

FRANCHISE DISCLOSURE DOCUMENT



J 'N C Real Estate Development, LLC

A Texas limited liability company

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We offer and award qualified third parties the right to own and operate a high-end complex that offers and provides dedicated, high-end retail space to third-party practitioners and concepts that operate primarily within the beauty, wellness, health and related industries (each, a “Business” or “SBJC Business”). We also offer qualified parties the right to own and operate multiple franchised Businesses within a mutually agreed-upon geographical area (the “Development Area”).

The total estimated investment necessary to begin operation of a single franchised Business (each, a “Franchised Business”) is between \$1,424,175 to \$2,472,171,400, including ~~between~~ \$60,000 that must be paid to franchisor or its affiliates.

The estimated total investment necessary to develop ~~three (3)~~ multiple Franchised Businesses under a development agreement with us (the “Development Agreement”) will depend on the number of franchises you are awarded the right to develop within your Development Area. By way of example, the total estimated investment associated with developing a total of three (3) Franchised Businesses is between \$1,489,175 to \$2,237,236,400, which includes (i) a development fee amounting to \$125,000 that is payable to us, and (ii) the remaining initial investment associated with developing and opening your initial Franchised Business under your Development Agreement. The total estimated investment associated with developing a total of six (6) Franchised Businesses is between \$1,589,175 to \$2,336,400, which includes (i) a development fee amounting to \$225,000 that is payable to us, and (ii) the remaining initial investment associated with developing and opening your initial Franchised Business under your Development Agreement. The total estimated investment associated with developing a total of 10 Franchised Businesses is between \$1,689,175 to \$2,436,400, which includes (i) a development fee amounting to \$325,000 that is payable to us, and (ii) the remaining initial investment associated with developing and opening your initial Franchised Business under your Development Agreement. If you are granted the right to develop 11 or more Franchised Businesses, your development fee will increase by \$32,500 for each additional Franchised Business.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Drew Johnston at 18402 US Hwy 281 N., Ste. 267, San Antonio, Texas 78259 and (210) 314-3126. The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Texas. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Texas than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty, or advertising, and other fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

3.

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.

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EXHIBITS

- A. List of State Franchise Administrators/Agents for Service of Process
- B. Franchise Agreement (and Exhibits)
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- D. Financial Statements
- E. State Specific Addenda to FDD and to the Franchise and Development Agreements
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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language of this Franchise Disclosure Document, “JNC”, “we,” “us” and “our” means J ‘N C Real Estate Development, LLC, the franchisor. “You”, “your” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from JNC.

The Franchisor

We are a Texas limited liability company formed in January 2008. We operate under our corporate name and the name Salons by JC. Our principal business address is at 18402 US Hwy 281 N., Ste. 267, San Antonio, Texas 78259. We have offered franchises for the right to own and operate SBJC Businesses since March 2011. We have not (a) conducted business under any other name or in any other line of business, or (b) offered franchises or licenses in any other line of business. We have not directly operated a franchised Business of the type described in this Franchise Disclosure Document.

Our agent for service of process in Texas is Steve Griffey, J ‘N C Real Estate Development, LLC 18402 US Hwy 281 N., Ste. 267, San Antonio, Texas 78259. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

Predecessors and Affiliates

We do not have any parents or predecessors.

As of ~~the Issue Date~~ April 2024, we do not have any affiliates that (a) have offered franchises or licenses in any line of business, or (b) serve as our designated or approved supplier for any products or services you are required to acquire and/or license in connection with the operation of your Franchised Business.

We do have one (1) or more affiliate(s) that own and operate a SBJC Business similar to the Franchised Business being offered in this Disclosure Document.

The Franchised Business

SBJC Businesses offer and provide retail space to third-party practitioners under an independent contractor relationship (“Operator(s)”) to provide and perform their respective services. These services would typically be found in a full-service salon such as haircutting, hairstyling, nail-related services, facials and other skin-related services and massage therapy. Your SBJC Business will offer and provide: (i) high-end retail salon studio space within a retail or commercial location (“Facility”) to Operators under a lease agreement (the “Operator Agreement”); (ii) vending services (laundry and snack items); (iii) internet access; and (iv) any other services that we authorize, which may include the retail sale of salon products, merchandise and other inventory we approve from the Facility (the “Approved Products” and/or “Approved Services,” as applicable).

Each Franchised Business may and must operate in accordance with our then-current system of operations that we have developed for the buildout, development, opening and operation of a SBJC Business (the “System”). As of ~~the Issue Date~~ April 2024, our System is comprised of recognizable design, décor and color scheme associated with Franchisor’s trade dress; uniform standards, specifications, rules

and procedures of operation; techniques; philosophies; quality and uniformity of products and services offered; and procedures. Each Franchised Business is authorized and must operate SBJC Businesses our then-current trade marks, trade names, emblems, logos, slogans, trade dress and other indicia of origin (collectively, the “Marks”).

We expect that the approved premises of your Franchised Business (your “Premises”) will typically be: (i) between 6,000 and 9,000 square feet. As of ~~the Issue Date~~ April 2024, there are a few Facilities in our System that are as large as 10,000 square feet; and (ii) located in regional shopping centers, shopping venue and/or comparable commercial business areas.

To own and operate a Franchised Business, you must sign our current form of franchise agreement that is attached as Exhibit B to this Franchise Disclosure Document (the “Franchise Agreement”). If the franchisee is a business entity, then all of the individuals that have any type of ownership interest in the franchisee entity, as well as their spouses, must sign our form of personal guaranty (attached as an Exhibit to the Franchise Agreement) where each owner agrees to be personally bound by, and personally guarantee the entity’s obligations under, all terms of the Franchise Agreement (the “Personal Guaranty”).

You will be responsible for soliciting potential Operators to lease space within your Facility. You do not need to obtain our approval regarding the Operators you rent space to. We do not currently have any specific criteria or guidelines that you must follow with respect to the type of third party you may rent a suite in your Facility to (other than the fact that the third party must be a beauty or wellness practitioner), but we reserve the right to provide such criteria and/or guidelines in the future. Your Operators will be solely responsible for (a) scheduling their own appointments and generating their own clientele, and (b) otherwise owning and operating their respective businesses within the Facility.

Typically, once we agree on the approved Premises of your Facility, we will designate a geographical area around the Premises wherein we will not own or operate, or license a third party the right to own or operate, a Facility that utilizes the Marks and System (your “Designated Territory”). If you and we identify your Designated Territory at the time you execute your Franchise Agreement, you will need to secure a Facility that we approve within your Designated Territory.

Multi-Unit Development Offering

We also offer to select qualified persons the opportunity to sign our area development agreement (“Development Agreement”) and acquire the right to develop multiple SBJC Businesses in a designated development area (“Development Area”) in accordance with a specified development schedule (“Development Schedule”). The Development Area will be established based on the consumer demographics of the Development Area, geographical area, city, county and other boundaries. If you enter into a Development Agreement, you must sign a Franchise Agreement for your first SBJC Business at the same time that you sign the Development Agreement. You will be required to sign our then-current form of Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document for each SBJC Business that you develop under the Development Agreement.

Unless otherwise stated, any reference in this Franchise Disclosure Document to “you” or “franchisee” includes you both as a franchise under a Development Agreement and as a franchisee under a Franchise Agreement.

Market and Competition

The “salon suite” industry is a form of retail real estate development and management. You will enter into a lease for a Facility that we approve and then build-out that location into individual “suites” that can be leased or sub-leased to third parties that provide personal care and other salon and wellness services to clientele.

