

FRANCHISE DISCLOSURE DOCUMENT



Sparkle Franchising LLC
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Sparkle Franchising LLC (“we” “us” “our” or “Franchisor”) are offering regional developer business(s) under this Franchise Disclosure Document. ~~Note that the term “Regional Developer” as used in this document has the same definition and meaning as an “Area Representatives” under the NASAA Multi-Unit Commentary adopted in September 2014. Regional Developers will recruit prospective Sparkle franchisees (“Franchisee(s)”) in a defined geographic area (the “Development Area”) and provide certain sales and support services to the Franchisees located within the Development Area.~~ Franchisees will conduct business under the name of trademarks “Sparkle”, “Sparkle Dog Wash & Grooming Bar”, “Sparkle Grooming” and operate salon style dog grooming businesses (“Salon(s)”) to provide wellness-focused hygiene and salon style dog grooming specializing in providing hygiene and grooming services for pet owners that makes it easy to keep your furry family members clean, healthy, and happy.

The total investment necessary to begin operation of your [Sparkle Regional Developer Business](#) will range from \$116,175 to \$1,031,250. This includes \$98,250 to \$975,750 that must be paid to Franchisor or its affiliates. [These totals apply to 10 to 100 unit outlets to be sold in a given Territory.](#)

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 Lyle Myers, Chief Development Officer, Sparkle Franchising LLC, 4250 N Drinkwater Blvd, Suite 165, Scottsdale, AZ 85251, (480) 550-8159, hello@sparkledogcare.com.

The terms of your contract will govern your franchise relationship. Don’t 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 accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information on franchising. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 1, 2024

Special Risks to Consider About This Franchise

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

1. **Out of State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in Arizona. Out-of- state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate or litigate with franchisor in Arizona than in your state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even if your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse’s marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.
5. ~~**Mandatory Minimum Payments.** You must make minimum Royalty, Brand Fund, and Technology Fee payments regardless of your sales levels.~~ **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
6. ~~**Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.~~
- 5.7. ~~**Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. Your inability to make the payments may result in termination~~ **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise and loss of your investment ~~business.~~

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 to Disclosure Document:

- A. List of State Administrators /List of Agents for Service of Process
- B. Regional Developer Agreement
- C. Operations Manual Table of Contents
- D. Financial Statements
- E. Confidentiality/Non-Disclosure Agreement
- F. Franchisee Lists
- G. State Specific Disclosures
- H. Form of General Release Agreement
- I. State Effective Dates
- J. Receipt (2 copies)

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

Franchisor, Parent, and Affiliates

The Franchisor is Sparkle Franchising LLC, a Delaware limited liability company formed on December 18, 2023 (“Franchisor” or “we” or “us”). We offer franchises to establish and operate salons that offer wellness-focused hygiene and salon style dog grooming specializing in providing hygiene and grooming services for pet owners that makes it easy to keep your furry family members clean, healthy, and happy. under the names “Sparkle”, “Sparkle Dog Wash & Grooming Bar”, “Sparkle Grooming” and/or our then-current proprietary marks (collectively, the "Marks") (each a "Sparkle Salon" or "Salon"). We have offered Sparkle Salon franchises since March 2024. We do not currently do business under any other names. Our principal business address is 4250 N Drinkwater Blvd, Suite 165, Scottsdale, AZ 85251.

Our agent for service of process is United Corporate Services, Inc., 7226 E. Maverick Road., Scottsdale, AZ 85258. Our agents for service of process in several states are identified on Exhibit A.

We do not have any affiliates or predecessors.

Except as provided in this Item, we have not offered and do not offer franchises in any other line of business and we are not otherwise involved in any substantive business activity, including operating any businesses of the type to be operated by the franchisee.

Franchisor's parent is Sparkle Grooming Corp. (“Parent”). Its principal business address is 9746 Katy Fwy #169, Houston, TX, 77055. Parent has owned and operated a Sparkle Salon in Gilbert, Arizona since August 2023. Parent does not offer franchises in any line of business.

Franchise Offered

We offer regional developer business(es) for sale under this Franchise Disclosure Document. Note that the term “Regional Developer” as used in this document has the same definition and meaning as an “Area Representatives” under the new NASAA Multi-Unit Commentary adopted in September 2014. Regional Developers will recruit prospective Sparkle franchisees (“Franchisee(s)”) in a defined geographic area (the “Development Area”) and support Franchisees in the Development Area during the term of the Regional Developer Agreement.

Regional Developer Businesses recruit and refer prospective Franchisees to Franchisor in the Development Area and provide certain sales and support services to Franchisees located in the Development Area. Franchisor at Franchisor’s expense will prepare and register the franchise disclosure documents utilized to offer franchises by Regional Developer. Regional Developer will include only those costs and expenses associated with providing us with any information that we need to prepare and file the disclosure documents. Regional Developer or Franchisor must provide prospective Franchisees with a franchise disclosure document ~~prepared by Franchisor~~. Regional Developers do not sign franchised agreements with Franchisees. You will refer prospective Franchisees to Franchisor who will enter into franchise agreements. If your Development Area includes a registration state (See Exhibit I), you will not be authorized to recruit or refer Franchisees to Franchisor until and unless our franchise offering is registered in that state.

You must operate your Regional Developer Business in accordance with the standards and procedures designated by Franchisor, and according to our operations manuals, or other notices we send you from time to time (the “Manuals(s)”). You will be provided a copy of our applicable Manuals at the time you sign your Regional Developer Agreement. A copy of the Table of Contents for each of our Manuals is attached as Exhibit C.

The Regional Developer Agreement is signed by us and by you, or if you are an entity, one or more individuals with the authority to bind you (the “Operating Principal(s)”). The Operating Principal(s) shall have the authority to act for you in all matters relating to your Regional Developer Business. By signing the Regional Developer Agreement, you and the Operating Principal(s) agree to be individually bound by certain obligations in the Regional Developer Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Regional Developer Agreement. Depending on the type of business activities, which must be fully disclosed prior to signing this document, in which you or your Operating Principal(s) may be involved, we may require you or your Operating Principal(s) to sign additional confidentiality and non-competition agreements.

You (or, if you are an entity, one of your Operating Principals) must complete the RD Training Program prior to the opening of the Regional Developer Business.

Separate Franchise Disclosure Document (Unit Franchises)

In a separate franchise disclosure document, we offer franchises to operate Sparkle Salons that offer wellness-focused hygiene and salon style dog grooming specializing in providing hygiene and grooming services for pet owners under the names “Sparkle”, “Sparkle Dog Wash & Grooming Bar”, “Sparkle Grooming” and/or our then-current proprietary marks (each, a “Salon” or “Franchised Business”) according to the terms of our franchise agreement attached to [this separate Franchise Disclosure Document](#) (the “Franchise Agreement”). You will market, refer, and support Sparkle Salons in your Development Area under a Regional Developer Agreement.

Market and Competition

Salons will offer dog grooming, wellness, and essential dog care services, as well as other related goods and services to the general public. The dog grooming market is well developed and competitive. [YouSalons](#) will compete with national big box pet store brands that offer dog grooming services, local dog grooming chains, mom and pop grooming shops, and mobile grooming vans. [Sales of our products and services are not seasonal and custom Sales of our products and services are not seasonal and customers require dog grooming, wellness, and dog care services throughout the year. A number of franchisors offer dog grooming and similar franchises throughout the United States. You will compete with other regional developers and franchisors that are offering franchises for grooming services and/or similar products and services in your Development Area.](#)

Applicable Regulations

As a Regional Developer, you must comply with all applicable federal and state franchise laws. You must comply with the disclosure requirements mandated by the FTC Franchise Disclosure Rule. Further, in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin, we are required to register the Franchise Disclosure Document (or in some cases submit a notice filing) before the offer or sale of any franchise in that particular state. The states of New York and Washington will also require you to register as a franchise broker. It is your responsibility to investigate and comply with all applicable laws. You will not be authorized to engage in the Regional Developer Business until you and we have fully complied with all applicable obligations. Importantly, you must make sure you are aware of any and all employment laws, regulations and statutes that are applicable where your Regional Developer Business is located.

You should consult with an attorney, and local and state agencies/authorities, before buying a Regional Developer Business to determine if there are any specific regulations you must comply with in your state and consider the effects on you and the cost of compliance. These requirements can broadly affect your operations, including hiring of personnel, among other things. It is your sole responsibility to investigate any regulations in your area, including those related to the sale and marketing of Franchises in your state. If you

enter into a Regional Developer Business with us, you will be required to ensure that our directives, whether described in the Manuals or otherwise, are carried out.

ITEM 2 BUSINESS EXPERIENCE

Ben Crawford-Chief Executive Officer. Mr. Crawford has been our Chief Executive Officer since our formation in December 18, 2023. Mr. Crawford is also the Chief Executive Officer of Parent which was formed on August 31, 2022. Since May 2011, Mr. Crawford has been the owner/operator of TJ Memorial Investments, Inc., a multi-unit franchise owner for The Joint Chiropractic in Houston, Texas.

Joe Aeppli-Chief Operating Officer. Mr. Aeppli has been our Chief Operating Officer since our formation in January December 18, 2023. Mr. Aeppli has also been the Chief Operating Officer of Parent since formation. Between March 2010 and December 2022, Mr. Aeppli held multiple cross-functional positions at The Joint Corp., Franchisor The Joint Chiropractic in Scottsdale, Arizona (03/2010-06/2021 - Director of Digital Marketing & Content, 06/21-05/22 - Director of Brand & Digital Experience, 05/22-12/22 - Sr. Director of Brand & Digital Experience).

Ben Crawford Jr.-Chief Financial Officer. Mr. Crawford has been our Chief Financial Officer since our formation in December 18, 2023.. Mr. Crawford is also the Chief Financial Officer of Parent. From June 2021 through December 2023, Mr. Crawford was the Chief Financial Officer for House 17 in Boston MA. Prior to this, Mr. Crawford was an investment banker at G2 Capital Advisors in Boston, Massachusetts, an industry focused investment bank and restructuring advisor from January 2019 to June 2021.

Lyle Myers-Chief Development Officer. Mr. Myers has been our Chief Development Officer since our formation in December 18, 2023.. Mr. Myers has been the Chief Development Officer for iFlex Franchising LLC in Scottsdale, Arizona since July 2022. Between January 2017 and March 2021, Mr. Myers was the President of Clovr Life Spa Franchising LLC formally known as Sirius Day Spa Franchising, LLC in Scottsdale, AZ. From January 2015 through July 2020, he was the President of Redline Athletics Franchising, LLC in Scottsdale, Arizona. From April 2013 through July 2022, Mr. Myers was an independent franchise management consultant.

Steve Dick-Senior Vice President of Operations. Mr. Dick has been our Senior Vice President of Pet Care since our formation in December 18, 2023. Mr. Dick has been the Senior Vice President of Operations of Parent since April 2023. Between January 2016 and May 2023, Mr. Dick was a District Manager with Dick's Sporting Goods in Phoenix, Arizona.

ITEM 3 LITIGATION

There is no litigation required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

There are no bankruptcies required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Development Fee

You must pay us a ~~Development Fee~~ nonrefundable lump sum between \$97,500 and \$975,000 (“the Development Fee”) when you sign the Regional Developer Agreement. The formula used to determine the Development Fee for your Development Area is calculated by multiplying 25% of the then-current Initial Franchise Fee for Sparkle Salons times the number potential Sparkle Salons within the proposed geographically defined Development Area.

The proposed number of Sparkle Salons in a Development Area will be no less than 10 ([nonrefundable lump sum of \\$97,500](#)) and no more than 100 ([nonrefundable lump sum of \\$975,000](#)) that must be paid to Franchisor or its affiliates.

