Agreement, all controversies, disputes or claims between you and us arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court for the Eastern District of Wisconsin when the grounds set forth in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the application of Wisconsin law or to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims we have relating to our trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by us for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the *status quo* or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state courts in Wisconsin. Both parties agree to submit to the jurisdiction of the state and federal court in Wisconsin.

C. **Arbitration.**

1. In the event that the federal court described above does not have jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in Brown County, Wisconsin (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then-current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted through the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party is limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes Franchisor, its respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

2. The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to

contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, Franchisor may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not we were a party) will not be binding on us in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

3. The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, you and we will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. Except as provided in subsection A. above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. **Dispute Resolution Fee**. In the event that you or your owners or guarantors have not complied with the provisions in this Section on Dispute Resolutions, you shall reimburse us for all of our expenses incurred in curing your breach (including, without limitations, our attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay us a Dispute Resolution Fee of \$25,000 ("Dispute Resolution Fee"). You acknowledge and agree that the we will be damaged by such breach. You agree that a precise calculation of the full extent of the damages that we will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. We have the right to collect these amounts in addition to exercising any and all other rights we may have for non-compliance under this Agreement.

IX. MISCELLANEOUS

A. **Notices**. All notices required under this Agreement will be in writing and will be given: (i) if hand delivered on the day of delivery; (ii) three (3) business days after placement in the United States Mail by registered or certified mail, postage prepaid; or (iii) the day after placement with a courier guaranteeing overnight delivery. All notices addressed to you must be sent to the address listed on the signature page of this Agreement or at such other address you will specify in a notice to us. All notices addressed to us must be sent to The Barbershop a Hair Salon for Men, LLC, 1369 Mourning Dove Court, De Pere, Wisconsin, Attn: Brian Bowe or such other address as we will specify in a notice to you.

B. **Severability**. If any provision of this Agreement is considered to be invalid or inoperative for any reason, that part will be deemed modified to the extent necessary to make it valid and operative, or if it cannot be modified, then severed, and the remainder of the Agreement

will continue in effect as if the Agreement had been signed with the invalid portion modified or eliminated.

C. **Non-Waiver.** Neither party's waiver of a breach or default by the other, nor delay or failure to exercise any right upon breach or default, nor acceptance of any payment, will be deemed a waiver, nor will it impair rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not prevent the assertion of other defaults or breaches. We may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular Unit, but the waiver in favor of any other franchisee or Unit will not prevent us from enforcing the requirements against you, all other franchisees and all other Units.

D. **Remedies.** The remedies available to us are non-exclusive and nothing stated in this Agreement will act to prevent our pursuit of any other rights or remedies arising due to termination of this Agreement which may otherwise become available to us in law or equity.

E. **Attorney's Fees.** If we incur attorneys' fees or other expenses in seeking enforcement of this Agreement or defending any claim you bring against us, including without limitation, a claim related to the offering of a franchise or the franchise relationship, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' and expert witness fees).

F. **Approval And Guarantees Of Shareholders, Partners Or Members.** If you are a corporation, partnership or limited liability company, all shareholders, partners or members (and their shareholders, partners or members if they are an entity) will guarantee each Franchise Agreement for a Unit.

G. **Choice Of Law.** You acknowledge that this Agreement was accepted in the State of Wisconsin. You acknowledge that you have and will continue to develop a substantial and continuing relationship with us at our principal offices in Wisconsin, where our decision-making authority is vested and franchise operations are conducted and supervised. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of Wisconsin without regard to principles of conflicts of law; provided, however, that the Wisconsin Fair Dealership Law (W.S.A. §135.01 to §135.07) and Wisconsin Franchise Investment Law (W.S.A. §553) shall apply only if its independent jurisdictional requirements are met. If, however any provision of this Agreement would not be enforceable under the laws of Wisconsin, and if your Development Area is located outside of Wisconsin and the provision would be enforceable under the laws of the state in which your Development Area is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where the Development Area is located. We may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of Wisconsin, and you and each guarantor of this Agreement irrevocably submits to the jurisdiction of these courts and waive any objection to the application of Wisconsin law or to the jurisdiction or venue in these Wisconsin courts. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement in Attachment B. We will not, however,

be precluded from contesting the validity, enforceability, or applicability or such regulator's required amendment in any action relating to this Agreement or to its rescission or termination.

The provisions of this Agreement which conflict with any applicable law will be ineffective, but only to the extent not in accordance with applicable law, and instead, we will comply with the applicable law respecting each of these matters. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement. We are not, however, precluded from contesting the validity, enforceability, or applicability of any state laws or regulations in any action relating to this Agreement or to its rescission or termination.