The products and services offered by SBJC Businesses (and their Operators) are not seasonal in nature. The market for salon studio rental businesses is moderately developed and competitive, and the market for general commercial leasing is well-developed. You may face competition from other businesses including franchised operations, national chains and independently owned businesses that offer similar leasing and salon management services to third-party beauty and wellness practitioners.

Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

Industry-Specific Laws

Most states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your SBJC Business, including those that: ~~(i) establish general standards, specifications and requirements for the construction, design and maintenance of the business premises; (ii) regulate matters affecting the health, safety and welfare of your customers, such as restrictions on smoking; (iii) set standards pertaining to employee health and safety; (iv) regulate matters affecting requirements for accommodating disabled persons, including the Americans with Disabilities Act; (v) set standards and requirements for fire safety and general emergency preparedness; and (vi)~~ regulate, or otherwise relate to or govern, the operation of a business that leases/subleases space to third parties and/or the operation of a salon generally (businesses providing hair, nail, massage or other beauty or wellness-related services), including those that may require you to obtain certain permits, certificates, licenses or approvals to provide the Approved Products and Approved Services at your SBJC Business. Your Operators may also need to obtain certain permits, certificates, licenses or approval to provide their respective services from their respective suites within the Facility. We have not received formal legal opinions on the issue of whether the Approved Services can be provided under the laws of the state where you are looking. You must consult with your own attorney to ensure that the laws of the state where your SBJC Business is located permits you to provide the Approved Products and Approved Services from your Facility.

You are responsible for the knowledge and application of all federal and state data privacy laws, such as the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act, the Telephone Consumer Protection Act, the Fair and Accurate Credit Transactions Act, the National Automated Clearinghouse Association and all related and associated regulations as well as any other applicable federal and state laws (collectively “Privacy Laws”).

You must ensure that the form of Operator Agreement you utilize in connection with your SBJC Business complies with all applicable laws, and you will need to work with your own attorneys and legal advisors to take whatever steps necessary to ensure that your Operator Agreement creates an independent contractor relationship between you and each of your Operators.

It is your sole responsibility to investigate any regulations in your territory, including those related to the leasing of any space by your SBJC Business at your Facility and those related to the establishment and operation of a business generally.

You must investigate and comply with all of these applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations, despite any advice or information that

we may give you. We have not researched any of these laws to determine their applicability to your SBJC Business.

ITEM 2 BUSINESS EXPERIENCE

Co-Founder: Jack Griffey

Jack Griffey has served as Co-Founder of our company since our inception in January 2008. Jack is also Co-Founder of our Affiliate, J'NC Investments in San Antonio, Texas and that has been operating since 1997, which currently operates 10 SBJC Businesses in the areas of Dallas, Arlington and San Antonio, Texas.

President: Steve Griffey

Steve Griffey has served as our President since our inception in January 2008. Steve has also been President of our Affiliate since its inception in 1997, which currently operates 10 SBJC Businesses in the areas of Dallas, Arlington and San Antonio, Texas.

Vice President of Operations: Drew Johnston

Drew Johnston has served as our Vice President of Operations since April 2014. Prior to that time, Drew served as a Regional Director for Fantastic Sams Franchise Corporation, located in San Antonio, Texas, from December 2003 through January 2014.

Vice President of Marketing: Antonio Limon

Antonio Limon has served as our Vice President of Marketing since January 2021 in San Antonio, Texas. Prior to that time, Mr. Limon was the Head of Digital Marketing for Lifeline Screening in Austin, Texas from January 2018 to January 2021. Prior to that time, Antonio served as Director of Digital Marketing for Direct Energy LLP in Houston, Texas from April 2016 to January 2018.

Vice President of Corporate Salon Operations: Austin Miller

Austin Miller has served as our Vice President of Corporate Salon Operations since June 2016 in San Antonio, Texas.

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

Initial Franchise Fee

You must pay us an initial franchise fee amounting to \$60,000 (the “Initial Franchise Fee”) when you sign the Franchise Agreement. The Initial Franchise Fee covers the franchise license to operate your Franchised Business and the tuition fees for you and up to two additional people to attend our proprietary initial training program (“Initial Training Program”). Your Initial Franchise Fee is deemed fully earned upon payment, and is not refundable under any circumstances.

Conversion Facility

If you have an existing location that meets our then-current Conversion Criteria and we grant you the right to convert that existing business into a Franchised Business, you must pay us a reduced Initial Franchise Fee amounting to \$30,000 immediately upon execution of your Franchise Agreement. This reduced Initial Franchise Fee will also be deemed fully earned and non-refundable upon payment and will be uniformly imposed on conversion franchisees.

Development Agreement

Development Fee

If we grant you the right to develop multiple SBJC Businesses under a Development Agreement, you must pay us a one-time Development Fee when you sign the Development Agreement. Your Development Fee will depend on the number of SBJC Businesses we grant you the right to open within the Development Area based on the following calculations:

Number of SBJC Businesses	Development Fee
3	\$125,000
4-5	\$125,000 plus \$41,667 each for additional SBJC Business (Nos. 4 and 5)
6	\$225,000
7-9	\$225,000 plus \$37,500 for each additional SBJC Business (Nos. 7 through 9)
10	\$325,000
11+	\$325,000 plus \$32,500 for each additional SBJC Business beyond 10

You must enter into our then-current form of franchise agreement for each SBJC Business you wish to open under your Development Agreement, but you will not pay any additional Initial Franchise Fee at the time you execute each of these franchise agreements. You must execute our current form of Franchise Agreement that will govern the first SBJC Business at that same time you execute your Development Agreement.

Your Development Fee will be deemed fully earned upon payment, and is not refundable under any circumstances. The Development Fee described above is calculated and applied uniformly to all of our franchisees.

audit and it reveals that you have underreported your Gross Sales by 2% or more, then we may require you to pay the costs we incur in connection with conducting the audit of your SBJC Business (including any fees paid to auditors and/or attorneys).

6. Interest on Late Payments. Interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$60,000	\$60,000	Lump sum	Upon execution of the Franchise Agreement	Us
Initial Training Fee⁽²⁾ (if applicable)	\$0	\$1,000	Lump sum, if applicable	When training begins	Us
Travel and Living Expenses During Training ⁽³²⁾	\$1,500	\$2,500	As incurred	As incurred	Airlines, hotels, and restaurants
Site Selection Assistance and/or Site Evaluation Expenses ⁽⁴³⁾	\$0	\$1,000	As incurred	As incurred	Third-party supplier
Security Deposits – Lease and Utilities ⁽⁵⁴⁾	\$10,000	\$35,000	As incurred	When you sign your lease or start an account with a utility company	Landlord, utility company
Insurance Premium, 3 months ⁽⁶⁵⁾	\$900	\$1,500	As incurred	Prior to opening	Insurance agent or carrier
Business License and Permits ⁽⁷⁶⁾	\$100	\$300	As incurred	As incurred	Government agencies
Rent - 3 months ⁽⁸⁷⁾	\$0	\$65,000	As incurred	As incurred	Third-Party Landlord
Blueprints, Plans, Permits, Architectural Fees	\$69,700	\$98,200	As incurred	As incurred	Approved Supplier(s), planner, city, county, or state
Leasehold Improvements ⁽⁹⁸⁾	\$1,080,000	\$1,620,000	As incurred	As incurred	Approved Supplier
Signage and Graphics ⁽⁴⁰⁹⁾	\$18,400	\$28,300	As incurred	As incurred	Third-party supplier
Furniture, Fixtures and Equipment ⁽⁺¹⁰⁾	\$156,200	\$214,700	As incurred	As incurred	Third-party supplier
Internet, 3 months	\$375	\$900	As incurred	As incurred	Third-party provider
Initial Inventory and Operating Supplies ⁽⁺²¹¹⁾	\$2,000	\$4,000	As incurred	As incurred	Third-party supplier
Initial Marketing Spend ⁽⁺³¹²⁾	\$15,000	\$20,000	As incurred	60 days from signing or 30 days prior to opening, whichever comes first	Third-party provider(s)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Additional Funds, 3 Months ⁽⁴⁾⁽¹³⁾	\$10,000	\$20,000	As incurred	As incurred	Employees, utilities, suppliers and other third parties, etc.
TOTAL ESTIMATED INITIAL INVESTMENT⁽⁴⁾⁽¹⁴⁾	\$1,424,175	\$2,172,171,400			