The Development Fee must be paid by wire transfer, cash, or certified funds when you sign the Regional Developer Agreement. The Development Fee formula is applied uniformly for all Regional Developers.

The Development Fee is fully earned by us upon receipt and is nonrefundable.

Technology Fee

Regional Developers will pay us a monthly Technology Fee beginning when you sign a lease. Initially, we will collect [a lump sum of \\$750](#) and this reflects the technology fees for your first three (3) months of operation. Thereafter will pay us a Technology Fee of \$250 per month. The Technology Fee is not refundable. The Technology Fee provides you access to the Salon Systems e-mail service, intranet, and other technology services that we determine, in our sole discretion. There is no maximum amount that we may charge you for a Technology Fee although any increase will only be based upon an increase in our costs and expenses in providing technology services to you.

ITEM 6 OTHER FEES

OTHER FEES

Fee (1)	Amount	Due Date	Remarks
Interest	Lesser of 15% per annum, or the highest commercial contract interest rate permitted by law	From the date payments are due, and continues until outstanding balance and accrued interest are paid in full	Charged on any late payments of any amounts due us or our affiliates.
Technology Fee (2)	\$250 per month	Monthly	Payable to cover the monthly cost of accessing our proprietary computer management software and programs (See Item 11). May be increased upon written notice to you.
RD Ad Fund (3)	Up to 2% of your share of Initial Franchise Fees and Royalty Fees; currently 0%	Monthly	We may create a national advertising fund (the “RD Ad Fund”) for our Regional Developer Businesses to promote and support franchise sales. As of the date of this Disclosure Document, there is no RD Ad Fund. Franchisor has the right to create an RD Ad Fund and to decide how it will be run. It may do so

Fee (1)	Amount	Due Date	Remarks
			in the future. The specific manner in which it will be organized and governed has yet to be determined.
Audit Expenses	Cost of Our actual cost of <u>conduction the</u> audit and inspection, plus any <u>reasonable</u> including accounting and legal expenses	On demand	Payable if 2% or more discrepancy in amounts owed, or if you fail to submit required reports.
Late Reporting Fee	\$250 per late report per week	10th day of the month following any month for which any required report is not timely submitted	Payable if any report or other information required to be submitted to us is received by us after the established deadline.
Additional Training Fee	To be set by Franchisor prior to such training or meeting not to exceed \$1,500 per attendee	On demand	We may elect to charge you an Additional Training Fee for each person who attends any mandatory or optional additional training program or Owners meetings held by us. We do not currently charge this fee. We may also charge you this fee if you fail to attend any required training courses or meetings.
Renewal Fee	Twenty-five percent (25%) of the Development Fee (including Development Fee for Additional Salons) paid by Regional Developer	Upon renewal	Payable upon renewal of your Regional Developer Agreement.
Transfer Fee	\$30,000	At the time of transfer	Applies to any transfer of the Regional Developer Agreement, the Regional Developer, or its assets, except transfers to a legal entity principally controlled by you. Used to cover cost associated with transfers, including training cost.
Termination Fee (34)	One-half of the original Development Fee for your	On demand	Payable if you terminate, or we terminate your Regional

Fee (1)	Amount	Due Date	Remarks
	Development Area, plus our attorneys' fees and costs		Developer Agreement for cause before your Term expires.
Insurance (45)	The amount you fail to pay for insurance premiums plus ten percent (10%)	On demand	Payable only if you fail to maintain required insurance coverage and we pay premiums for you.
Legal Costs and Attorney's Fees	All legal costs and attorneys' fees incurred by us	On demand	Payable if we must enforce, defend our actions related to, or against your breach of, the Regional Developer Agreement.
Indemnification	All amounts (including attorneys' fees and costs) incurred by us or otherwise required to be paid	On demand	Payable to indemnify us, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns against all claims, liabilities, costs, and expenses related to your ownership and operation of the franchise, your breach of the Regional Developer Agreement, or your non-compliance with any law or regulation.
<u>Alternative Supplier Fee</u>	<u>Our costs of testing new products or inspecting suppliers you propose (amount depends on circumstances, including supplier's location, testing required, and item involved).</u>	<u>Upon invoice</u>	<u>If you propose a new supplier or product for our approval, we may charge you the supplier review fee.</u>

The tables above and accompanying notes describe the nature and amount of all other fees that you must pay to us or our affiliates, or that we or our affiliates impose or collect in whole or in part for a third party, whether on a regular periodic basis or as infrequent anticipated expenses, in carrying on your Salon:

Explanatory Notes:

*Except for some product and service purchases (see Item 8), all fees are uniform, and are imposed by, collected by, and payable to us. **All fees are non-refundable.**

1. You must pay all amounts due by automatic debit or other electronic mean established by us. You will be required to execute an ACH Authorization Form (or similar form) permitting us to electronically debit your designated bank account for payment of all fees payable to us as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. You must ensure that there are sufficient funds available in your account for withdrawal before each due date.
2. The monthly technology fee for Regional Developers is currently \$250 per month (“Technology Fee”). The Technology Fee allows you to access our intranet site, including training programs and our propriety HALO operating software. Your monthly technology fee will be payable beginning the first month after you complete your initial training. We have the right to increase this amount in the future upon written notice to you. See Item 7 and 11 for additional information regarding Computer Systems. The Technology Fee may be increased upon written notice to you.
3. You must pay the termination fee, plus any costs and attorneys’ fees incurred by us, if you improperly attempt to terminate or close your Regional Developer Business before your term expires, or we terminate your Regional Developer Agreement for any reason as described in the Regional Developer Agreement. We may also recover from you any damages suffered by us (e.g., lost future revenues) resulting from your improper or wrongful termination of the Regional Developer Business. See Item 17 for additional information.
4. If you fail to pay the premiums for insurance required to operate your Regional Developer Business, we may obtain insurance for you and you will be required to reimburse us within ten (10) days of receipt of a demand for reimbursement from us. We will have the right to debit your account the amounts owed to us for such premiums if you fail to pay us within ten (10) days of our request for reimbursement.
5. We do not have nor do we plan to have any Regional Developer advertising cooperatives.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low	High	Method of Payment	When Due	To Whom Payment is Made
Development Fee (1)	\$97,500	\$975,000	Lump sum	Execution	Us
Real property rental (3 months) (2)	\$0	\$6,000	Monthly	As arranged	Landlord
Lease security deposit (3)	\$0	\$2,000	Lump sum	As arranged	Landlord
Build out expenses	\$0	\$5,000	As arranged	As arranged	Suppliers and contractors
Insurance (4)	\$5,000	\$10,000	As arranged	As incurred	Insurance company
Utility deposits (5)	\$200	\$500	As arranged	As incurred	Utility companies
Vehicle (6) (3 months)	\$1,800	\$2,400	As arranged	As incurred	Supplier
Professional service fees (7)	\$500	\$5,000	As arranged	As incurred	Professionals
Travel and living expenses during initial training (per person) (8)	\$600	\$2,000	As arranged	As incurred	Third parties

Type of Expenditure	Low	High	Method of Payment	When Due	To Whom Payment is Made
Filing fees (9)	\$25	\$100	As arranged	As incurred	State authority
Franchise sales advertising (3 months) (10)	\$3,000	\$4,500	As incurred	As incurred	Vendors
Computer system (11)	\$1,500	\$2,500	As arranged	As incurred	Suppliers
Technology fees (3 months) (11)	\$750	\$750	Automatic debit	Monthly	Us
High Speed Internet (11)	\$300	\$500	As arranged	Monthly	Third parties
Additional funds (3 months) (12)	\$5,000	\$15,000	As arranged	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT (13)	\$116,175	\$1,031,250			

Explanatory Notes:

1. ~~We discuss~~ You must pay us a nonrefundable lump sum of between \$97,500 and \$975,000 (“the Development Fee-in detail in Item 5 of this Disclosure Document”) when you sign the Regional Developer Agreement. We and our affiliates do not offer any financing for this fee. Fees paid to us are not refundable.
2. You are not required to secure a separate office location (although we recommend it) for your Regional Developer Business although you will be required to have adequate office space somewhere (whether at home, an office location) to operate your Regional Developer Business. You may operate your Regional Developer Business from any location you choose (“Sales Office”). We will not select the location of your Sales Office. We will not approve or disapprove the Sales Office. There is no deadline for you to select a location for your Sales Office. If you decide to operate your Sales Office from a leased location, you will be required to pay rent and possibly the cost of constructing, equipping, and furnishing your leased premises. Since the size and nature of each Regional Developer’s Sales Office space will vary, an estimate is difficult. The estimate shown is for an office consisting of a reception area, one secretarial station, one conference room and two offices. The amount of your rent will vary according to the area, the type of office location (office building, strip center, or free-standing building), and various other factors.
3. If you decide to operate your Sales Office from a leased Sales Office, you may also be required to pay a security deposit. In addition, in certain lease transactions, if you are an entity, the landlord may require your Owners to personally guarantee the lease. Whether this fee is refundable depends on your agreement with your landlord. You are not required to secure a separate office location (although we recommend it) for your Regional Developer Business although you will be required to have adequate office space somewhere (whether at home, an office location) to operate your Regional Developer Business.
4. You must obtain and maintain, at your own expense, insurance coverage for your Regional Developer Business, and the vehicle(s) and any buildings you use or operate in connection with your Regional Developer Business. Insurance costs depend on a variety of factors. Annual premiums are typically paid to the insurer immediately, with refunds being issued if you cancel the insurance. This estimate reflects our estimate of the costs of your insurance for the first year of operation. The cost of your premiums will depend on the insurance carrier’s charges, terms of payment, and your insurance and payment history. Our insurance requirements are contained in our Manuals.

5. If you decide to operate from a leased Sales Office, you may be required to pay deposits for utilities. The amount of these deposits will vary depending on the practices of the utility companies and whether any impact or hook-up fees are required.
6. You may be required to purchase or lease a vehicle to conduct franchise sales activities. If you decide not to utilize your own vehicle, we estimate it will cost you approximately \$600-\$800 per month to cover the cost of your vehicle, tax, title, and licensing. You will not incur these expenses if you already own a suitable vehicle.
7. We recommend that you retain the services of an attorney and other consultants to assist you in forming your business entity and in purchasing and establishing your Regional Developer Business. The estimated range of professional fees incurred reflects our estimate of the fees you will pay for such services. The cost of these services will vary depending on the different services providers.
8. You will incur expenses related to our initial Regional Developer training program. We provide a training program, a training location, instructors, and instructional materials. You will need to arrange for transportation, food, and lodging for your designated attendees. The costs you incur will depend on the distance you must travel and the type of accommodations you choose.
9. State law may require you to register as a franchise broker prior to undertaking your franchise development activities under the Regional Developer Agreement. There may be fees associated with registering as a franchise broker. This is our estimate. This is our estimate of the fees associated with that registration.
10. We estimate that you will spend between \$1000 and \$1500 each month to advertise the sale of Franchised Businesses in your Development Area. The precise amount will be determined by the population of your Development Area after consultation with, and consent by, us. Advertising expenditures must be documented to us upon our request. This includes the cost of sales and marketing materials.
11. You must purchase a personal computer system and printer for your Regional Developer Business that is compatible with our computer equipment, so that you will be able to use our proprietary office management software, receive e-mail, use Internet and Intranet services, and receive other electronic information we send. We estimate the initial cost to purchase the computer system to be between \$1,500 and \$2,500. You will pay us a monthly Technology Fee beginning when you sign a lease. Initially, we will collect \$750 and this reflects the technology fees for your first three (3) months of operation. Thereafter, you will be required to pay a technology fee of \$250 per month for the continuing use and upgrade of our proprietary office management software. Technology Fees are not refundable. You will need to have an internet connection as part of your Computer System. We estimate the cost of internet service/DSL (high-speed) internet access to be less than \$100 per month.
12. You will need capital to cover on-going expenses including payroll, utilities, and franchise sales advertising. New businesses often generate a negative cash flow. The estimate of additional funds is based on an owner-operated business and does not include any allowance for an owner's draw. We estimate that the amount shown will be sufficient to cover ongoing expenses for the start-up phase of the Franchised Business, which is three months. That being said, this is only an estimate, however, and there is no assurance that additional working capital will not be necessary during or after this start-up phase of at least three (3) months, and sometimes longer. This estimate is based upon the experience of Franchisor's officers in developing and operating regional developer businesses.
13. Unless otherwise explicitly stated, all fees are not refundable.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Products, Approved Services, Distributors and Suppliers

You must purchase Approved Products only from us or a third party designated and licensed by us to prepare and sell such products (“Designated Suppliers”) and purchase from manufacturers, distributors, vendors and suppliers approved by us (“Approved Suppliers”) all other goods, products, materials and supplies (collectively, “Goods”), as well as advertising materials, furniture, fixtures, equipment, menus, forms, paper and plastic products, packaging or other materials (collectively, “Materials”) that meet the standards and specifications promulgated by us from time to time. We may require you to use only certain brands (collectively, “Approved Brands”) and prohibit you from using other brands. From time to time, we may modify the list of Approved Brands and you may not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand. Neither Franchisor nor its affiliate are currently an Approved Supplier or a Designated Supplier for any Goods or Materials although we reserve the right to appoint Franchisor or an affiliate as an Approved Supplier or Designated Supplier of one or more Goods of Materials.