H. **Non-Liability Of Our Affiliates.** We are the only entity obligated to you under this Agreement. You may not look to any of our affiliates or related companies, other business entities or individuals for performance of this Agreement.

I. **Limitation of Legal Actions.**

1. IN NO EVENT WILL WE BE LIABLE TO YOU FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU.

2. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

3. ANY DISAGREEMENT BETWEEN YOU (AND YOUR GUARANTORS AND OWNERS) AND US (AND OUR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND YOU (AND YOUR GUARANTORS AND OWNERS) WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, OWNERS, MANAGERS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

4. YOU WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU, UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN 1 YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

J. **Receipt of the FDD.** You acknowledge receipt of our franchise disclosure document ("FDD") along with this Agreement, at least 14 days before your execution of this Agreement or any payment by you to us. If any unilateral modifications have been made to this Agreement you acknowledge that you have had at least 7 days to review them.

K. **Construction Of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires; if more than one party or person is referred to as you, their obligations and liabilities will be joint and several. Headings are for reference purposes and do not control interpretation.

L. **Entire Agreement.** You and we each acknowledge and warrant to each other that you and we each wish to have all terms of our business relationship defined in this Agreement. Neither you nor we wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between us or anyone acting on our behalf and you or anyone acting on your behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and you and we each agree that we each have placed, and will place, no reliance on any such discussion; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the FDD furnished to you. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto or incorporated herein by reference, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise rights or offer of franchise rights have been promised to you and no such franchise rights or offer of franchise rights shall come into existence, except by means of a separate writing, executed by one of our officers or such other entity granting the franchise rights and specifically identified as a modification of this Agreement. No amendment to this Agreement is binding unless executed in writing by both parties.

X. **INDEPENDENT CONTRACTOR/INDEMNIFICATION**

A. **Independent Contractor.** We and you are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between you and us. You will conspicuously identify yourself in all dealings with the public as an independently owned business. Neither we nor you will make any agreements or representations in the name of or on behalf of the other that their relationship is other than franchisor and franchisee.

B. **Indemnification.** Under no circumstances will we be liable for any act, omission, debt, or other obligation of yours. To the fullest extent permitted by law, you (for yourself and your employees, agents, subcontractors, successors and assigns) agrees, at your sole cost and expense, to indemnify, defend and hold harmless, and to reimburse on demand us, and all entities related to us and our and their respective directors, officers, members, employees agents, managers, partners, attorneys, licensees, affiliates successors and assigns (“Indemnified Parties”) for and against any and all damages, losses, liabilities, bodily injury, property damage, obligations, penalties, fines, claims, litigation, demands, defenses, judgments, suit proceedings, administrative

orders, consent agreements, costs, disbursements or expenses of any kind or any nature whatsoever, including without limitation, reasonable attorneys' and expert fees and disbursements arising out of or related to or in any way arising out of the acts or omissions of yours or your employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns ("Indemnitors") arising out of or related to (i) any act or omission, negligent or otherwise, of the Indemnitors or anyone directly or indirectly employed by them or anyone whose acts they may be liable relative to the business contemplated by this Agreement; (ii) any breach by the Indemnitors or any term or provision of this Agreement; and (iii) the cost, including, but not limited to reasonable attorney's fees, of enforcing this indemnification provision. The obligations of Indemnitors are joint and several.

This indemnification must not be construed to indemnify an Indemnified Party to the extent such indemnification is prohibited by law, including, an indemnification of any Indemnified Party from its own negligence, if prohibited by law. To the extent indemnification of any party hereunder would be prohibited by law, this provision will not apply to such party, but will continue to be effective as to all other parties with respect to whom indemnification is not prohibited by applicable law.