Explanatory Notes to Item Chart 7(A) Above

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your SBJC Business. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. See Item 5 for additional information about your Initial Franchise Fee.
2. ~~Initial Training. We will typically provide approximately three (3) days of our initial training program at our headquarters, which is currently San Antonio, Texas, free of charge for up to three trainees (including you). If more than three (3) trainees attend, the additional cost is \$1,000 per person. The low amount in this range assumes that you and up to two persons will attend the initial training program, while the high estimate assumes that four total individuals will attend.~~
- 3.2. Training and Living Expenses During Training. This is our estimated range of costs to cover the travel and living expenses including airfare, lodging and meals, which you will incur when you and your employees attend the initial training program. The cost you incur will vary depending upon factors such as distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, per diem expenses actually incurred, and the number of persons who attend training. This estimate does not include any wages or salary for you or your trainees during training.
- 4.3. Site Selection Assistance and/or Site Evaluation Expenses. Currently, you are required to engage one of our third-party approved suppliers to provide site selection assistance or guidance. We have the right, but are under no obligation, to: (i) conduct an on-site evaluation of any site you propose; and (ii) require you to reimburse us for the actual costs that we incur in connection with sending our representative(s) to your Designated Territory to conduct this evaluation. We have accounted for reimbursement amounts as part of the Additional Funds estimate set forth in the chart above. The low end of this estimate assumes you engage our approved supplier for such services that charges its fee directly to the landlord, while the high end assumes that you engage one of our other approved suppliers that charges you directly for the site selection assistance they provide.
- 5.4. Security Deposits – Lease and Utilities. These are estimated amounts of your security deposit under the lease for the Facility as well as your initial utility deposits. These amounts will vary by market and may be refundable (as determined by the payee).
- 6.5. Insurance Premiums. This is an estimate of insurance premiums for the initial three months of business operation. Your costs will vary depending on your market, the amount of coverage you select, your insurance carrier, and other factors.

provided by our approved supplier(s).

~~14.13.~~ Additional Funds. You will need additional capital to support on-going expenses during the initial three months after you open your SBJC Business. The estimate includes items such as payroll, royalty, additional advertising, repairs and maintenance, bank charges, miscellaneous supplies and equipment, state tax, and other miscellaneous items, that may not be covered by sales revenues. ~~The actual expenses you incur during the start-up period will depend on factors such as how much you follow our methods and procedures, your management skills, your experience and business acumen, location of your franchise, local economic conditions and market for your product, prevailing wage rate, competition, and sales level reached during this initial period.~~

~~15.14.~~ Total Estimated Initial Investment. ~~The figures in this table are only estimates.~~ In calculating these estimates, we relied on: (1) the experience of our affiliate that currently operates various SBJC Businesses in a similar manner to the Franchised Business being offered in this Franchise Disclosure Document; (2) for certain estimates, information that was provided by certain of our franchisees that were developed and/or actively operating as of the end of our past fiscal year; and (3) estimates we have received from certain third-party vendors, including certain of our Approved Suppliers. ~~We do not guarantee that you will not have greater start-up expenses other than these estimates or that you will not need more operating funds other than these estimates. We do not imply or guarantee that you will “break even” by any particular time. We do not offer direct or indirect financing to you for any items. The availability of financing through third-party lenders, if any, will depend on factors such as the lending policies of such financial institutions, the collateral you may have, your creditworthiness, and the general availability of financing. We do not offer direct or indirect financing to you for any items.~~ Unless otherwise noted above, expenditures are non-refundable.

B. Development Agreement

Type of Expenditure ⁽¹⁾	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
Development Fee ⁽²⁾	3-Pack	\$125,000	Lump sum	Upon execution of the Development Agreement	Us
	6-Pack	\$225,000			
	10-pack	\$325,000			
Estimated Investment in Connection with Initial Franchised Business ⁽³⁾	\$1,364,175 to \$2, 412 <u>111</u> ,400		Please see Chart 7(A) above.		
TOTAL ESTIMATED INITIAL INVESTMENT IN CONNECTION WITH DEVELOPMENT AWARD ⁽³⁾	3-Pack	\$1,489,175 to \$2, 237 <u>236</u> ,400	This is the total estimated initial investment to enter into a Development Agreement for the right to develop a total of (a) three SBJC Businesses, (b) six		

Type of Expenditure ⁽¹⁾	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	6-Pack	\$1,589,175 to \$2,337,336,400			SBJC Businesses, or (c) 10 SBJC Businesses, as well as the costs to open and commence operating your initial SBJC Business for the first three months (as described more fully in the franchise agreement table above of this Item 7).
	10-Pack	\$1,689,175 to \$2,437,436,400			

Explanatory Notes to Chart 7(B) Above

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your SBJC Business. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. General Note. This chart details the estimated initial investment associated with executing a Development Agreement for the right to develop (a) three (3) SBJC Businesses, (b) six (6) SBJC Businesses, or (c) 10 SBJC Businesses within your Development Area, as well as the initial investment to open your first SBJC Business under your Development Schedule.
2. Development Fee. The Development Fee is described in greater detail in Item 5 of this Franchise Disclosure Document, with the fees in the chart above detailing the Development Fee payable to us for the right to develop three, six or ten SBJC Businesses, respectively. Your Development Fee will depend on the number of SBJC Businesses we grant you the right to open within the Development Area based on the formula in Item 5.
3. Initial Investment to Open Initial SBJC Business. This figure represents the total estimated initial investment required to open the initial SBJC Business you agree to open and operate under the Development Agreement. You must enter into our then-current form of franchise agreement for initial SBJC Business you are granted the right to open within your Development Area at the same time that you execute your Development Agreement. The range includes all the items outlined in the franchise agreement chart of this Item, except for the \$60,000 Initial Franchise Fee (because you are not required to pay any Initial Franchise Fee for those SBJC Businesses you open under the Development Agreement). It does not include any of the costs you will incur in opening any additional SBJC Businesses that you are granted the right to open and operate under your Development Agreement.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Franchised Business in strict conformance with the methods, standards and specifications of our System. We will communicate our methods, standards, and specifications in writing through our confidential manuals and other proprietary guidelines and writings that we prepare for your use in connection with your SBJC Business(es) and System. We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

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

Approved Products and Approved Services

You must ensure that (a) you only provide the Approved Products and Approved Services we authorize are provided to your Operators, and (b) your Operators only provide their respective salon-related services in accordance with the terms of their agreements with you. These services must all be provided in a manner that meets our then-current System standards and specifications, as well as all applicable laws and regulations related to the provision of these services.