Currently, we do not require our Regional Developers to purchase any products, supplies, or equipment from us, other than our proprietary software and marketing materials. We estimate that the purchase of required proprietary software and marketing materials from us or required suppliers represents between 5% and 10% of your total purchases and leases in establishing the Regional Developer business and approximately 25%-35% of your total purchases and leases, on an annual basis, in operating your Regional Developer Business.

The franchisor or its affiliates receive no revenue derived from rebates or other material considerations based on the required purchases or leases.

No office of franchisor owns an interest in a supplier of products, supplies or equipment to Regional Developers.

From time to time, we also may modify the list of Designated Suppliers and/or Approved Suppliers, and you may not, after receipt of such modification in writing, order any Approved Products from a supplier who is no longer a Designated Supplier or order any Goods or Materials from a supplier who is no longer an Approved Supplier. We may approve one or more suppliers for any Goods or Materials and may approve a supplier only as to certain Goods or Materials. Approval of a supplier or vendor may be conditioned on requirements relating to the product quality, prices, consistency, reliability, financial capability, labor relations, frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, concentration of purchases, as stated above, or other criteria, and may be temporary pending a further evaluation of such supplier by us. These criteria and standards are included in the Manuals.

We and our affiliates, from time to time, may receive payments from suppliers or vendors (including Designated Suppliers and/or Approved Suppliers) on account of such suppliers’ dealings with you and other Sparkle franchisees, and we may use any amounts received without restriction and for any purpose we and our affiliates deem appropriate. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Sparkle Salons or any other group of businesses franchised or operated by us or our affiliates.

We negotiate purchasing arrangements with Approved Suppliers so that, whenever possible, you can take advantage of the economies of scale offered by being a part of the System. Currently, there are no purchasing or distribution cooperatives. We may receive discounts that are not available to franchisees on the purchase of certain products. We may also receive rebates on products, supplies, and equipment that you purchase from some of our Approved Suppliers. In 2023, we received rebates totaling \$0. In the calendar year ended December 31, 2023, rebates received totaled 0% of our total revenue of \$0 for the same time period.

If you propose to purchase any Goods or Materials (that you are not required to purchase from a Designated Supplier or an Approved Supplier) from a supplier that we have not previously approved, you must submit to us a written request for such approval or request the supplier to do so itself. We will notify you within 60

days of your request as to whether you are authorized to purchase such products from that supplier. We reserve the right, at our option, to re-inspect the facilities and products of any such Approved Supplier and to revoke our approval upon the suppliers' failure to continue to meet any of the foregoing criteria.

~~We negotiate purchasing arrangements with Approved Suppliers so that, whenever possible, you can take advantage of the economies of scale offered by being a part of the System. may charge you a Supplier Review Fee (not to exceed our costs of testing new products or inspecting suppliers you propose) to make the evaluation. Currently, there are no purchasing or distribution cooperatives. We may receive discounts that are not available to franchisees on the purchase of certain products. We may also receive rebates on products, supplies, and equipment that you purchase from some of our Approved Suppliers. In 2023, we received rebates totaling \$0. In the calendar year ended December 31, 2023, rebates received totaled 0% of our total revenue of \$0 for the same time period. We will notify you whether we have approved or rejected that vendor, supplier, or item, in our discretion, within 30 days after receipt of all applicable information.~~

Advertising Specifications

You must obtain our approval before you use any advertising and promotional materials, signs, forms and stationery unless we have prepared or approved them during the twelve (12) months prior to their proposed use. You must purchase certain advertising and promotional materials, brochures, fliers, forms, business cards and letterhead from approved vendors only. Further, you must not engage in any advertising of your Regional Developer Business unless we have previously approved the medium, content and method.

In the calendar year ending December 31, 2023, and as of the effective date of this disclosure document, 0% of our revenue (or \$0 of \$0) was derived from the sale of the Approved Products, marketing materials, inventory, and supplies.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional Sparkle Salons) based upon whether you purchase Approved Products from Designated Suppliers or Goods and Materials from Approved Suppliers; however, if you purchase Approved Products, Goods or Materials from unapproved suppliers or if you purchase unapproved Goods or Materials, we will have the right to terminate the Regional Developer Agreement.

Insurance Requirements

Before you open your Regional Developer Business, you must obtain and maintain throughout the term of the RD Agreement, a commercial general liability insurance policy with policy limits of no less than \$1,000,000 in per occurrence that provides errors and omissions insurance coverage, naming associated with your franchise sales and support services that, names Franchisor, its owners, affiliates, members, subsidiaries, parents, employees, and offers as ~~an~~ an additional insureds. We may increase these limits or have new types of coverage added at any time after giving you notice. You must maintain this insurance coverage, as required by your Regional Developer Agreement, from a responsible carrier. ~~Our current insurance requirements are summarized in the Manuals. You must obtain the insurance necessary to operate your franchise from our Approved Supplier of insurance products.~~

If you fail to pay the premiums for insurance required to operate your franchise, we may obtain insurance for you and you will be required to reimburse us within ten (10) days of receipt of a demand for reimbursement from us. We will have the right to debit your account the amounts owed to us for such premiums if you fail to pay us within ten (10) days of our request for reimbursement.

All insurance policies must be purchased through an agent or broker on our Approved Supplier list and be written by an insurance company that meets our approval. We may from time to time increase the minimum required coverage and/or require different or additional insurance coverage (including an additional umbrella liability insurance policy) at any time to reflect inflation, identification of new risks, changes in law or

standards of liability, higher damage awards or other relevant changes in circumstances. We will provide you written notice of such modifications and you must take prompt action to secure the additional coverage or higher policy limits. All insurance policies must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation, or expiration.

These insurance policies must name us and any affiliates that we designate and our and their respective officers and owners as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation, or expiration. Each insurance policy shall be specifically endorsed to provide that the coverage shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory.

Each insurance policy shall be specifically endorsed to provide that the coverage shall be primary, and that any insurance carried by any additional insured shall be excess and non-contributory. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may obtain such insurance for you, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

Computer Hardware and Software

We estimate the cost of purchasing the Computer System and related software will range from \$1,500 to \$2,500. In addition to the cost of purchasing the hardware and software associated with the Computer System, you will be required to pay reoccurring charges associated with the continuing use and upgrade of our proprietary office management software. We have no obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System. Currently this technology fee is \$250 per month but is subject to change. You will also be required to pay the monthly cost of maintaining high speed internet access at your site.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Development Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligations	Section in Regional Developer Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	2.3	Item 11
b. Pre-opening purchases/leases	2.1, 2.3	Items 5, 7 and 8
c. Site development and other pre-opening requirements	2.3	Items 7, 8, and 11
d. Initial and ongoing training	5.1	Item 11
e. Opening	2.3	Item 11
f. Fees	7, 8	Items 5, 6 and 7
g. Compliance with standards and policies/ <i>operating manual</i>	6	Items 11 and 16
h. Trademarks and proprietary information	9	Items 13 and 14

Obligations	Section in Regional Developer Agreement	Disclosure Document Item
i. Restrictions on products/services offered	5.5(a)	Item 16
j. Warranty and Customer Service Requirements	5.5(g)	None
k. Territorial Development and Sales Quotas	2.1, 2.2	Item 12
l. (+) On-going products/services purchases	Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	Not Applicable	None
n. Insurance	6.5	Item 7
o. Advertising	6.7	Items 6, 7, and 11
p. Indemnification	9.5, 15.2	Items 6, 13 and 17
q. Owners Participation management/staffing	6.13	Items 11, 15 and 16
r. Records/reports	5.7	Item 6
s. Inspections/audits	5.7	Item 6
t. Transfer	11	Items 6 and 17
u. Renewal	4.2	Items 6 and 17
v. Post-termination obligations	13.2	Item 17
w. Non-competition covenants	12	Item 17
x. Dispute resolution	14	Item 17
y. Guaranty	11.9	Item 15

ITEM 10 FINANCING

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

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

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

Before your Regional Developer Business opens for business, we or our designee will:

(1) We will provide the RD Training Program (Regional Developer Agreement, Section 5.1). Franchisor's initial training program for Regional Developers ("RD Training Program") is available to all Owners. Before opening for business, the Owner must attend and complete the RD Training Program to the satisfaction of Franchisor. We provide the RD Training Program free of charge to you; however, you must pay the wages, food, lodging and travel expenses for all of your attendees. The RD Training Program will last for approximately two (2) days and will be conducted by us or our designee at our corporate headquarters in Gilbert, Arizona, or another location we designate. All persons who participate in the RD Training

Program must complete it to our satisfaction at least one (1) day before beginning operations of the Regional Developer Business.

Our RD Training Program currently includes the following:

Item 11 Table
TRAINING PROGRAM FOR REGIONAL DEVELOPERS

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Welcome and Introduction	1.0	0	Corporate Office / Virtual
RD Roles and Responsibilities	1.0	0	Corporate Office / Virtual
Understanding the FDD and Franchise Agreement	1.0	0	Virtual
Regional Development and Sales Planning	1.0	0	Virtual
Franchise Sales Process	0.5	0	Virtual
Profiles and Evaluation of Franchise Buyers	0.5	0	Virtual
Marketing the Opportunity	1.0	0	Virtual
Regional Leadership	1.0	0	Corporate Office
Regional Management	1.0	0	Corporate Office
Total Hours	8.0	0	

(a) Most of these subjects are integrated throughout the approximately two (2) day training program (comprised of 8 hours of classroom training). On the job training may take place in a variety of ways, including via telephone conferences, or web-based meetings or courses. We plan to be flexible in scheduling training. Regional Developer training is typically conducted on a monthly basis but may be held more or less often depending on the circumstances, in particular, the number of Regional Developers that need to be trained.

(b) The instruction materials for our training programs include handouts, computer training, the Manuals, group discussions, and lectures.

(c) Although the individual instructors of the training program may vary, all of our instructors have at least 2 years’ experience in their designated subject area(s). The following are our main instructors at this time along with a general description of their designated subject areas:

(i) Lyle Myers-Chief Development Officer

Mr. Myers has been with us since December 18, 2023. Mr. Myers has been a leader in franchise development and franchise management since 2015, with over 7 years of experience in the field.