XI. REPRESENTATIONS AND ACKNOWLEDGMENTS/CAVEAT

YOU HAVE BEEN ADVISED TO MAKE AN INDEPENDENT INVESTIGATION OF OUR OPERATIONS. WE HAVE NOT AND DO NOT REPRESENT THAT YOU CAN EXPECT TO ATTAIN A SPECIFIC LEVEL OF SALES, PROFITS, OR EARNINGS. YOU HAVE BEEN ADVISED TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE REGARDING THE FRANCHISE AND THE DEVELOPMENT RIGHTS GRANTED HEREIN. YOU ACKNOWLEDGE THAT YOU ARE ENTERING INTO THIS AGREEMENT, AND ALL ANCILLARY AGREEMENTS EXECUTED CONTEMPORANEOUSLY WITH THIS AGREEMENT, AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION OF THIS FRANCHISE AND NOT ON RELIANCE OF OR AS A RESULT OF ANY REPRESENTATIONS MADE BY OUR OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, REPRESENTATIVES, ATTORNEYS, FRANCHISEES OR BROKERS WHICH ARE NOT CONTAINED IN OR ARE CONTRARY TO THE TERMS SET FORTH IN THIS AGREEMENT OR OF ANY REPRESENTATION IN THE FDD WE FURNISHED TO YOU. YOU UNDERSTAND THAT YOU MAY SUSTAIN LOSSES AS A RESULT OF THE OPERATION OR THE CLOSING OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT. YOU UNDERSTAND THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES A HIGH DEGREE OF FINANCIAL RISK AND DEPENDS TO A LARGE DEGREE ON YOUR SKILLS, ABILITIES, INITIATIVE, AND HARD WORK. WE DO NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THIS BUSINESS VENTURE. THIS AGREEMENT IS EFFECTIVE ONLY ONCE YOU AND WE BOTH SIGN THE AGREEMENT.

YOU REPRESENT TO US THAT YOUR SIGNATURE ON AND PERFORMANCE OF THIS AGREEMENT DOES NOT VIOLATE OR CONSTITUTE A BREACH OF THE TERMS OF ANY OTHER AGREEMENT OR COMMITMENT TO WHICH YOU, YOUR GUARANTORS OR ANY OF YOUR OR THEIR AFFILIATES ARE A PARTY.

UNDER APPLICABLE U.S. LAW, INCLUDING WITHOUT LIMITATION EXECUTIVE ORDER 13224, SIGNED ON SEPTEMBER 23, 2001 (THE "ORDER"), WE ARE PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY PERSON ENGAGED IN, OR WITH A PERSON AIDING ANY PERSON ENGAGED IN, ACTS OF TERRORISM AS DEFINED IN THE ORDER. ACCORDINGLY, YOU DO NOT, AND HEREAFTER WILL NOT, ENGAGE IN ANY TERRORIST ACTIVITY. IN ADDITION, YOU ARE NOT AFFILIATED WITH AND DO NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY. FINALLY, YOU ARE NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER ANY TERRORIST ACTIVITY.

NO PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT AN AUTHORIZED OFFICER OF OURS BY A WRITTEN DOCUMENT. NO REPRESENTATIONS AS TO PROJECTIONS, FINANCIAL PERFORMANCE, POTENTIAL SUCCESS, FUTURE PROFITS, PROMISES, GUARANTEES OR WARRANTIES OF ANY KIND ARE AUTHORIZED TO BE MADE BY US OR OUR AFFILIATES OR REPRESENTATIVES.

YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED, READ AND UNDERSTAND THIS AGREEMENT AND ITS ATTACHMENTS; THAT YOU HAVE HAD AN OPPORTUNITY TO ASK US ALL QUESTIONS RELATING TO THIS AGREEMENT AND THE SYSTEM, AND THAT WE HAVE ANSWERED ALL YOUR QUESTIONS TO YOUR SATISFACTION.

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

The Barbershop a Hair Salon for Men, LLC

By: _____
_____, _____

Address: 1369 Mourning Dove Court
De Pere, WI 54115

AREA DEVELOPER

By: _____
_____, _____

Address:

ATTACHMENT A (ADA)

DEVELOPMENT AREA, DEVELOPMENT SCHEDULE AND EXPIRATION DATE

Development Area

The Development Area is:

Development Schedule

| Unit Number | Date Franchise Agreement must be executed and Initial Franchise Fee paid | Date Unit Must Be Opened |
|--------------------|---|---------------------------------|
| | | |
| | | |
| | | |
| | | |
| | | |

Expiration Date

The expiration date is _____.

ATTACHMENT B (ADA)
STATE LAW ADDENDUM

EXHIBIT G

LIST OF FRANCHISEES

“The Barbershop” means this location operates under the Alternative Marks.

“The Guys’ Place” means this location operates under the Marks.

Alabama

Hamby High 5, LLC
Pelham – The Guys’ Place
310 Opportunity Drive
Pelham, AL 35124
205-249-0858

Florida

The Buzz Enterprises, Inc.
Largo – The Barbershop
8874 Ulmerton Road
Largo, FL 33771
727-400-6861

The Buzz Enterprises, Inc.
Saint Petersburg – The Barbershop
2014 66th St N
Saint Petersburg, FL 33710
727-317-2900

Hawaii

Hair Cave Company, LLC
Kapolei - The Barbershop
563 Farrington Highway
Kapolei, HI 96707
808-674-1200

Indiana

BB Barbershops, LLC
Fort Wayne – The Guys’ Place
9811 Lima Road
Fort Wayne, IN 46818
260-387-5860