We will provide you with a list of our then-current Approved Products and Approved Services, along with their standards and specifications, as part of the Manuals or otherwise in writing prior to the opening of your SBJC Business. We may update or modify this list in writing at any time. If you or any of your Operators (as applicable) wish to offer any product or service in your SBJC Business that does not meet our System standards and specifications, or use any item in connection with your SBJC Business that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item.

Approved Suppliers

We may require you to purchase any products or services necessary to operate your SBJC Business from a supplier that we approve or designate (each, an “Approved Supplier”), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate. We reserve the right to designate us or any of our affiliates as an Approved Supplier with respect to any item you must purchase in connection with your SBJC Business in the future. We may develop proprietary products for use in your SBJC Business, including private-label products that bear our Marks, and require you to purchase these items from us or our affiliate(s) or other designee.

Currently, we require that you purchase the following from our designated Approved Supplier(s): (i) certain millwork and furniture, fixtures and equipment needed to build out and equip the Facility; (ii) certain hardware associated with our then-current computer system (a “Computer System”), as well as certain of our required software (the “Required Software”) including (a) property management software, (b) point-

Advertising and Marketing

All advertising and promotional materials and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Manuals or otherwise. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your SBJC Business if we have not prepared or approved them during the 12 months prior to the date of your proposed use.

Approved Premises and Lease

You must obtain our prior approval with respect to the Premises of your Franchised Business before you acquire any such site for that purpose. We may condition our approval of any such site proposal on you and your landlord's execution of our prescribed forms of Consent and Agreement of Landlord form and Collateral Assignment of Lease. You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your SBJC Business at the Facility. Please note that we may require you to reimburse us for the actual costs and expenses we incur in connection with sending any representatives to your Designated Territory to conduct an evaluation of any site you propose.

If we grant you the right to open and operate multiple SBJC Businesses under a Development Agreement, you may not enter into your Franchise Agreement for each SBJC Business opened under your Development Schedule until you have found a Facility for that SBJC Business that we approve.

Insurance

You must purchase and maintain the types and amounts of insurance that we designate in our Manuals or otherwise in writing, including a general liability policy with \$2,000,000 in total coverage and \$1,000,000 per incident, all of which we may modify from time to time as we deem appropriate in our reasonable discretion. You must also purchase and maintain: (i) employer's liability and workers' compensation as prescribed by law; (ii) comprehensive fire legal liability; (iii) comprehensive and liability coverage for any owned and non-owned motor vehicles used in connection with the SBJC Business; (iv) any professional liability associated with the facility management and other Approved Products and Approved Services that you directly provide at the Facility; and (v) any other coverage We may periodically require you to satisfy insurance-related obligations. We do not have an Approved Supplier for insurance, but you must furnish us with certificates of insurance (or, at our request, copies of all insurance policies), evidencing the existence and continuation of the insurance coverage required by the Franchise Agreement. All policies must contain a waiver of subrogation in our favor, and must name us and any additional parties we designate as additional insureds (except with regards to workers' compensation insurance). You may also be required to obtain professional liability insurance in the amounts required by the applicable laws where your SBJC Business is located due to the facility management and other Approved Products and Approved Services that you directly provide at your Facility.

Computer Hardware and Software

You must purchase any and all computer hardware, software and peripherals in accordance with our System standards and specifications, including the customized property management software we designated for

Brand Development Fund

We have established and administered the Fund for the benefit and further development of our brand and franchisee network generally, including without limitation, the Marks, System, System Businesses and/or the Approved Services and Approved Products. We may use the Fund to meet certain costs related to maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials (via both digital and traditional channels and creative), and any other activities or purpose which we believe will enhance the image of the System. As of ~~the Issue Date~~ April 2024, such activities may include, but are not necessarily limited to: following activities: product, marketing and/or technology development; signage; creation, production and distribution of marketing, advertising, public relations and other materials in any medium, including the internet; social media; administration expenses; brand/image campaigns; media creation and placement services and/or collateral; our System website; national, regional and other marketing programs; activities to promote current and/or future System Businesses; third-party agency and consulting services; research; online training tools and/or other marketing-technology tools and/or innovations for use by System Business owners. We have sole discretion over all matters relating to the Fund.

As of ~~the Issue Date~~ April 2024, we expect that your Fund Contribution – which will be payable once you open and commence operating your Franchised Business – will amount to two percent (2%) of the Gross Sales generated by your Franchised Business over the immediately-preceding calendar month of operations. Our affiliate-owned SBJC Businesses may, but are not obligated by contract to, currently contribute to the Fund in the same amount/interval as our System franchisees. (Franchise Agreement, Section 9(E)).

During our fiscal year ending December 31, 2023, please note that: (i) we required a Fund Contribution amounting to 1% of Gross Sales generated by our open and operating Franchised Businesses; and (ii) we expanded such contributions as follows -- (a) 21% on marketing-related technology including certain System website software, (b) 15% on creative, (c) 24% on production, (d) 39% on administrative.

We are not required to spend any of your Fund Contributions in your Designated Territory. We will provide you with an accounting of the Fund within 120 days after our fiscal year ends upon your written request. We are not required to have the Fund audited, but we may do so and use the Fund Contributions to pay for the audit. We do not presently intend to use the Fund to solicit new franchise sales but we reserve the right to do so. If we do not spend all Fund Contributions in a given year, any excess funds will rollover into the Fund for use during the following year. We will have the right to modify or discontinue the Fund in our sole discretion. (Franchise Agreement, Section 9(D)).

Marketing Council

We may establish a marketing council (the “Marketing Council”) to serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice/guidance on how to administer the Fund. At our discretion, the Marketing Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve a Marketing Council at any time. (Franchise Agreement, Section 9(F)). As of ~~the Issue Date~~ April 2024, we do not have an established, formal Marketing Council, but expect to establish the same in the future.

Regional and Local Advertising Cooperatives

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
			learning as well as your SBJC Business)
TOTAL	19	4	

Explanatory Notes to Item 11 Training Chart Above

1. We do not currently have a set training schedule, but our initial training described above will be made available on an as-needed basis subject to the availability of our personnel (subject to the availability and schedules of our training personnel). Instructional materials, including components of the Manuals, will be provided to you and used as necessary as you proceed through the Initial Training Program. The Initial Training Program is subject to change without notice to reflect updates in the materials, methods and Manuals, and changes in personnel. The subjects and the time periods allocated for each subject may vary based on the experience of the people being trained. We may provide certain portions of your Initial Training Program via the internet or webinar. Failure to complete the Initial Training Program to our satisfaction within the applicable time period may result in termination of the Franchise Agreement. (Franchise Agreement, Section 5(A)).
2. Our Vice President of Operations, Drew Johnston, will oversee and supervise the administration of our Initial Training Program detailed in the Chart above. Drew has over 20 years of experience in the industry and 10 years of experience with us and our affiliates. We reserve the right to appoint and substitute other individuals to assist in providing training, but all of our training personnel will have at least one (1) year of experience in the subject matters that they teach.
3. We will provide you access to our then-current and proprietary instructional materials prior to or upon your attendance at certain components of our Initial Training Program, which is provided at our designated training facility, which may include our Manuals and certain other instructional materials that we develop. You, or another person that successfully completes our Initial Training Program will be required to train all other personnel that work at your SBJC Business. (Franchise Agreement, Section 6(N) and 6(O)).
4. If you wish to have more than three individuals attend the Initial Training Program, we will train these individuals, subject to the availability of our training staff, at our corporate headquarters or any other location we may select and we reserve the right to charge our then-current training tuition fee, which is currently \$1,000,500 per trainee. If you or any other trainee you designate fails to complete the Initial Training Program to our satisfaction, that person may repeat or you may send a replacement to our next available Initial Training Program session, provided there is availability. We may charge our then-current training tuition rate for these individuals to repeat the Initial Training Program. You are solely responsible for all expenses incurred related to your and your employee's attendance at our Initial Training Program, including transportation to and from the training site, lodging, meals and employee wages. (Franchise Agreement, Section 5(A) and 6(N)).
5. Prior to attending the components of our Initial Training Program that take place at our designated training facility, you must: (i) submit, and obtain our approval of, your grand opening marketing plan; (ii) demonstrate that you have pre-paid all amounts in connection with that plan as part of your Initial Marketing Spend, or are otherwise in a position to do so; (iii) set up your designated bank account for EFT payments required in connection with the SBJC Business, including provide us and our designee with all authorizations and approvals necessary access to such account; and

