



## FRANCHISE DISCLOSURE DOCUMENT

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FRANCHISE DISCLOSURE DOCUMENT Scissors & Scotch Franchising, LLC A Kansas Limited Liability Company 5400 Johnson Drive, Suite 150 Mission, Kansas 66205 Telephone: (913) 981-8004 Website: www.scissorscotch.com E-mail: franchise@scissorsscotch.com



The franchise is to operate a high-end barbershop and lounge under the name, Scissors & Scotch<sup>®</sup>, which caters to male customers, offers men's grooming and spa services that include haircuts, facial hair trims, hair coloring, straight-razor shaves, waxes, hand repairs, lounge and bar services, and hosts client events that include liquor and wine tastings, beer tap takeovers, wedding groups, trunk shows, sporting event watch parties, small business gatherings and private rentals ("Scissors & Scotch<sup>®</sup> Barbershop" or "Barbershop"). We will refer to the Scissors & Scotch<sup>®</sup> Barbershop franchise that you will operate as the "Franchised Business".

The total investment necessary to begin operation of a Scissors & Scotch® Barbershop franchise is \$389,300 to \$665,000. This includes \$163,000 to \$204,500 that must be paid to us and our affiliates.

The total investment necessary to enter into a development agreement for the right to develop three (3) Barbershops is \$459,300 to \$745,000, which includes (1) an initial development fee of \$115,000 to \$130,000 that is paid to us, and (2) the total investment to open and commence operations of your initial Barbershop. Under the area development agreement, the Development Fee is calculated as follows: (i) \$45,000 to \$50,000 for the initial Franchised Business that we will grant you the right to open and operate under the Development Agreement; plus (ii) \$35,000 to \$40,000 for each additional Franchised Business that you are granted the right to open under the Development Agreement.

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 government 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 Sean Finley, Managing Member, 5400 Johnson Drive, Suite 150, Mission, Kansas 66205, (913) 981-8004, <u>franchise@scissorscotch.com</u>.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, such as a lawyer or accountant.

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

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

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## How to Use This Franchise Disclosure Document

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

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

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