BB Barbershop, LLC
Fort Wayne – The Guys’ Place
5135 East DuPont Road
Fort Wayne, IN 46825
260-999-6175

Michigan

510 Holdings, Inc.
Marquette – The Guys’ Place
3117 US Highway 41 W
Marquette, MI 49855
906-226-6367

510 Holdings, Inc.
Houghton – The Guys’ Place
901 W. Sharon Ave.
Houghton, MI 49931
906-523-7419

Minnesota

Allsen Enterprises, LLC
Apple Valley – The Barbershop
7586 W. 150th St
Apple Valley, MN 55124
952-378-4504

Allsen Enterprises, LLC
Eagan – The Barbershop
1278 Town Centre Dr.
Eagan, MN 55123
651-200-4147

Allsen Enterprises, LLC
Rochester – Valhalla – The Barbershop
300 A Elton Hills Dr.
Rochester, MN 55901
507-206-0373

Allsen Enterprises, LLC
Rochester – North – The Barbershop
3528 55th Street NW
Rochester, MN 55901
507-206-0637

Allsen Enterprises, LLC
Rochester – South – The Barbershop
221 28th Street SE
Rochester, MN 55904
507-282-7788

Allsen Enterprises, LLC
West St. Paul - The Barbershop
1590 S Robert Street
West St. Paul, MN 55118
651-450-2080

Allsen Enterprises, LLC
Winona – The Barbershop
940 Frontec Dr.
Winona, MN 55987
507-474-4666

Allsen Enterprises, LLC
Woodbury – the Barbershop
8300 Tamarack Village
Woodbury, MN 55125
651-288-0460

Missouri

Dapper Dan, Inc.
Joplin – The Barbershop
3025 South Main St.
Joplin, MO 64804
417-553-3442

Dapper Dan, Inc.
Webb City – The Barbershop
1715 South Madison St.
Webb City, MO 64870
417-717-0597

Dapper Dan, Inc.
Springfield – The Barbershop
2775 S. Campbell Ave.
Springfield, MO 65807
417-708-9606

North Carolina

Maybe Someday, Inc.
Apex – The Guys’ Place
1075 Beaver Creek Commons Drive
Apex, NC 27502
919-267-9405

North Carolina

Maybe Someday, Inc.
Cary – The Guys’ Place
280 Meeting Street Suite 107 Centrum Station
Cary, NC 27518
919-851-3232

Maybe Someday, Inc.
Durham – The Guys’ Place
1125 W North Carolina Highway 54
Durham, NC 27707
919-490-8600

Maybe Someday, Inc.
Fuquay – The Guys’ Place
1007 E. Broad Street
Fuquay - Varina, NC 27526
919-567-1110

Maybe Someday, Inc.
Raleigh – Brier Creek – The Guys’ Place
9400 Brier Creek Pkwy
Raleigh, NC 27617
919-908-6130

Maybe Someday, Inc.
Raleigh – Creedmoor – The Guys’ Place
7416 Creedmoor Rd
Raleigh, NC 27613
919-846-3545

Maybe Someday Inc.
Holly Springs – The Guys’ Place
112 Collins Crossing Rd.
Holly Springs, NC 27540
919-285-2130

South Dakota

4Cuts, Inc
49th St – The Barbershop
3901 West 49th Street Suite 102
Sioux Falls, SD 57106
605-274-2272

Wisconsin

Zub Partners, LLC
Kenosha South – The Barbershop

7519 60th Ave
Kenosha, WI 53142
262-764-6016

Zub Partners, LLC
Kenosha North – The Barbershop
3620 57th Avenue, Suite 200
Kenosha, WI 53144
262-764-4166

Zub Partners, LLC
Racine – The Barbershop
7115 Durand Ave
Racine, WI 53177
262-456-2044

Lucy's Lounge, LLC
Wausau – The Barbershop
4524 Rib Mountain Dr.
Wausau, WI 54401
715-359-8363

JJ Apple, LLC
Madison East – The Barbershop
4261 Lein Rd
Madison, WI 53704
608-709-5575

JJ Apple, LLC
Madison West – The Barbershop
515 Junction Rd
Madison, WI 53717
608-203-6481

JJ Apple, LLC
Sun Prairie – The Barbershop
2812 Prairie Lakes Drive
Suite #105
Sun Prairie, WI 53590
608-318-0432

Todd and Maria Meister
New Berlin – The Barbershop
15409 West National Avenue
New Berlin, WI 53151
262-439-4422

Rochelle Leigh Group, LLC
Appleton – The Barbershop
659 Ridgeview Drive
Appleton, WI 54911