(iv) otherwise sign all Exhibits to the Franchise Agreement to the extent they have not been previously executed and completed in their entirety. (Franchise Agreement, Section 6(N)).

ITEM 12 TERRITORY

Approved Premises and Relocation

You may only operate your SBJC Business from the Premises we approve. Once we agree on your Premises, we will designate it on the Data Sheet attached to your Franchise Agreement. You may not relocate your SBJC Business without our written consent, which we will not unreasonably withhold provided: (i) the new location is located within your Designated Territory (described below) and meets our then-current criteria for a System-associated Premises; and (ii) you pay our then-current relocation fee (if any). When considering a request for relocation, we may take into account the desirability of the proposed new location, its distance from other and future-planned franchised locations, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors we deem appropriate.

Franchise Agreement: Designated Territory

Typically, we will not designate your Designated Territory until you have secured a Facility that we approve but we reserve the right to grant your Designated Territory at the time you execute your Franchise Agreement, in which case you will need to secure your approved Facility within the defined Designated Territory. Your Designated Territory will be stated in the data sheet attached to your Franchise Agreement.

Your Designated Territory will typically be up to a two-mile radius around your Facility, unless your SBJC Business is located in a major metropolitan downtown area or similarly-situated/populated central business district (a “Central Business District”). If your SBJC Business is located in such a major metropolitan downtown area or Central Business District, your Designated Territory will typically be less than a two (2) mile radius around your Facility, as we determine appropriate. The size of your Designated Territory may vary from other System franchisees based on the location and demographics surrounding your Facility.

The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Data Sheet. If applicable, the sources we use to determine the population within your Designated Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

Your Designated Territory will be exclusive – which means that during the term of your Franchise Agreement, we will not open or locate, or license a third party the right to open or locate, another System Business utilizing the Marks within your Designated Territory. Your Designated Territory cannot be modified except by mutual written agreement signed by both parties.

There are no territorial restrictions from accepting and contracting with Operators that reside/work or are otherwise based outside of your Designated Territory if these prospective Operators contact you, and we do not typically restrict our other franchisees or affiliate-owned SBJC Businesses in this manner. Similarly, your Operators may solicit and accept business from clientele outside of your Designated Territory and provide such clientele with any services from a salon suite located within your Facility.

You will not be required to pay us any additional consideration for [soliciting or](#) accepting Operators or clientele from those that reside outside of your Designated Territory. You may not use alternative channels of distribution, such as the internet, catalog sales, telemarketing or other direct marketing, to make any sales outside of your Designated Territory (including the sale of any Approved Products). You are also prohibited from actively soliciting customers outside of your Designated Territory without our prior written consent. We are not required to pay you any compensation for soliciting or accepting orders inside your Designated Territory. Your Franchise Agreement does not provide you with any right of first refusal, option or any other rights to acquire additional franchises.

Development Agreement: Development Area

If we grant you the right to open multiple SBJC Businesses under a Development Agreement, then we will provide you with a Development Area upon execution of this agreement. The size of your Development Area may vary substantially from other System developers based on: (i) the number of SBJC Businesses we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Data Sheet.

[Your Development Area will be exclusive – which means that during the term of your Development Agreement, we will not open or locate, or license a third party the right to open or locate, another System Business utilizing the Marks within your Development Area.](#)

Each SBJC Business you open and operate under our then-current form of franchise agreement will be operated: (i) from a distinct Facility located within the Development Area; and (ii) within its own Designated Territory that we will define once we have approved the Facility for that SBJC Business.

We will not own or locate, or license a third party the right to own or locate, an SBJC Business utilizing the Marks and System within the Development Area, unless you default under the Development Schedule, which will result in the automatic termination of your territorial rights within the Development Area and, at our option, termination of your entire Development Agreement. Upon default, your territorial rights within the Development Area will be terminated, but each SBJC Business you opened and that are continuously operating as of the date of such occurrence will continue to enjoy the territorial rights within their respective Designated Territories that were granted under their governing forms of Franchise Agreement.

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your exclusive rights within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

Reserved Rights

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Sections 21(B) and 21(C)	<p>You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.</p> <p>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place in San Antonio, Texas (subject to state law). You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.</p>
v. Choice of forum	Sections 21(D) and 21(E)	Except for our right to seek injunctive relief in any court of competent jurisdiction, all claims and causes of action arising out of the Franchise Agreement must be initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction that is closest to San Antonio, Texas or, if appropriate, the USDC for the Western District of Texas. (subject to state law).
w. Choice of law	Section 21(A)	The Franchise Agreement is governed by the laws of the state of Texas, without reference to this state's conflict of laws principles. (subject to state law).

B. Development Agreement

Provision	Section in Development Agreement	Summary
a. Length of the term	Section 1(B), Exhibit B	The Development Schedule will dictate the amount of time you have to develop a specific number of franchised SBJC Businesses, which will differ for each developer and will be specified in Attachment C of the Development Agreement.
b. Renewal or extension of the term	Not Applicable	Not Applicable.

Provision	Section in Development Agreement	Summary
u. Dispute resolution by arbitration	Sections 21(B) and 21(C)	<p>You must first submit all disputes and controversies arising under the Development Agreement to our management and make every effort to resolve the dispute internally.</p> <p>At our option, all claims or disputes arising out of the Development Agreement must be submitted to non-binding mediation, which will take place in San Antonio, Texas (subject to state law). You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.</p>
v. Choice of forum	Section 22(A)	<p>Except for our right to seek injunctive relief in any court of competent jurisdiction, all claims and causes of action arising out of the Development Agreement must be initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction that is closest to San Antonio, Texas or, if appropriate, the USDC for the Western District of Texas. (subject to state law).</p>
w. Choice of law	Section 21(A)	<p>The Development Agreement is governed by the laws of the state of Texas, without reference to the state's conflict of laws principles. (subject to state law).</p>

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our franchise, but we reserve the right to use one in the future.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

BACKGROUND

Part I.A of this Item 19 discloses certain historical data regarding the premises and lease costs associated with the development of the Franchised Businesses that (a) were open and actively operating as of December 31, 2023, and (b) leased and built out their respective Facility at some point between March 2014 and December 31 2023, and (c) had System owners that provided us with the requested data that is detailed in Part I.A (the “Part I Franchised Facilities”).