(2) Provide our Franchisee Training Program for Regional Developer. Our current Franchisee Training Program includes:

Item 11 Table
TRAINING PROGRAM FOR FRANCHISEES

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Welcome and Introduction	1.0	0	Corporate Office / Virtual
Franchisee Roles and Responsibilities	1.0	0	Corporate Office / Virtual
Getting Started	0.5	0	Corporate Office / Virtual
Finance	0.5	0	Corporate Office / Virtual
Real Estate	1.0	0	Virtual
Design + Construction	1.0	0	Virtual
Human Resources	1.0	0	Corporate Office
Salon Operations	3.0	4.0	Corporate Office
Technology + Software Training	2.0	1.0	Corporate Office / In Salon
Reporting and KPI	1.0	1.0	Corporate Office / In Salon
Marketing	3.0	0	Corporate Office
Total Hours	15.0	6.0	

(3) Prepare and/or register any disclosure documents or other documentation that must be prepared, amended, or registered for you to fulfill your responsibilities to solicit, recruit, and screen prospective Franchisees (Regional Developer Agreement, Section 5.4). Federal and state franchise or business opportunity laws govern the sale and offering of Sparkle Salons and may require the preparation, amendment, registration, or registration of all certain documentation and disclosures relating to the Sparkle Salons offered in your Development Area (the “Documentation”) before you can solicit prospective franchisees. While we will prepare and register all Documentation necessary for you to begin soliciting prospective franchisees, you must provide us with any documentation or information we may need to prepare or register the Documentation and will be responsible for all costs applicable to you. You must review and become fully familiar with all Documentation related to franchises sold in your Development Area. Before soliciting a Prospective Franchisee, you must confirm with Franchisor, who is ultimately responsible for the accuracy of the Documentation, that the information contained in the Documentation or other materials related to the offer or sale of Sparkle Salons is true, correct, and not misleading, or in violation of applicable state law.

(4) Lend you one copy of our Manual, which contains our mandatory and suggested specifications, standards, and procedures for operating Regional Developer Businesses (Regional Developer Agreement, Section 5.2) and our mandatory and suggested specifications, standards and procedures for operating Sparkle Salons. Exhibit C to this Disclosure Document sets forth the Table of Contents for our Manuals. The Manual is approximately 66 pages.

We may modify the Manuals periodically to reflect changes in System Standards, or as we deem appropriate. You may view our Manuals at our corporate headquarters before purchasing your Regional Developer Business but must first sign a Confidentiality/Non-Disclosure Agreement (Exhibit E) promising not to reveal any of the information contained in the Manuals without our permission.

(5) Review and approve or disapprove your advertising, marketing, and promotional materials (Regional Developer Agreement, Section 6.8). See the remainder of this Item 11 for additional information about our advertising-related requirements and approval process.

(6) You are not required to secure a separate office location (although we recommend it) for your Regional Developer Business although you will be required to have adequate office space somewhere (whether at home, an office location) to operate your Regional Developer Business. (Regional Developer Agreement, Section 2.3). You may operate your Regional Developer Business from any location you choose (“Sales Office”). We will not select or lease the location of your Sales Office or approve your Sales Office. We will not approve or disapprove of the Sales Office you select. There is no deadline for you to select a location for your Sales Office. We will not provide assistance with confirming the premises to local ordinances and building codes nor obtain any required permits, and/or constructing, remodeling or decorating the premises, and/or hiring and training employees. We will not provide assistance or provide equipment, signs, fixtures, opening inventory, or supplies. We do not generally own your Sales Office and lease it to you.

Post-Opening Obligations:

After your Regional Developer Business opens for business, we or our designee will:

(1) As we deem appropriate, provide you with additional or refresher training programs (Regional Developer Agreement, Section 5.1(b)). You will be required to participate in periodic webinars and sales calls scheduled by us for Regional Developer Businesses. We may require you to attend up to two (2) additional or refresher training courses each year at our corporate offices, or another location we designate. You may also be required to attend a national business meeting or convention of up to three (3) days each year. We will determine the location, frequency, and instructors of these training programs. We may charge reasonable fees for any courses, conventions, webinars, sales calls, and programs. You must also pay for all travel, lodging, meal, and personal expenses related to your attendance and the attendance of your personnel.

(2) Continue lending to you a copy of our Manuals (Regional Developer Agreement, Section 5.2).

(3) Provide you with general guidance through bulletins or other written materials (Regional Developer Agreement, Section 5.3).

(4) If we agree to do so, provide you with additional or special guidance, training, or assistance that you request (Regional Developer Agreement, Section 5.3). If we provide this training, you must pay all of our then-applicable charges, including all per-diem fees and travel, lodging, meal, and living expenses of our personnel.

(5) As necessary, amend, maintain, or renew any documentation and/or registrations necessary for you to continue to solicit prospective Franchisees (Regional Developer Agreement, Section 5.4).

(6) Approve or disapprove prospective Franchisees (the “Prospective Franchisees”) recommended by you, and their proposed franchise locations (Regional Developer Agreement, Section 5.5(f)). You must advertise for, solicit, recruit, and screen Prospective Franchisees to purchase Sparkle Salons in your Development Area. You must investigate each Prospective Franchisee and any proposed locations for Sparkle Salons to determine if they meet our standards and policies. After ensuring that a Prospective Franchisee meets our standards, you may recommend to us the approval of the Prospective Franchisee. You

must provide us with all information that we may request to evaluate your recommendation. We may approve or reject a Prospective Franchisee for any reason. If we disapprove any Prospective Franchisee, we will notify you in writing of our reasons for the disapproval. If we approve the Prospective Franchisee, you must provide the Prospective Franchisee with a copy of our then-current Franchise Agreement for the Prospective Franchisee to sign.

(7) Review and approve or disapprove your advertising, marketing, and promotional materials (Regional Developer Agreement, Section 6.8). See the remainder of this Item 11 for additional information about our advertising-related requirements and approval process.

(8) Pay you any compensation that you are owed under the Regional Developer Agreement (Regional Developer Agreement- Section 8).

(9) Allow you to continue using our Marks and Confidential Information in operating your Regional Developer Business (Regional Developer Agreement, Sections 9). See Items 13 for additional information.

(10) Indemnify you against damages and expenses you incur in a trademark infringement proceeding disputing your authorized use of any Mark in compliance with the Regional Developer Agreement (Regional Developer Agreement, Section 9.5).

(11) If we establish a local or regional advertising cooperative that covers all or any part of your Development Area, we will approve or disapprove any advertising, marketing, or promotional materials created by the cooperative (Regional Developer Agreement, Sections 6.7(c)). Though there currently are no local or regional cooperatives, we may create a cooperative to support the advertising and marketing needs of their respective members. See Items 6, 8, and the rest of this Item 11 for additional information about the local and regional advertising cooperatives that we may create.

(12) Pay you, subject to the terms and obligations of the Regional Developer Agreement, your share of Initial Franchise Fees and Royalty Fees (Franchise Agreement, Sections 8.1 and 8.2)..

Advertising and Marketing

Advertising by You

You may develop, at your cost, advertising, and promotional materials for your use, but may not use them until after we have approved them in writing. You must submit to us for our approval samples of all advertising and promotional materials not prepared or previously approved by us that you wish to use. We will not unreasonably withhold our approval. If you do not receive our written disapproval within 15 days from the date we receive the materials, the materials will be deemed to have been approved. Any materials submitted to us for approval will become our intellectual property. (Regional Developer Agreement, Section 6.7(a)) We anticipate that you will spend between \$1,000 and \$1,500 a month in advertising in your Development Area although we will establish the minimum monthly requirement when we sign the Regional Developer Agreement.

Advertising by Us

We may create a national advertising fund (the “RD Ad Fund”) for our Regional Developer Businesses to promote and support franchise sales. (Regional Developer Agreement, Section 6.7(b)). Each Regional Developer must contribute to the RD Ad Fund such amounts that we periodically require. We have the right to increase or decrease your contribution to the RD Ad Fund upon thirty (30) days written notice to you. The maximum contribution to the RD Ad Fund we may require from you will be two percent (2%) of your share of any Initial Franchise Fees or Royalty Fees you are due under your Regional Developer Agreement. Any

Regional Developer Business owned by us must also contribute to the RD Ad Funds on the same basis as you.

As of the date of this Disclosure Document, there is no RD Ad Fund. Franchisor has the right to create an RD Ad Fund and to decide how it will be run. It may do so in the future. The specific manner in which it will be organized and governed has yet to be determined.

We will direct all marketing programs financed by the RD Ad Fund, and will have sole discretion over the creative concepts, materials and endorsements used by the RD Ad Fund, and the geographic, market, and media placement and allocation of the RD Ad Fund. RD Ad Fund contributions will be used primarily to promote and support the sale of Sparkle Salons. RD Ad Fund contributions may be used to pay the costs of administering such a program, including employing personal and paying for advertising and marketing activities that we deem appropriate, including the costs of participating in any local, national or regional trade shows.

We are not under any obligation to spend any amount of money from the RD Ad Fund on advertising in your Development Area.

If and when an RD Ad Fund is established, it is anticipated that all monies from the RD Ad Fund will be spent to solicit new franchise sales. We may utilize the RD Ad Fund to offset internal expenses (including salaries of people who are involved in franchise sales), outside marketing agencies, broker networks, public relations companies, and other vendors and agencies that will assist us to develop a franchise sales pipeline. The RD Ad Fund will be accounted for separately from our other funds and will not be used to pay any of our general operating expenses, except for salaries, administrative costs, and overhead that we incur in activities reasonably related to the administration of the RD Ad Fund. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the RD Ad Fund in that year, and the RD Ad Fund may borrow from us or other lenders to cover the RD Ad Fund's deficits or invest any surplus for future use by the RD Ad Fund. If we do not spend the aggregate contributions to the RD Ad Fund in a fiscal year, the unused funds will be rolled over for use in subsequent fiscal years.

Our RD Ad Fund will not be audited annually. We will prepare an annual statement of monies collected and costs incurred by the RD Ad Fund and will provide it to you upon your written request.

We may cause the RD Ad Fund to be incorporated or operated through an entity separate from us when we deem appropriate, and the entity will have the same rights and duties as we do under a Regional Developer Agreement. We do not have to ensure that the RD Ad Fund's expenditures in or affecting any geographic area are proportionate or equivalent to the contributions made by any Regional Developer in that geographic area, or that any Regional Developer will benefit from the development of advertising and marketing materials or the placement of advertising by the RD Ad Fund directly or in proportion to the Regional Developer's contribution to the RD Ad Fund. We are not required to spend any amounts from the RD Ad Fund for advertising in your Development Area. We assume no direct or indirect liability or obligation to you or any other franchise in connection with the establishment of an RD Ad Fund, or the collection, administration, or disbursement of monies paid into the RD Ad Fund.

We may suspend contributions to, and the operations of, the RD Ad Fund for any period we deem appropriate and may terminate an RD Ad Fund upon 30 days' written notice to you. All unspent monies held by the RD Ad Fund on the date of termination will be distributed to us, our affiliates, and you and our other Regional Developer in proportion to each party's respective contributions to the RD Ad Fund during the preceding 12-month period. We may reinstate a terminated RD Ad Fund upon the same terms and conditions described in a Franchise Agreement upon 30 days' advance written notice to you.

We do not have nor do we plan to have any advertising co-ops. Similarly, we do not have, nor plan to have, any advertising advisory councils.

Website

You may not have a website separate from our website. You also may not host social media websites relating to your franchise, such as Facebook, Instagram, TikTok, LinkedIn, or other similar sites or platforms.