920-257-4263

Rochelle Leigh Group, LLC
Appleton – The Barbershop
643 N Westhill Blvd
Appleton, WI 54914
920-830-1900

Rochelle Leigh Group, LLC
Appleton – The Barbershop
W3192 County KK
Appleton, WI 54915
920-993-1470

Rochelle Leigh Group, LLC
DePere – The Barbershop
1511 Lawrence Drive
DePere, WI 54115
920-632-7614

Rochelle Leigh Group, LLC
Eau Claire – The Barbershop
1425 S. Hastings Way
Eau Claire, WI 54701
715-514-5996

Rochelle Leigh Group, LLC
Fond Du Lac – The Barbershop
525 N Peters Ave
Fond Du Lac, WI 54937
920-929-9212

Rochelle Leigh Group, LLC
Green Bay – The Barbershop
2650 Eaton Road
Green Bay, WI 54311
920-468-3499

Rochelle Leigh Group, LLC
Howard – The Barbershop
2352 Lineville Road
Howard, WI 54313
920-544-9666

30 Rochelle Leigh Group, LLC
Kaukauna – The Barbershop
8 East Ann Street
Kaukauna, WI 54130
920-759-5650

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2025 Franchise Disclosure Document

Rochelle Leigh Group, LLC
Neenah – The Barbershop
1150 Westowne Dr
Neenah, WI 54956
920-729-7060

2908 South Business Dr
Sheboygan, WI 53081
920-287-7269

Rochelle Leigh Group, LLC
Oshkosh – The Barbershop
368 South Koeller St
Oshkosh, WI 54902
920-233-1895

Rochelle Leigh Group, LLC
Stevens Point – The Barbershop
5370 U.S. Highway 10 East
Stevens Point, WI 54482
715-997-5175

Rochelle Leigh Group, LLC
Sheboygan – The Barbershop

SIGNED FRANCHISE AGREEMENT BUT NOT OPENED

None

FRANCHISEES WHICH LEFT THE SYSTEM

(The list of franchisees which have been transferred, terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Application Date.) if you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

None

AFFILIATE OWNED LOCATIONS

17525C West North Ave.
Brookfield, WI 53045
262-923-7720

204 East Sunset Drive
Waukesha, WI 53189
262-408-2133

EXHIBIT H

RELEASE

THIS GENERAL RELEASE (the “General Release”) is made by the undersigned (hereinafter “Releasor(s)”) for the benefit of The Barbershop A Hair Salon for Men, LLC (hereinafter, “Franchisor”), on this ____ day of _____, 20____.

RECITALS:

WHEREAS, Releasor is a franchisee and operates a The Guys’ Place Salon or a The Barbershop Salon (the “Franchised Business”) pursuant to that certain franchise agreement dated _____ (the “Franchise Agreement”);

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor’s consent to _____ in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys’ fees, accounting fees or experts’ fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this General Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under applicable state law.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor’s past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term “Releasor” shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor’s past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor’s principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor’s rights from legal counsel of Releasor’s choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

RELEASOR:

By: _____

Name: _____

Title: _____

State Effective Dates

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

| State | Effective Date |
|--------------|-----------------------|
| Michigan | April 2, 2024 |
| Minnesota | July 26, 2024 |
| Wisconsin | April 4, 2024 |

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I
RECEIPTS

RECEIPT
(Your Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If The Barbershop A Hair Salon for Men, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, we must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, we must provide this disclosure document to you 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. Under New York law, if applicable, we must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise 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 The Barbershop A Hair Salon for Men, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is Brian Bowe at 1369 Mourning Dove Court, De Pere, WI 54115 and (920) 639-5657.

Issuance Date: April 14, 2025

I have received a disclosure document dated April 14, 2025, that included the following Exhibits:

- A. State Franchise Administrators and Agents for Service of Process
- B. Table of Contents for Operations Manual
- C. Financial Statements
- D. Franchise Agreement
- E. State Specific Addenda
- F. Area Development Agreement
- G. List of Franchisees
- H. Release
- I. Receipt

Date

Signature

Printed Name

Date

Signature

Printed Name

Please keep this copy of the Receipt for your records.

RECEIPT
(Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If The Barbershop A Hair Salon for Men, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, we must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, we must provide this disclosure document to you 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. Under New York law, if applicable, we must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise 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 The Barbershop A Hair Salon for Men, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

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- E. State Specific Addenda
- F. Area Development Agreement
- G. List of Franchisees
- H. Release
- I. Receipt

Date

Signature

Printed Name

Date

Signature

Printed Name

Please sign this copy of the Receipt, date your signature and return it to Brian Bowe at 1369 Mourning Dove Court, De Pere, WI 54115 and (920) 639-5657.