- Of the total Franchised Businesses open and operating as of December 31, 2023, Part I.A excludes: (i) 2 of our initial Franchised Businesses that are governed by a different form of franchise agreement that does not require them to report the relevant information to us (the “Non-Reporting Franchisees”); (ii) 2 Franchised Businesses that are owned by System franchisees that also own the building that serves as their approved premises; and (iii) 8 Franchised Businesses which were converted from a prior/existing concept and facility and, as such, could not provide applicable data (the “Conversion Facilities”).
- In a few instances, we were unable to gather leasable square footage values, in which case we have left these values as “unknown” or “N/A” in the table below.

Part I.B. of this Item 19 discloses Gross Sales generated by those Part I Franchised Facilities that were open and actively operating for at least one (1) full calendar year as of December 31, 2023, as well as the 8 Conversion Facilities noted above in the Background of this Item.

Part I.B. excludes: (i) the 14 Franchised Businesses that opened and commenced operations at some point in 2023 and, as such, were not open and operating over the entire 2023 measurement period; and (ii) the 2 Non-Reporting Franchisees.

Part II of this Item 19 discloses the Gross Sales generated over the 2023 calendar year by each of the 11 affiliate-owned SBJC Businesses (“Affiliate-Owned Facility(ies)”) that were open and operating throughout the entirety of that calendar year.

- The Affiliate-Owned Facilities are not operated pursuant to a franchise agreement with us and, as such, are not required to (a) pay Royalty Fees, Fund Contributions, or (b) expend a certain amount as a Local Advertising Requirement, that are due under those agreement(s).
- With that said, the Affiliate-Owned Facilities included in this financial performance representation offer similar services and face a similar degree of competition anticipated for the Franchised Businesses offered under this Franchise Disclosure Document.
- Part II excludes the one (1) affiliate-owned Facility that did not open until some point during the 2023 calendar year because it was not open and operating over the entirety of that measurement period used in this Part.

Part III of this Item discloses the number of salon suites leased by the Part I Franchised Businesses that were open and operated throughout the entirety of the 2023 calendar year as of the following dates: (i) 3 months after the Facility opens; (ii) 6 months after the Facility opens; (iii) 9 months after the Facility opens; and (iv) 12 months after the Facility opens. Part III excludes: (i) the Franchised Businesses that were not open and operating prior to December 31, 2022 because they did not have a full year of data as of the Issue Date of this Disclosure Document to share with us; and (ii) the Non-Reporting Franchisees.

Part IV of this Item discloses the average tenant occupancy rate for a total of 12 Affiliate-Owned Facilities that were opened over the calendar years of 2019 through 2023, as well as an average overall tenant occupancy rate for each Affiliate-Owned Facility as of the end of each calendar year it was open and operating.

- Please note that one (1) Affiliate-Owned Facility in Texas relocated in 2022, and that we have provided the Part IV figures for both the original and relocated Facility site in Part IV, which is why there are 12 total Facilities included in the Chart (rather than 11 as set forth in Part II of this Item).
- Similar to Part II, Part IV of this Item excludes the one (1) Affiliate-Owned Facility that did not commence open and operating until some point 2023.

Written substantiation of the data used in preparing this information will be made available upon reasonable request. ~~We have not audited or independently verified this information, but we have no reason to doubt the accuracy of the information. The relevant reporting period for the information provided in this Item varies depending on what information is being referenced and is specified in each of the tables below.~~

Some outlets have sold or earned these amounts. Your individual results may differ. There is no assurance that you will sell or earn as much.

Part I.A: Premises and Lease Cost Information for Each Part I Franchised Facility

Facility ID No. ⁽¹⁾	Open Date ⁽²⁾	Total Square Feet ⁽³⁾	Net Rent Per Sq. Ft. ⁽⁴⁾	Free Rent (Days) ⁽⁵⁾	Free Rent Total Dollars ⁽⁵⁾	Tenant Improvement Allowance ⁽⁶⁾	Total Leasable Square Footage ⁽⁷⁾	Leasable Square Footage % ⁽⁸⁾
016TX	3/17/2014	7,558	\$ 18.00	60	\$22,674	\$300,000	4,526	60%
012TX	5/30/2014	8,052	\$ 21.00	120	\$56,364	\$160,000	4,655	58%
078TX	7/10/2014	6,744	\$ 17.00	90	\$28,662	\$202,320	3,939	58%
075TX	7/28/2014	8,298	\$ 16.00	180	\$66,384	\$249,000	4,883	59%
021NC	8/4/2014	5,934	\$ 18.50	150	\$45,741	\$192,724	3,444	58%
027TX	10/6/2014	5,620	\$ 16.50	0	\$0	\$112,000	3,286	58%
029GA	10/6/2014	8,942	\$ 14.33	0	\$0	\$23,987	5,158	58%
019AZ	10/21/2014	6,271	\$ 17.00	180	\$53,304	\$216,405	3,684	59%
039TN	11/3/2014	10,339	\$ 24.00	120	\$82,712	\$250,000	5,625	54%
015TN	11/11/2014	6,500	\$ 17.00	0	\$0	\$204,230	3,695	57%
014GA	11/18/2014	5,395	\$ 8.48	150	\$19,062	\$58,588	3,089	57%
044OK	12/16/2014	7,274	\$ 14.20	365	\$103,291	\$210,000	4,237	58%
033TX	12/17/2014	6,277	\$ 18.00	270	\$84,740	\$110,700	3,632	58%
042MN	12/17/2014	7,122	\$ 14.00	0	\$0	\$100,000	4,201	59%
013CA	12/18/2014	5,624	\$ 37.50	0	\$0	\$72,950	3,315	59%
048NC	12/19/2014	8,768	\$ 22.99	0	\$0	\$342,650	5,210	59%
017TX	1/6/2015	6,835	\$ 30.00	90	\$51,263	\$170,500	4,044	59%
032NC	1/6/2015	4,116	\$ 20.00	120	\$27,440	\$80,000	2,143	52%
040CO	1/13/2015	6,268	\$ 33.00	90	\$51,711	\$626,000	3,480	56%
031FL	1/20/2015	7,346	\$ 19.00	90	\$34,894	\$158,000	4,346	59%
035FL	3/10/2015	7,403	\$ 25.99	90	\$48,101	\$382,802	4,383	59%