Computer System

You must use the computer hardware and software (collectively, “Computer System”) that we periodically designate to operate your Regional Developer Business. (Regional Developer Agreement, Section 6.12) You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may include or be limited to us and/or our affiliates). (See Items 7 for more information regarding the cost and fees associated with the Computer System) We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software and obtain service and support for the Computer System. The Regional Developer Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We have no obligation to reimburse you for any Computer System costs. Within 60 days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

We ~~may~~ charge you ~~a reasonable~~the Technology fFee for (i) installing, providing, supporting, modifying, and enhancing ~~any~~certain proprietary software or hardware that we develop and license to you; and (ii) other Computer System related maintenance and support services that we or our affiliates provide to you. If we or our affiliates license ~~any~~additional proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require. ~~See Items 6 and 7 for information regarding the cost of required computer software, and the monthly fees associated with operating your Computer System. The Technology Fee is currently \$250 per month. We may increase the Technology Fee upon 30 days prior written notice to you.~~

You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded. Your Computer System must be capable of supporting our required software, with internet capability. The Computer System is used to track and store sales, leads, disclosures, communication with prospective franchisees, and your performance of support obligations to franchisees, relating to the operation of your Regional Developer Business and the other Regional Developer Businesses in the System. We have the right to access all information stored on your Computer System which relates to your franchise.

We estimate the cost of purchasing the Computer System and related software will range from \$1,500 to \$2,500. In addition to the cost of purchasing the hardware and software associated with the Computer System, you will be required to pay reoccurring charges associated with the continuing use and upgrade of our proprietary office management software. We have no obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System. Currently the Technology Fee is \$250 per month but is subject to change. We believe that the Technology Fee is the only ongoing cost you will incur to maintain the Computer System although this may change in the future. You will also be required to pay the monthly cost of maintaining high speed internet access at your site.

We will have independent access to the information that will be generated and stored on your Computer System. There are no limitations on when or how we may access such information.

Social Media

We may organize and schedule national promotions (“National Promotions”). National Promotions may include, but are not limited to, charity events, price promotion (limited time deals and offers) and business segment drivers (events, open houses, charity promotion). You must participate in all National Promotions. Participation will require you, at a minimum, advertising the National Promotions, promoting all National Promotions in your Development Area, and through approved digital media platforms.

Time between Agreement Signing and Opening

The typical time from signing the Regional Developer Agreement to opening the Regional Developer Business is approximately one (1) month.

[The factors that may affect the opening of the Regional Developer Business are the availability of the RD Training Program, delays in required state registrations, and your ability to dedicate the time and resources required to open and operate the Regional Developer Business.](#)

ITEM 12 TERRITORY

Your Regional Developer Agreement grants you an exclusive Development Area, the specific size and location of which depends on population demographics, your capacity to recruit prospective Franchisees and provide support services in the Development Area, and the number of Sparkle Salons we believe the Development Area can sustain. You and we will mutually agree on your Development Area when you sign the Regional Developer Agreement. There is no specific minimum or maximum area that we must include in your Development Area. However, your Development Area will usually be a geographic area such as a state or county but could vary depending on the circumstances. Your Development Area may not be changed unless you and we both agree to the change in writing.

If you comply with your Regional Developer Agreement, we and our affiliates will not operate, establish, grant, or operate another Regional Developer Business offering, or any Sparkle Salons not required to be developed under your Regional Developer Agreement in your Development Area. The continuation of your territorial exclusivity depends upon your compliance with the minimum development obligations defined in your Regional Developer Agreement. If you do not meet the minimum development obligations of your Regional Developer Agreement, you will not have territorial exclusivity, and we may, at our option, terminate the Regional Developer Agreement. [Currently, we anticipate that the range of development obligations for Development Areas will be between 10 and 100 Salons although we may modify these obligations on a case by case basis and/or on a moving forward basis.](#)

Your territorial exclusivity is limited to the total number of franchises you are authorized to develop in your Development Area at the time of signing your Regional Developer Agreement. You may have the option to purchase the right to develop additional Sparkle Salons within your Development Area and receive additional territorial protection for additional Sparkle Salons within your Development Area (“Additional Salons”) but we are under no obligation to grant you such rights to develop Additional Salons. If we offer you the right to develop additional Sparkle Salons within your Development Area and you choose not to exercise the right to purchase the rights, we may develop or sell the right to develop Additional Salons within your Development Area and you will not receive any share of the Initial Franchise Fees, Royalty Fees, or other fees for such Sparkle Salons.

You may not relocate your Development Area without our express written consent. We do not currently permit Regional Developers to relocate their Development Area although we reserve the right to do so in the future on a case by case basis.

use. In addition, you may use them only in the manner authorized and permitted by Franchisor and you may not directly or indirectly contest Franchisor’s ownership of or rights in the Marks.

We have applied for registration of the following Marks with the U.S. Patent and Trademark Office (“USPTO”) on the Principal Register. At the appropriate times, we intend to renew the registrations and to file all appropriate affidavits.

Mark	Serial Number	Application Date	Registration Number	Registration Date	Register
SPARKLE	97610463	September 28, 2022	N/A	N/A	Principal
SPARKLE DOG WASH & GROOMING BAR	97610476	September 28, 2022	N/A	N/A	Principal

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. All required affidavits have been filed.

There are no agreements currently in effect that significantly limit Franchisor’s right to use or license the use of the Marks in a manner material to the franchise.

There are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, ~~or~~ cancellation proceedings, [or any pending material federal or state court litigation regarding the franchisor’s use or ownership rights in the trademarks listed above.](#)

We reserve the right to change the Marks you must use at any time. If this happens, you must comply with the change at your expense within a reasonable time after we notify you of the change.

The Company will indemnify against or reimburse for expenses you incur in defending claims of infringement or unfair competition arising out of your use of the Marks.

You are required to notify Franchisor immediately when you become aware of the use, or claim of right to, a Mark identical or confusingly similar to our Marks. If litigation involving the Marks is instituted or threatened against you, you must notify Franchisor promptly and cooperate fully with Franchisor in defending or settling the litigation. The Company, at its option, may defend and control the defense of any proceeding relating to any Marks.

The Company has no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchisee’s use of the Marks in any state.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents Rights

The Company owns no rights in or to any patents that are material to the franchise.

Copyrights

The Company claims a copyright and treats the information in the Manual as confidential trade secrets, but you are permitted to use the material as part of the franchise. You must promptly tell us when you learn about unauthorized use of our copyright. We are not obligated to act but will respond to this information as we deem appropriate. We have the exclusive right to control any proceeding or litigation alleging the unauthorized use of our copyrights. We have no obligation to: (i) indemnify you for any expenses or damages arising from any proceeding or litigation involving our copyrights; or (ii) participate in your defense if you are a party to an administrative or judicial proceeding involving our copyrights. At any time, we may change our copyrighted items and you must comply with these changes at your expense within ~~a reasonable time~~ 10 days after notice from us. There are no infringements that are known by us at this time.

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

Confidential Operations Manual

Under the Franchise Agreement, you must operate the Salon in accordance with the standards, methods, policies, and procedures specified in the Manual. We will loan you a copy of the Manual or make the Manual available to you electronically for the term of the Franchise Agreement when you have completed the RD Training Program to our satisfaction. You must operate your Salon strictly in accordance with the Manual, as it may be revised by Franchisor from time to time.

You must, at all times, treat the Manual and the information in it, as well as any other materials created for or approved by use for the operation of your Salon, as confidential, as required by the Franchise Agreement. You must use all reasonable efforts to maintain this information secret and confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be returned in the event that you cease to be a Salon Owner.

We may from time to time revise the contents of the Manual, and you must comply with each new or changed provision. You must ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copies maintained by us at Company's home office will be controlling.

Confidential Information

The Franchise Agreement requires you to maintain all Confidential Information of Franchisor as confidential both during and after the term of the Agreement. "Confidential Information" includes all information, data, techniques and know-how designated or treated by Franchisor as confidential and includes the Manual. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by Franchisor.

Under the Regional Developer Agreement, you agree that all information, data, techniques and know-how developed or assembled by you or your employees or agents during the term of the Franchise Agreement and relating to the System will be deemed a part of the Confidential Information protected under the Franchise Agreement. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of a Sparkle Franchise (an "Improvement"), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any Improvement shall become our sole property and we shall be the sole owner of all related patents, patent applications, and other

intellectual property rights. Improvements will be considered “Confidential Information.” You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any Improvement in any and all countries and agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights.

See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Franchise Business.

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

We recommend but do not require that you personally participate in the direct operation of your Regional Developer Business. If you do not personally participate in the direct operation of your franchise on a full-time basis, then you are obligated to have a fully trained Manager operate the Regional Developer Business. While we do not require that your Manager have an equity interest in the Regional Developer Business, we believe that only a person with an equity interest can adequately ensure that our standards of quality and competence are maintained. The Regional Developer Agreement requires that you (or Operating Principal if Franchisee is an Entity) be directly involved in the day-to-day operations and utilize your best efforts to promote and enhance the performance of the ~~Regional Developer~~ Franchised Business. While in most cases Franchise Owners will seek additional assistance for the labor-intensive portions of the business, we have built our reputation on Franchise Owner participation and believe it is crucial for continued success.

Any Manager you employ at the launching of your franchise operations must complete the initial management-training course required by Franchisor. All subsequent Managers must be trained fully according to our standards by either the Franchise Owner or Franchisor. However, Franchisor may charge a fee for this additional training.

Each individual who holds an ownership interest in Regional Developer must personally guarantee all of the obligations of Regional Developer under the Regional Developer Agreement. (See Exhibit 4 to the Your spouse must execute a personal guaranty or consent to your execution of a personal guaranty even if your spouse does not have an ownership interest in Regional Developer ~~Agreement = Owner’s Guaranty and Assumption of Obligations).~~

At Franchisor’s request, you must obtain and deliver executed covenants of confidentiality and non-competition from any persons who have or may have an ownership interest in Regional Developer or in the Regional Developer Business, or who receive or have access to Confidential Information under the System. The covenants must be in a form satisfactory to us and must provide that we are a third-party beneficiary of and have the independent right to enforce the covenants.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISE OWNER MAY SELL

You must operate the Regional Developer Business in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System, as described in the Manuals and in other writings by Franchisor from time to time. You must use your Regional Developer Business Sales Office only for the operation of the Regional Developer Business and may not operate any other business at or from such office without the express prior written consent of Franchisor.

Regional Developer may only solicit franchises that will be operated in the Development Area. Regional Developer may solicit franchisees reside outside of the Development Area but only if the franchise will be operated in the Development Area.

Franchisor requires you to offer and sell only those goods and services that Franchisor has approved. Franchisor maintains a written list of approved goods and services in its Manuals, which Franchisor may change from time to time.

You must offer all goods and services that Franchisor designates as required for all franchises. In addition, Franchisor may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before Franchisor will allow you to offer certain optional services.