Facility ID No. ⁽¹⁾	Open Date ⁽²⁾	Total Square Feet ⁽³⁾	Net Rent Per Sq. Ft. ⁽⁴⁾	Free Rent (Days) ⁽⁵⁾	Free Rent Total Dollars ⁽⁵⁾	Tenant Improvement Allowance ⁽⁶⁾	Total Leasable Square Footage ⁽⁷⁾	Leasable Square Footage % ⁽⁸⁾
121CA	1/17/2022	7,491	\$ 20.00	90	\$37,560	\$413,160	4,370	58%
128MI	5/25/2022	9,368	\$ 22.00	360	\$205,546	\$333,825	5,516	59%
136TX	5/31/2022	7,324	\$ 7.00	0	\$0	\$202,000	4,450	61%
130FL	6/16/2022	7,118	\$ 33.00	240	\$159,170	\$180,875	3,962	56%
132PA	9/13/2022	8,348	\$ 33.00	120	\$92,708	\$294,980	4,688	56%
133TX	10/28/2022	10,627	\$ 29.00	90	\$78,293	\$464,357	6,196	58%
158NJ	12/19/2022	7,468	\$ 20.00	0	\$0	\$150,000	4,432	59%
140GA	1/16/2023	8,428	\$ 18.50	0	\$0	\$401,328	4,871	58%
137PA	3/15/2023	10,751	\$ 21.00	0	\$0	\$445,830	6,168	57%
166NY	3/22/2023	7,401	\$ 30.52	0	\$0	\$370,000	4,400	59%
139FL	3/29/2023	8,448	\$ 22.00	0	\$0	\$544,310	4,856	57%
164TX	4/26/2023	7,939	\$ 23.00	75	\$38,207	\$460,000	4,713	59%
138FL	6/7/2023	9,441	\$ 20.00	90	\$51,785	\$468,065	5,430	58%
145FL	7/20/2023	8,785	\$ 18.00	90	\$55,530	\$493,600	5,250	60%
119CA	8/9/2023	5,903	N/A	0	\$0	\$420,000	3,390	57%
154CO	9/21/2023	8,965	\$ 27.25	0	\$0	\$851,813	5,379	60%
155FL	9/27/2023	6,728	\$ 26.00	90	\$42,907	\$345,050	3,940	59%
173TX	10/4/2023	8,000	\$ 29.00	60	\$38,667	\$440,000	4,683	59%
144ID	10/6/2023	6,192	\$ 14.67	0	\$44,246	\$100,001	3,571	58%
187MN	10/27/2023	6,510	\$ 20.00	90	\$32,695	\$261,560	3,849	59%
185NJ	12/7/2023	8,466	\$ 22.00	0	\$0	\$688,880	4,997	59%
Average ⁽¹⁰⁾ Reported Amongst Subset		7,590	23	103	\$52,851	\$302,715	4,389	59%
Median ⁽¹¹⁾ Reported Amongst Subset		7,402	21	90	\$39,270	\$262,280	4,321	59%
High Reported Amount Amongst Subset		16,253	\$65.00	660	\$528,222.49	\$1,027,950.00	11,615	71%
Low Reported Amount Amongst Subset		4,116	\$7.00	0	\$0	\$0	2,143	52%

**This location was acquired by our affiliate as of the Issue Date.*

Part I.B: Gross Sales Generated by Franchised Facilities For the 2023 Calendar Year

Facility ID No. ⁽¹⁾	Open Date ⁽²⁾	Gross Sales During 2023 Calendar Year ⁽⁹⁾
016TX	3/17/2014	\$486,306.00
012TX	5/30/2014	\$618,812.21
078TX	7/10/2014	\$199,356.47
075TX	7/28/2014	\$247,054.45
021NC	8/4/2014	\$610,149.34

During the last three (3) fiscal years, no franchisees have signed confidentiality provisions that would restrict their ability to speak openly about their experience with the System. There are no trademark-specific organizations formed by our franchisees that are associated with the System.

ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements for our fiscal years ending December 31, 2023, December 31, 2022, and December 31, 2021, ~~are attached as Exhibit D~~ as well as our (i) unaudited balance sheet as of June 30, 2024, and (ii) unaudited profit and loss statement for the interim period beginning January 1, 2024, and ending June 30, 2024, are attached as Exhibit D. Our fiscal year end is December 31.

ITEM 22 CONTRACTS

The following agreements are attached as Exhibits to this Franchise Disclosure Document:

Exhibit B	Franchise Agreement (and Exhibits)
Exhibit C	Development Agreement (and Exhibits)
Exhibit E	State Addenda and Agreement Riders
Exhibit H	Sample Termination and Release
Exhibit I	Franchisee Questionnaire (if and as attached and requested by us)

ITEM 23 RECEIPTS

The last pages of this Franchise Disclosure Document, Exhibit K, are a detachable document, in duplicate. Please detach, sign, date and return one (1) copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

<p><u>CALIFORNIA</u></p> <p><u>State Administrator and Agent for Service of Process:</u></p> <p>Commissioner Department of Financial Protection and Innovation 320 W. 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677</p> <p><u>HAWAII</u></p> <p>Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>Agent for Service of Process:</u></p> <p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>ILLINOIS</u></p> <p>Illinois Attorney General Chief, Franchise Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465</p> <p><u>INDIANA</u></p> <p>Secretary of State Securities Division Room E-018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><u>MARYLAND</u></p> <p>Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360</p> <p><u>Agent for Service of Process:</u></p> <p>Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020</p> <p><u>MICHIGAN</u></p> <p>Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117</p> <p><u>MINNESOTA</u></p> <p>Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1600</p> <p><u>NEW YORK</u></p> <p><u>Administrator:</u></p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8285</p> <p><u>Agent for Service of Process:</u></p> <p>Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><u>NORTH DAKOTA</u></p> <p>North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 E. Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712</p>	<p><u>RHODE ISLAND</u></p> <p>Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 (401) 462-9527</p> <p><u>SOUTH DAKOTA</u></p> <p>Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</p> <p><u>VIRGINIA</u></p> <p>State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219</p> <p><u>Agent for Service of Process:</u></p> <p>Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219</p> <p><u>WASHINGTON</u></p> <p><u>State Administrator:</u></p> <p>Department of Financial Institutions Securities Division P.O. Box 903341200 Olympia, WA 9850798504-1200 (360) 902-8760</p> <p><u>Agent for Service for Process:</u></p> <p>Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501-6456</p> <p><u>WISCONSIN</u></p> <p>Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364</p>
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Rev. 102720

THE BALANCE SHEET OF FRANCHISOR AS OF JUNE 30, 2024, AS WELL AS FRANCHISOR'S PROFIT AND LOSS STATEMENT FOR THE INTERIM PERIOD BEGINNING JANUARY 1, 2024, AND ENDING JUNE 30, 2024, HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

J'NC Real Estate Development

Balance Sheet As of June 30, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Brand Fund Expense Account	95,266.50
Overpayment	0.00
Returned Payment	17,039.17
Wells Fargo	943,930.86
Total Bank Accounts	\$1,056,236.53
Accounts Receivable	
Accounts Receivable	0.00
Total Accounts Receivable	\$0.00
Other Current Assets	
A/R Other	4,456.66
Deferred Commission Expense	17,260.00
Uncategorized Asset	21,492.26
Total Other Current Assets	\$43,208.92
Total Current Assets	\$1,099,445.45
Fixed Assets	
Accumulated Depreciation	-30,956.45
Furniture and Equipment	91,118.25
Vehicles (deleted)	45,614.86
Total Fixed Assets	\$105,776.66
Other Assets	
Accumulated Amortization	-25,000.00
Deferred Financing Costs	62,062.85
Deferred Successor Fees - LT	933,068.63
Intangible Assets	25,000.00
Leasehold Improvements	2,315.74
Security Deposits	2,602.25
Total Other Assets	\$1,000,049.47
TOTAL ASSETS	\$2,205,271.58

J'NC Real Estate Development

Balance Sheet As of June 30, 2024

	TOTAL
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
A/P Brand	21,549.20
Accounts Payable	30,268.47
Total Accounts Payable	\$51,817.67
Credit Cards	
Capital One **6752	1,813.21
Southwest	7,662.06
Total Credit Cards	\$9,475.27
Other Current Liabilities	
A/P	10,383.79
Accrued Payroll Taxes	-1,449.82
Brand A/P	8,127.54
Commissions Payable	11,928.62
Deferred Brand Expense Fund	93.33
Direct Deposit Liabilities	1,333.44
Payroll Liabilities	0.00
Payroll Taxes	-638,581.15
Total Payroll Liabilities	-638,581.15
Total Other Current Liabilities	\$ -608,164.25
Total Current Liabilities	\$ -546,871.31
Long-Term Liabilities	
A/P JNC Investments	1,200,990.86
Deferred Revenue	28,000.00
Truck Loan VIN 60178	15,716.38
Total Long-Term Liabilities	\$1,244,707.24
Total Liabilities	\$697,835.93
Equity	
Distributions	-3,653,000.00
Members' Equity	120,782.47
Retained Earnings	4,336,233.69
Net Income	703,419.49
Total Equity	\$1,507,435.65
TOTAL LIABILITIES AND EQUITY	\$2,205,271.58

J'NC Real Estate Development

Profit and Loss

January - June, 2024

	TOTAL
Income	
Brand Fund Income Account	382,053.90
Equipment Rebate	58,450.17
Franchise Fee	105,000.00
Franchise Transfer and Training	10,000.00
Royalty Payment	2,064,075.44
Vagaro	11,430.44
Total Income	\$2,631,009.95
GROSS PROFIT	\$2,631,009.95
Expenses	
401K Company Contributions	20,488.74
60400 Bank Service Charges	4,807.58
Accounting	3,224.50
Accrued Interest Expense	283.60
Advertising and Promotion	349,993.04
Creative Support	4,395.00
Salesforce Support	37,795.17
Website Enhancements	21,400.35
Total Advertising and Promotion	413,583.56
Architect Design	2,375.00
Automobile Expense	1,110.19
Charitable Donation	3,515.00
Contractor	12,000.00
Discovery Day Expenses	
Discovery Day Dinner	326.00
Discovery Day Hotels & Transportation	322.71
Total Discovery Day Expenses	648.71
Franchise Commission	53,500.00
Franchise Consulting Fee	18,000.00
Franchise Development	360.00
Franchise Tax	12,260.50
Insurance Expense	14,946.06
Legal Fees	54,763.09
Loan	
Loan Interest	4,386.00
Loan Principle	1,500.00
Total Loan	5,886.00
Meals and Entertainment	29,320.45
Mystery Shopper Program	14,234.60
Office Furniture	11,536.73
Office Supplies	9,686.82
Owners Conference	9,400.00

J'NC Real Estate Development

Profit and Loss

January - June, 2024

	TOTAL
Payroll Expenses	3,791.74
Payroll Processing Fees	847.61
Reimbursement	513.47
Salary Expense	898,082.67
Total Payroll Expenses	903,235.49
Postage and Delivery	183.60
Printing and Reproduction	2,348.69
Professional Development	393.20
Recruiter	39,000.00
Rent Expense	33,870.95
Royalty Dispersement	115,533.49
Telephone Expense	7,226.63
Travel Expenses	52,738.56
Web Services/Software	77,264.66
Total Expenses	\$1,927,726.40
NET OPERATING INCOME	\$703,283.55
Other Income	
Cashback Rewards	150.00
Owners Conference Reimbursement	-14.06
Total Other Income	\$135.94
NET OTHER INCOME	\$135.94
NET INCOME	\$703,419.49

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, ~~SUPPLEMENTAL AGREEMENTS~~, AREA DEVELOPMENT AGREEMENT, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR J 'N C REAL ESTATE DEVELOPMENT, LLC

The following modifications are made to the J 'N C Real Estate Development, LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20____ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Texas. When the term “**Supplemental Agreements**” is used, it means Development Agreement.

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

~~No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee’s understanding of the law and facts as of the time of the franchisee’s investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.~~

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

CALIFORNIA

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

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

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Texas. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

HAWAII

The following is added to the Cover Page:

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

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

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

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

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

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

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

Items 5 and 7 of the FDD and Section 4 of the Franchise Agreement are hereby revised to state that payment of the Initial Franchise Fee, shall be deferred until after all of Franchisor’s initial obligations are complete and the Franchise is open for business. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

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.

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

See the last page of this Exhibit E for your signature.

INDIANA

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

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

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

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

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

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

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

IOWA

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

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

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

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

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

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to J 'N C Real Estate Development, LLC, 2511 18402 US Hwy 281 N., Ste. 267, San Antonio, Texas 78259 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

Item 17 is amended by adding the following language after the table:

- (a) A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- (b) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- (c) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- (d) The franchise agreement, which provides for termination upon bankruptcy of the franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

The franchise agreement and area development agreement are amended to provide as follows:

- (a) A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- (b) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- (c) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- (d) All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
- (e) The acknowledgments contained in Section 1, Paragraphs (A) through (I), and Section 23 of the Franchise Agreement and Paragraphs 2 through 9 of Section 23(G) of the Area Development Agreement are hereby deleted in their entirety.

The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

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

MICHIGAN

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

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

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six months' advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

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

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

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

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

Any questions regarding this notice should be directed to:

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

9. Under the Item 6 of this Disclosure Document, the amount of the Dishonored Check Charge is hereby deleted and replaced with “\$30” pursuant to Minnesota Statute 604.113.

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

NEW YORK

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

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

Item 17(r) of the FDD and Section 15 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

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

OHIO

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

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

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to J 'N C Real Estate Development, LLC, 18402 US Hwy 281 N., Ste. 267, San Antonio, Texas 78259 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

RHODE ISLAND

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

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

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

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

~~The following risk factor is hereby added:~~

~~**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$1,007,875 to \$1,911,200. This amount exceeds the franchisor's stockholders equity as of December 31, 2021, which is \$68,607.~~

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

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

~~In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for J ‘N C Real Estate Development, LLC for use in the Commonwealth of Virginia shall be amended as follows:~~

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

~~Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in~~

~~the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.~~

WASHINGTON

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

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

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

[Section 1 and Section 23 of the Franchise Agreement do not apply to Washington franchisees.](#)

Exhibit H to this Franchise Disclosure Document is amended to provide that a General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Exhibit I to this Franchise Disclosure Document is amended to provide that the Questionnaire/Certification does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

WISCONSIN

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

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

EXHIBIT H

SAMPLE RELEASE AGREEMENT

In consideration for the consent of J 'N C Real Estate Development, LLC (the "Franchisor"), to the assignment by _____ ("Franchisee") of its interest in that certain franchise agreement entered into by and between Franchisor and Franchisee dated _____ (the "Franchise Agreement"), Franchisee hereby remises, releases, and forever discharges Franchisor, its officers, directors and employees and agents, and their respective successors, assigns, heirs and personal representatives, from all debts, covenants, liabilities, actions, and causes of action of every kind and nature, including but not limited to those arising out of or existing under the Franchise Agreement, the offer and sale of the franchised business described therein, and out of the franchise relationship between the parties hereto, whether in law or in equity, from the beginning of time to the date hereof. Franchisee acknowledges that this Release is intended to release all claims held by any person against the parties to be released, arising out of any of the matters to be released.

[FOR WASHINGTON FRANCHISEES: This release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.]

This Release has been entered into and agreed to as of the ____ day of _____, 20____

FRANCHISEE:

By: _____

Print Name: _____

By: _____

Print Name: _____

State Effective Dates

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

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

State	Effective Date
California	Pending Registration Different Form of FDD
Hawaii	Not Registered
Illinois	Pending Registration Different Form of FDD
Indiana	Pending Registration Different Form of FDD
Maryland	Pending Registration Not Registered
Michigan	Pending Registration Different Form of FDD
Minnesota	Pending Registration
New York	Pending Registration Different Form of FDD
Rhode Island	Pending Registration Different Form of FDD
North Dakota	Not Registered
South Dakota	Not Registered Different Form of FDD
Virginia	Pending Registration Different Form of FDD
Washington	Different Form of FDD Pending Registration

Wisconsin	Registration <u>Pending Different Form of FDD</u>
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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.