We reserve the right to designate additional required or optional services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. There are no express limitations on our right to designate additional or operational services; however, such services will be reasonably related to our System or model.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Regional Developer Agreement	Summary
a. Length of the term of the franchise	4.1	10 years.
b. Renewal or extension of the term	4.2	Your renewal rights permit you to remain a Regional Developer after the Initial Term of your Regional Developer Agreement expires. If you wish to do so, and you satisfy the required pre-conditions to renewal, we will offer you the right to Renewal Term of 10 years in perpetuity.
c. Requirements for you to renew or extend	4.2	<u>Your renewal rights permit you to remain a Regional Developer after the Initial Term of your Regional Developer Agreement expires. If you wish to do so, and you satisfy the required pre-conditions to renewal, we will offer you the right to Renewal Term of 10 years in perpetuity</u> You must: have substantially complied with Regional Developer Agreement; give notice of intent to renew; sign <u>general release of claims against us and related parties (see Exhibit H)</u> ; <u>pay the applicable renewal fee (see Item 6)</u> ; <u>cure any defaults</u> ; and <u>pay all amounts owed to us, and sign a new Regional Developer Agreement</u> in our then-current form which may, except as explicitly set forth in the Regional Developer Agreement, include new or different terms than contained in the current form of Regional Developer Agreement provided that the new Regional Developer Agreement will include Sections 3 (Exclusivity), 4 (Term), 8 (Payments

Provision	Section in Regional Developer Agreement	Summary
		to Regional Developer), and 11 (Assignability), sign general release of claims against us and related parties (see Exhibit H); pay the applicable renewal fee (see Item 6); cure any defaults; and pay all amounts owed to us.
d. Termination by you	Not Applicable	You may terminate the Regional Developer Agreement on any grounds available at law.
e. Termination by us without cause	Not Applicable	Not applicable.
f. Termination by us with cause	13.1	Only upon written notice to you.
g. “Cause” defined — curable defaults	13.1	You do not pay us amounts due within 10 days after written notice; or you do not comply with any other provision of the Regional Developer Agreement within 30 days after written notice of default.
h. “Cause” defined — defaults which cannot be cured	13.1	<p>You make an unauthorized transfer; you fail to meet your Minimum Development Obligation for any development period; you make material misrepresentation or omission in acquiring or operating the franchise; you do not satisfactorily complete initial training; you are convicted of or plead guilty to a felony; you fail to maintain</p> <p>required insurance; you engage in dishonest, unethical, or illegal conduct, or any conduct that we believe adversely affects the reputation of us, our franchises, or goodwill of the Marks; you knowingly make unauthorized use or disclosure of the Manuals or Confidential Information; you fail on 2 or more occasions in any 12-month period or 3 or more separate occasions in any 24-month period to timely pay amounts due or submit required reports, or comply with the Regional Developer Agreement; you become insolvent, or make an assignment for the benefit of creditors; or any attachment or seizure of the franchise assets is not vacated within 30 days.</p>
i. “Transfer” by you defined	11.3	Transfer includes: any voluntary, involuntary, direct or indirect assignment, sale, or gift of the franchise; transfer of ownership, merger, exchange, issuance of additional ownership interests, redemption of ownership interests, or sale of exchange of voting interests in you (if you are a legal entity); transfer of interest in the

Provision	Section in Regional Developer Agreement	Summary
		Regional Developer Agreement, you, the franchise, or its assets because of divorce, insolvency or dissolution, or operation of law; transfer because of the death of you or an Owner of you; or any pledge of the Regional Developer Agreement or ownership interest in you.
j.i. Your obligations on termination/non-renewal	13.2	You must cease using our Marks and Confidential Information; cease identifying yourself as our franchisee; cancel fictitious or assumed names related to your use of the Marks; deliver to us within 30 days all advertising, forms, and other materials containing the Marks or related to the franchise; notify search engines of termination and your right to use domain names, websites, or other search engines related to the Marks or our franchises; and provide us with evidence of your compliance with the above obligations within 30 days of termination.
k.j. Assignment of contract by us	11.1	Fully transferable by us.
k. <u>“Transfer” by you - defined</u>	<u>11.3</u>	<u>Transfer includes: any voluntary, involuntary, direct or indirect assignment, sale, or gift of the franchise; transfer of ownership, merger, exchange, issuance of additional ownership interests, redemption of ownership interests, or sale of exchange of voting interests in you (if you are a legal entity); transfer of interest in the Regional Developer Agreement, you, the franchise, or its assets because of divorce, insolvency or dissolution, or operation of law; transfer because of the death of you or an Owner of you; or any pledge of the Regional Developer Agreement or ownership interest in you.</u>
l. 1.— Franchisor approval of transfer by franchisee.	11.2	Any assignment or transfer without our approval is a breach of this Agreement and has no effect.
m. Conditions for our approval of transfer by you	11.4	You must pay all amounts owed to us; new owner assumes your obligations; new owner, its affiliates, and its owners do not have any interest in or work for a competitive business; new owner completes or agrees to complete initial training; new owners signs our then-current Regional Developer Agreement (and ancillary agreements; new owner has strictly complied with obligations to us and is not in default of

Provision	Section in Regional Developer Agreement	Summary
		<p>Developer Agreement will have the effect of modifying or limiting the representations made in this Franchise Disclosure Document or any of its attachments or addenda. No claim made in any Regional Developer or Franchise Agreement is intended to disclaim the express representation made in this Franchise Disclosure Document (subject to applicable state law).</p> <p><u>Only the terms of the development agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and development agreement may not be enforceable.</u></p>
u. Dispute resolution by arbitration or mediation	14	Except for certain identified claims, you and we must mediate all disputes between filing a demand for arbitration. Except for certain claims, you and we must arbitrate all disputes in Maricopa County, Arizona (subject to applicable state law).
v. Choice of forum	15.7	Maricopa County, Arizona (subject to applicable state law).
w. Choice of law	15.7	Arizona law governs, except for matters regulated by the United States Trademark Act (subject to applicable state law).

Applicable state law might require additional disclosures or requirements related to the information contained in this Disclosure Document. These additional disclosures, if any, appear in Exhibit G of this Disclosure Document.

ITEM 18 PUBLIC FIGURES

Franchisor does not use any public figure to promote its franchise.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

NET SALES, NEW MEMBERS AND TOTAL MEMBERS AT ONE (1) AFFILIATE OWNED SPARKLE SALON -DURING ITS FIRST THREE (3) MONTHS OF OPERATION (GRAND OPENING PERIOD) (OCTOBER 2023-DECEMBER 2023)

Month	Oct	Nov	Dec
Net Sales	\$10,014	\$20,551	\$27,759
New Members	104	104	127
Total Members		208	335

(1) “Net Sales” means the total of all revenue and receipts derived from the operation of the Salon, including all amounts received at or away from the Salon, or through the business the Salon conducts (such as fees for Services, fees for the sale of products, gift card sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and customer refunds and credits the franchise actually makes.

(2) New Members means the total number of new membership agreements for the Sparkle Salon for the calendar month reflected in the financial performance representation.

(3) Total Members is the total number of members that the Sparkle Salon had at the end of the calendar month reflected in the financial performance representation.

(4) The financial performance representation above reflects historical Net Sales, New Members, and Total Members for one (1) Sparkle Salon in Gilbert, Arizona during its first three (3) months of operation beginning in October 2023 and ending on December 31, 2023, the Grand Opening period.

(5) The Affiliate owned Sparkle Salon included in this financial performance representation is the only Sparkle Salon in operation ~~for at least 12 months~~ at the time that this financial performance representation is made. It is not a subset of outlets. There are no franchise owned outlets at this time and therefore the information above regarding the Affiliate owned Sparkle Salon is the only information currently available.

(6) **One Sparkle Salon has generated the above results. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

Written substantiation for the representation will be made available to the prospective franchisee upon your reasonable request.

Other than the preceding financial performance representation, Sparkle Franchising, LLC does not make any

financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual record of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Ben Crawford, Sparkle Franchising, LLC, 4250 N. Drinkwater Blvd., Suite 165, Scottsdale, AZ 85251, ~~hello@sparkledogcare.com~~hello@sparkledogcare.com, (480) 550-8159 the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchisee	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company Owned	2021	0	0	0
	2022	0	0	0
	2023	0	1	<u>+1</u>
Total Outlets	2021	0	0	0
	2022	0	0	0
	2023	0	0	0

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
All States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-Acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
All States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Georgia	0	1	0
Florida	0	1	0
Texas	0	1	0
All Other States	0	0	0
Total	0	3	0

Notes:

Exhibit F lists the names of all of our [Franchisees](#) [Regional Developers](#) and their addresses and telephone numbers as of December 31, 2023. Exhibit F lists the [Franchisees](#) [Regional Developers](#) who have signed Franchise Agreements for outlets which were not yet operational as of December 31, 2023, and also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every [Franchisee](#) [Regional Developer](#) who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no [franchisees](#) [Regional Developer](#) franchises as of 12/31/2023.

[There are no Regional Developers](#) who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year; or that have not communicated with the Franchisor within 10 weeks of the disclosure document issuance date.

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

If you are purchasing a company-owned outlet from one of our affiliates that was previously owned by a franchisee but is now owned and operated by our affiliate or us we will provide you with an addendum to this Disclosure Document disclosing additional information for that outlet.

During the last three fiscal years, no current or former ~~franchisees~~Regional Developers have signed confidentiality clauses that restrict them from discussing with you their experiences as a ~~franchisee~~Regional Developer in our franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system being offered under this Disclosure Document that have been created, sponsored, or endorsed by us.

~~There are no franchises as of 12/31/2023.~~

ITEM 21 FINANCIAL STATEMENTS

The Franchisor has not been in business ~~long enough to provide~~for three years or more and cannot include all the financial statements ~~generally~~required by this Item Rule for its last three fiscal years. Attached as Exhibit D is an audited opening balance sheet for Sparkle Grooming Franchising LLC dated January 31, 2024.

The Franchisor's fiscal year end is December 31.

ITEM 22 CONTRACTS

Attached are copies of the following agreements relating to the offer of the franchise:

- Regional Developer Agreement with State-Specific Addenda (Exhibit B)
- Owner's Guaranty and Assumption of Obligations (Exhibit 4 to Regional Developer Agreement)
- Confidentiality/Non-Disclosure Agreement (Exhibit E)
- General Release (Exhibit H)
- Addenda Required by Certain States and Small Business Administration

ITEM 23 RECEIPT

~~Two copies of an acknowledgement of your receipt of this Disclosure Document appear at the end of [Exhibit J](#) includes Receipts acknowledging that you received this Disclosure Document. The Receipts are detachable and one copy must be signed by you and given to us. Please return one Receipt to us and retain the other. The other copy may be retained by you for your records. If this page or any other pages or exhibits you are missing from your copy these Receipts, please contact [Franchisor](#) at the [this](#) address or [telephone number](#) noted in [Item 1](#):~~

[Sparkle Franchising LLC](#)
[4250 N Drinkwater Blvd, Suite 165](#)
[Scottsdale, AZ 85251](#)
[Telephone: \(480\) 550-8159](#)
[Lyle Myers, Chief Development Officer](#)
[hello@sparkledogcare.com](#)

DIRECTORY OF FRANCHISE REGULATORS, STATE ADMINISTRATORS, AND AGENTS FOR SERVICE OF PROCESS

Federal Franchise Regulators:
Federal Trade Commission
Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W., Room 238
Washington, DC 20580
202-326-2970

List of State Administrators

CALIFORNIA:

Department of Financial Protection and
Innovation
1-866-275-2677

Los Angeles

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

Sacramento

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

San Diego

1455 Franzee Road, Suite 315
San Diego, CA 92108
(619) 610-2093

San Francisco

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

HAWAII:

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

ILLINOIS:

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

INDIANA:

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

MARYLAND:

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

MICHIGAN:

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

MINNESOTA:

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

NEW YORK:

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

NORTH DAKOTA:

North Dakota Securities Department
State Capitol, ~~5th Floor~~
600 East Boulevard Avenue, [14 Floor](#)
[Dept 414](#)
Bismarck, ND 58505-0510
(701) 328-~~2910~~[4712](#)

OREGON:

Div. of Finance & Corp. Securities
(608) 266-8557
Department of Consumer & Business
Services, Room 410
350 Winter Street, NE
Salem, OR 97301-3881
(503) 378-4140

RHODE ISLAND:

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

SOUTH DAKOTA:

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

VIRGINIA:

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

WASHINGTON:

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

WISCONSIN:

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

List of Agents for Service of Process

CALIFORNIA

Commissioner of Financial
Protection and Innovation
Department of Financial Protection
and Innovation
2101 Arena Blvd.
Sacramento, CA 95834

DELAWARE

Corporation Service Company
251 Little Falls Drive
Wilmington, Delaware 19808

HAWAII

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

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

INDIANA

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

MARYLAND

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

MICHIGAN

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

MINNESOTA

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

NEW YORK

New York Secretary of State
99 Washington Avenue
Albany, NY 12231-0001

NORTH DAKOTA

Securities Commissioner of North
Dakota
State Capitol, ~~5th Floor~~
600 East Boulevard Avenue, [14
Floor Dept 414](#)
Bismarck, ND 58505

RHODE ISLAND

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

SOUTH DAKOTA

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

VIRGINIA

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

WASHINGTON

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

WISCONSIN

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

such form and at such time as we shall require. We reserve the right to conduct periodic inspections of your Regional Developer Business to ensure that you comply with this Agreement, the Manual for RDS, standards, and any of our other written directives. Regional Developer shall participate in all promotion and marketing activities required by us of our Regional Developers, as required in the Franchise Agreements, or otherwise.

5.9 Product and Service Purchases. Currently, we do not require our Regional Developers to purchase any products, supplies, or equipment from us, other than our proprietary software and marketing materials. We may, in the future, require you to purchase identified products or services only from us or a third party designated and licensed by us to prepare and sell such products (“Designated Suppliers”) and purchase from manufacturers, distributors, vendors and suppliers approved by us (“Approved Suppliers”) all other goods, products, materials and supplies (collectively, “Goods”), as well as advertising materials, furniture, fixtures, equipment, menus, forms, paper and plastic products, packaging or other materials (collectively, “Materials”) that meet the standards and specifications promulgated by us from time to time. We may require you to use only certain brands (collectively, “Approved Brands”) and prohibit you from using other brands. From time to time, we may modify the list of Approved Brands and you may not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand. Neither Franchisor nor its affiliate are currently an Approved Supplier or a Designated Supplier for any Goods or Materials although we reserve the right to appoint Franchisor or an affiliate as an Approved Supplier or Designated Supplier of one or more Goods of Materials. We may charge you a Supplier Review Fee (not to exceed our costs of testing new products or inspecting suppliers you propose) to make the evaluation. We will notify you whether we have approved or rejected that vendor, supplier, or item, in our discretion, within 30 days after receipt of all applicable information.

6. OPERATING STANDARDS.

6.1 Standard of Service. Regional Developer shall at all times give prompt, courteous, and efficient service to Franchisees in the Development Area. Regional Developer shall, in all dealings with Franchisees, prospective Franchisees and the public, adhere to the highest standards of honesty, integrity, fair dealings and ethical conduct.

6.2 Compliance with Laws and Good Business Practices. Regional Developer shall secure and maintain in force all required licenses, permits and certificates relating to Regional Developer’s activities under this Agreement and operate in full compliance with all applicable laws, ordinances, and regulations. Regional Developer acknowledges being advised that many jurisdictions have enacted laws concerning the advertising, sale, renewal, and termination of, and continuing relationship between parties to a franchise agreement, including, without limitation, laws concerning disclosure requirements. Regional Developer agrees promptly to become aware of and to comply with all such laws and legal requirements in force in the Development Area and to utilize only disclosure documents that we have approved for use in the applicable jurisdiction.

6.3 Accuracy of Information. Before it solicits any Prospective Franchisee, Regional Developer shall each time take reasonable steps to confirm with Franchisor that the information contained in any written materials, agreements and other documents related to the offer or sale of franchises is true, correct and not misleading at the time of such offer or sale and that the offer or sale of such franchise will not at that time be contrary to or in violation of any applicable state law related to the registration of the franchise offering. We shall provide Regional Developer with any changes to our disclosure documents and other agreements on a timely basis and, upon request, provide Regional Developer with confirmation that the information contained in any written materials, agreements or documents being used by Regional Developer is true, correct and not misleading, except for information specifically relating to disclosures regarding Regional Developer. If Regional Developer notifies us of an error in any information in our

conditions: (a) the Franchisee (or Regional Developer) executes a Franchise Agreement with us and an initial franchise fee has been paid to and actually received by us (we shall not be deemed to have received any fees paid into escrow, if applicable, until such fees actually have been remitted to us); and (b) Regional Developer has complied with all of its other obligations under this Agreement with respect to such sale and has verified the same to us in writing in a form prescribed by us. The Initial Fee Commission with respect to the sale of Sparkle franchises shall be an amount equal to fifty percent (50%) of the Initial Franchise Fee for each Sparkle franchise that is sold according to this Agreement minus any broker's fees or sales commissions, if any, and will be payable to Regional Developer within twenty (20) days after the conditions of this Section 8.1 have been fulfilled. Currently at the time of this Agreement, the Initial Franchise Fee is \$39,000 and one half (50%) of the Initial Franchise Fee is Nineteen Thousand Five Hundred Dollars (\$19,500). In the event of a multi-unit discount or future increase of the Initial Franchise Fee, RD shall still receive 50% of the Initial Franchise Fees collected.

8.2 Commissions on Royalty Fees. We shall pay to Regional Developer, on the 10th day of the month after royalty payments are actually received by us from each Franchisee located in the Development Area:

~~8.3~~(a) From Sparkle Franchisees. Three percent (3%) of the Net Sales actually received by us from each Franchisee located in the Development Area during the applicable period according to their Franchise Agreement ("Royalty Fees"). The terms "Net Sales" means the total of all revenue and receipts derived from the operation of the Salon, including all amounts received at or away from the Salon, or through the business the Salon conducts (such as fees for Services, fees for the sale of products, gift card sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and customer refunds and credits the franchise actually makes. If the Regional Developer has failed to conduct the periodic inspections described in Section 5.7 and/or failed to perform, in any material respect, with respect to one (1) or more Franchisees located in the Development Area, the other services described in Section 5 to be provided to Franchisees located in the Development Area during any applicable month, then Regional Developer shall not be entitled to receive commissions on Royalty Fees with respect to such Franchisees for the period during which inspections, reports or services were not provided.

~~8.4~~8.3 Commissions After Termination. All payments under this Section 8 shall immediately and permanently cease after the expiration or termination of this Agreement although Regional Developer shall receive all amounts which have accrued to Regional Developer as of the effective date of expiration or termination.

~~8.5~~8.4 Application of Payments. Our payments to Regional Developer shall be based on amounts actually collected from Franchisees, not on payments accrued, due, or owing. In the event of termination of a Franchise Agreement within the Development Area, we shall apply any payments received from a Franchisee to pay past due indebtedness of that Franchisee for Royalty Fees, advertising contributions, purchases from us or our affiliates, interest, or any other indebtedness on that Franchisee to us or our affiliates. To the extent that such payments are applied to a Franchisee's overdue Royalty Fee payments, Regional Developer shall be entitled to its pro rata share of such payments, less its pro rata share of the costs of collection paid to third parties.

~~8.6~~8.5 Setoffs. Regional Developer shall not be allowed to set off amounts owed to us for fees or other amounts due under this Agreement against any monies owed to Regional Developer by us, which right to set-off, is hereby expressly waived by Regional Developer. We shall be allowed to set off against amounts owed to Regional Developer for commissions, Royalty Fees or other amounts due under this Agreement any monies owed to us by Regional Developer.

CALIFORNIA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAY PRIOR TO EXECUTION OF AGREEMENT.

~~1.2.~~ California Business and Professions Code Sections 20000 through 20043 provide rights to Franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

~~2.3.~~ If any of the provisions of the Agreement concerning termination are inconsistent with either the California Franchise Relations Act or with the Federal Bankruptcy Code (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

~~3.4.~~ The Agreement requires that it be governed by Arizona law. This requirement may be unenforceable under California law.

~~4.5.~~ You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under Franchise Business Relations Act (Business and Professions Code 20000 through 20043).

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this California Addendum to Regional Developer Agreement on the same date as Franchise Agreement was executed.

SPARKLE FRANCHISING, LLC a Delaware
limited liability company

REGIONAL DEVELOPER

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

ILLINOIS ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

Illinois law governs the ~~agreements between the parties to this franchise.~~ Regional Developer Agreement

~~1. _____~~

~~2. In conformance with~~ Section 4 of the Illinois Franchise Disclosure Act ~~states that,~~ any provision in a ~~F~~franchise ~~A~~greement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a ~~F~~franchise ~~A~~greement may provide for arbitration to take place outside of Illinois.

~~3. Franchisees~~ Your rights upon ~~t~~Termination and ~~n~~Non-~~r~~Renewal ~~are described of an agreement are set forth~~ in sections 19 and 20 of the Illinois Franchise Disclosure Act.

~~4. In C~~onformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

~~5. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.~~

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

IN WITNESS WHEREOF, the parties have duly executed, sealed, and delivered this Illinois Addendum to Regional Developer Agreement on the same date as Franchise Agreement was executed.

SPARKLE FRANCHISING, LLC a Delaware limited liability company

REGIONAL DEVELOPER

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

MARYLAND ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

Anything to the contrary described the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Maryland:

1. 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.

2. The provision in Franchise Agreement which provides for termination upon bankruptcy of Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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

7. Section 17 of the Regional Developer Agreement is deleted in its entirety.

SPARKLE FRANCHISING, LLC a Delaware limited liability company	REGIONAL DEVELOPER
_____	_____
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

MINNESOTA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Article 9 is amended to add the following:

“We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.”

2. Articles 4 and 11.4 each contain a provision requiring a general release as a condition of renewal and transfer of the Regional Developer Business. Such release will exclude claims arising under the Minnesota Franchise Law.

3. Article 13 is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C. 14, Subds., 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for nonrenewal of your Franchise Agreement.

4. Article 15.10 is amended as follows:

Pursuant to Minn. Stat. § 80C.17, Subd. 5, the parties agree that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues.

5. Articles 15.8, and 15.9 are each amended to add the following:

Minn. Stat. Sec. 80C.2 1 and Minn. Rule 2860.4400J prohibit us from requiring litigation or arbitration to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Under this statute and rule, franchisor cannot require you to consent to injunctive relief; however, franchisor may seek injunctive relief from the Court. A court will determine if a bond is required.

6. Article 15.9 is amended to add the following:

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

7. Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Addendum to the Agreement.

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

~~NEW YORK ADDENDUM TO REGIONAL DEVELOPER AGREEMENT~~

1. ~~Article 11.1 is amended to add the following:~~

~~However, we will not make any such transfer or assignment except to a person who, in our good faith judgment, is willing and able to assume our obligations under this Agreement, and all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.~~

2. ~~Article 15.7 is amended to add the following:~~

~~However, all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.~~

3. ~~Article 15.2 is amended to add the following:~~

~~However, you will not be required to hold harmless or indemnify us for any claim arising out of a breach of this Agreement by us or any other civil wrong of us.~~

4. ~~Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.~~

~~IN WITNESS WHEREOF, the parties have duly executed, sealed, and delivered this New York Addendum to the Regional Developer Agreement on the same date as the Regional Developer Agreement was executed.~~

~~SPARKLE FRANCHISING, LLC~~ a Delaware limited liability company

REGIONAL DEVELOPER

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

NORTH DAKOTA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

1. Articles 4 and 11.4 each contain a provision requiring a general release as a condition of renewal or transfer of the Regional Developer Business. Such release is subject to and will exclude claims arising under the North Dakota Franchise Investment Law.
2. Article 12.2 of the Regional Development Agreement discloses the existence of certain covenants restricting competition to which franchisees 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.
3. Article 13 of the Regional Development Agreement requires the franchisee to consent to termination or liquidated damages. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Delete the provision each place it appears in the disclosure document and agreements used in North Dakota.
4. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota
5. Article 14 of the Regional Development Agreement provides that the franchisee must agree to the arbitration or mediation of disputes, such arbitration or mediation to be held in Arizona. This will be amended to provide the site of arbitration or mediation be agreeable to all parties and may not be remote from the franchisee's place of business.
- ~~2.6.~~ Article 15.7 and 15.8 will be amended to state that litigation involving a franchise purchased in North Dakota must be held in a location mutually agreed or if the parties cannot agree on a location, at a location to be determined by the arbitrator.
- ~~3.7.~~ Article 15.4 is amended to add that covenants not to compete on termination or expiration of a Regional Developer Agreement are generally not enforceable in the State of North Dakota except in limited circumstances provided by North Dakota law.
- ~~4.8.~~ Article 15.7 will be amended to add that any claim or right arising under the North Dakota Franchise Investment Law may be brought in the appropriate state or federal court in North Dakota, subject to the arbitration provision of the Agreement.
- ~~5.9.~~ Article 15.8 will be amended to state that, in the event of a conflict of law, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will prevail.
- ~~6.10.~~ Article 15.9 requires Franchisee to waive a trial by jury, as well as exemplary and punitive damages. These requirements are not enforceable in North Dakota pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law and are therefore not part of the Regional Developer Agreement.
- ~~7.11.~~ Article 15.10 requirement that Regional Developer consent to a limitation of claims period of one year is not consistent with North Dakota law. The limitation of claims period under the Regional Developer Agreement shall therefore be governed by North Dakota law.
- ~~8.12.~~ Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, are met independently without reference to this Addendum.

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

14. Based upon the franchisor's financial condition, North Dakota has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise regional developer agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

IN WITNESS WHEREOF, the parties have duly executed, sealed, and delivered this North Dakota Addendum to the Regional Developer Agreement on the same day as the Regional Developer Agreement was executed.

SPARKLE FRANCHISING, LLC a Delaware
limited liability company

REGIONAL DEVELOPER

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

SOUTH DAKOTA ADDENDUM TO REGIONAL DEVELOPER AGREEMENT

Payment of Initial Franchise/Regional Developer Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the South Dakota Securities Regulation Office due to Franchisor's financial condition.

<u>SPARKLE FRANCHISING LLC</u>	<u>FRANCHISEE</u>
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

REQUIRED BY THE STATE OF CALIFORNIA
ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA

[Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.](#)

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT: [AT LEAST 14 DAY PRIOR TO EXECUTION OF AGREEMENT.](#)

~~See the cover page of the disclosure document for Sparkle~~The Franchising~~or's~~ ~~URL~~web address: [is: www.hello@sparkledogcare.com](mailto:www.hello@sparkledogcare.com)

~~OUR~~ WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

COVER PAGE, RISK FACTOR:

Spousal Liability: Your spouse will be liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

ITEM 1, INDUSTRY SPECIFIC REGULATIONS.

~~The following statement is added to the "Industry Specific Regulations" section in Item 1.~~

~~As of January 1, 2016, new certified massage therapist applicants must have completed 500 hours of education at a California Massage Therapy Council ("CAMTC") approved school and pass a CAMTC approved exam.~~

ITEM 3, LITIGATION.

The following statement is added to Item 3:

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

ITEM 6, OTHER FEES.

The highest interest rate allowed in California is ten percent (10%) per annum.

ITEM 17, ADDITIONAL DISCLOSURES.

The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of the ~~Squeeze Shop~~ Sparkle Salon. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.

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

Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division

You must sign a general release if you transfer or renew your franchise. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

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

REQUIRED BY THE STATE OF HAWAII

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR

AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

Item 20 of this Disclosure Document will be amended by the addition of the following paragraph:

As of the dates listed in Attachment 1, this franchise offering is or will be effective in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin and exempt from registration in Arizona and Utah. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

REQUIRED BY THE STATE OF ILLINOIS

COVER PAGE, RISK FACTORS.

~~The following statement is added at the end of the first Risk Factor:~~

~~SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT PROVIDES THAT ANY PROVISION IN A FRANCHISE AGREEMENT WHICH DESIGNATES JURISDICTION OR VENUE IN A FORUM OUTSIDE OF ILLINOIS IS VOID WITH RESPECT TO ANY CAUSE OF ACTION WHICH OTHERWISE IS ENFORCEABLE IN ILLINOIS.~~

~~NOTWITHSTANDING THE FOREGOING, ILLINOIS LAW SHALL GOVERN THE FRANCHISE AGREEMENT.~~

~~“YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN IF YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE’S MARITAL AND PERSONAL ASSETS (PERHAPS INCLUDING YOUR HOUSE) AT RISK IF YOUR FRANCHISE FAILS.”~~

~~Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:~~

State Law

~~The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.~~

Illinois law governs the Regional Developer Agreement

~~In conformance with Section 4 of the Illinois Franchise Disclosure Act will govern any Franchise Agreement if it applies to, any provision in a subfranchise located in Illinois.~~

~~Any condition in the Franchise Agreement that designates jurisdiction or and venue in a forum outside of the State of Illinois is void, with respect to any cause of action that otherwise is enforceable in Illinois, provided that the~~ However, a Franchise Agreement may provide for ~~mediation in a forum~~ arbitration to take place outside of Illinois.

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

In conformance with ~~S~~section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. ~~Illinois law governs the Franchise Agreement(s) and Development Agreement(s). This provision supersedes any other term of any document executed in connection with the franchise.~~

REQUIRED BY THE STATE OF INDIANA

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of your franchise. This provision may not be enforceable under Indiana law.

Indiana law makes unilateral termination of your franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

If Indiana law requires the Franchise Agreement and all related documents to be governed by Indiana law, then nothing in the Franchise Agreement or related documents referring to Arizona law will abrogate or reduce any of your rights as provided for under Indiana law.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Although the Franchise Agreement requires mediation to be held at the office of the American Arbitration Association closest to our principal executive offices, mediation held pursuant to the Franchise Agreement must take place in Indiana if you so request. If you choose Indiana, we have the right to select the location in Indiana.

~~REQUIRED BY THE STATE OF MARYLAND~~

~~A franchisee located within the state of Maryland shall not be required to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise which would act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.~~

~~The provisions in the Franchise Agreement relating to the general release that is required as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

~~Lawsuits by either you or us may take place in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.~~

Any limitation of claims provision(s) in the Franchise Agreement shall not act to reduce the 3-year statute of limitations afforded to you for bringing a claim under the Law. Any claims arising under the Maryland Franchise Registration and Law must be brought within 3 years after the grant of the franchise to 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 made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

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

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

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

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

REQUIRED BY THE STATE OF MINNESOTA

We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release. Any release you sign as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C. 14, subds, 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice in advance of termination (with 60 days to cure) and 180 days' notice in advance of nonrenewal of the Franchise Agreement.

Minn. Stat. § 80C.17, Subd. 5, states that no civil action pertaining to a violation of a franchise rule or statute can be commenced more than three years after the cause of action accrues

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Under Minnesota law, we cannot require you to consent to injunction relief; however, we may seek injunctive relief from the Court.

Minn. Rule Part 2860.4400J prohibits us from requiring you to waive your rights to a jury trial or waive your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

~~REQUIRED BY STATE OF NEW JERSEY~~

~~Liquidated damages are void if unreasonable under the totality of the circumstances, including whether a statute governs the relationship and concerns liquidated damages clauses, and the common practice in the industry.~~

~~REQUIRED BY THE STATE OF NEW YORK~~

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

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

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

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

~~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.~~

~~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.~~

~~No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.~~

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

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

~~However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the~~

~~regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.~~

~~4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee": You may terminate the agreement on any grounds available by law.~~

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

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

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

~~Receipts—Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made.~~ **REQUIRED BY STATE OF NEW JERSEY**

~~7. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.~~ Liquidated damages are void if unreasonable under the totality of the circumstances, including whether a statute governs the relationship and concerns liquidated damages clauses; and the common practice in the industry.

REQUIRED BY THE STATE OF NORTH DAKOTA

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of your franchise. This provision may not be enforceable under North Dakota law.

Although the Franchise Agreement provides that the place of mediation will be located at the office of the American Arbitration Association closest to our principal executive offices, we agree that the place of mediation will be a location that is in close proximity to the site of your Salon.

The Franchise Agreement requires that you consent to the jurisdiction of a court in close proximity to our principal executive offices. This provision may not be enforceable under North Dakota law because North Dakota law precludes you from consenting to jurisdiction of any court outside of North Dakota.

Although the Franchise Agreement provides that it will be governed by and construed in accordance with the laws of the State of Arizona, we agree that the laws of the State of North Dakota will govern the construction and interpretation of the Franchise Agreement.

A contractual requirement that you sign a general release may be unenforceable under the laws of North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a waiver of trial by jury, the Commissioner has determined that a requirement requiring the waiver of a trial by jury to be unfair, unjust

and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota.

Although the Franchise Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages, the Commissioner had determined these types of provisions to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is not enforceable in North Dakota. Although the Franchise Agreement requires the franchisee to consent to a limitation of claims period within one year, the Commissioner had determined this to be unfair, unjust and inequitable within the intent of Section 5119-09 of the North Dakota Franchise Investment Law. The limitation of claims period is therefore governed by North Dakota law.

To the extent any provision of the Franchise Agreement requires you to consent to a waiver of exemplary or punitive damages, the provision will be deemed null and void.

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

Based upon the franchisor's financial condition, North Dakota has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the regional developer agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

REQUIRED BY THE STATE OF RHODE ISLAND

Even though our Franchise Agreement says the laws of Arizona apply, § 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.”

REQUIRED BY THE STATE OF SOUTH DAKOTA

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the South Dakota Securities Regulation Office due to Franchisor's financial condition.

REQUIRED BY THE STATE OF 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

EXHIBIT I
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 4/3/2024
Hawaii	Pending 3/21/2024
Illinois	Pending 4/9/2024
Indiana	Pending 3/12/2024
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending 4/30/2024
Rhode Island	Pending 3/14/2024
South Dakota	Pending 3/14/2024
Virginia	Pending 4/4/2024
Washington	Pending
Wisconsin	Pending 3/14/2024

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

**EXHIBIT J
RECEIPT
(RETAIN THIS COPY FOR YOUR RECORDS)**

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

If [Sparkle Franchising, LLC](#) offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale.

New York law require a franchisor to provide a disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If [Sparkle Franchising, LLC](#) does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency.

The issuance date for this Franchise Disclosure Document is March 1, 2024.

I have received a Disclosure Document dated March 1, 2024 that included the following Exhibits:

- | | |
|---|---|
| <ul style="list-style-type: none"> A. List of State Administrators /List of Agents for Service of Process B. Regional Developer Agreement C. Operations Manual Table of Contents D. Financial Statements E. Confidentiality/Non-Disclosure Agreement | <ul style="list-style-type: none"> F. Franchisee Lists G. State Specific Disclosures H. Form of General Release Agreement I. State Effective Dates J. Receipt (2 copies) |
|---|---|

Prospective Franchisee <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Print Name: _____ Date: _____	Prospective Franchisee <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Print Name: _____ Date: _____
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Instructions for returning the receipt: If the Disclosure Document is not delivered in person, the prospective franchisee must sign both copies of this Receipt, retaining one (1) for the prospective franchisee’s records. The other copy must be sent via certified mail to ~~the Franchisor:~~ [Lyle Myers, Chief Development Officer, Sparkle Franchising LLC, 4250 N Drinkwater Blvd, Suite 165, Scottsdale, AZ 85251, \(480\) 550-8159](#)

_____.

Franchise seller’s name: _____
 Principal business address: _____
 Email: _____
 Telephone number: _____

Franchise seller’s name: _____
 Principal business address: _____
 Email: _____
 Telephone number: _____

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_____.

Franchise seller’s name: _____
 Principal business address: _____
 Email: _____
 Telephone number: _____

Franchise seller’s name: _____
 Principal business address: _____
 Email: _____
 Telephone number: _____

