



YOUR TRUSTED FRANCHISE EXPERTS

Broker Disclosure Document

Who We Are and What We Do:

FranNet was founded in 1987 by Howard Bassuk and through his company, Hobassco, began offering franchise consulting services. In 2006, a group of established FranNet office owners bought FranNet from Mr. Bassuk.

FranNet's services consist of providing guidance, information, and support to prospective franchise owners (candidates) and assisting them through a process in which the consultant outlines a profile of the type of franchise that is most suitable for the candidate. This profile is based on the candidate's interests, goals, and skill sets. FranNet Consultants presents the candidate with franchise opportunities that fit their profile and a process that outlines the steps to research the prioritized franchise opportunities. This enables the candidate to make an educated decision and for the Franchisor to be presented with prequalified candidates that fit its franchisee profile. FranNet Consultants do not sell franchises. The Franchisor controls the sales process, and the candidate ultimately makes the decision to buy or reject each franchise presented to them.

FranNet, LLC is a franchise company and annually files a Franchise Disclosure Document, which includes three-year audited financial statements and all other required information. Our principal business address is 6844 Bardstown Road, Unit 645, Louisville, KY 40291.

FranNet's Franchisees and Associates (Consultants) are well-connected in the industry. We can refer the franchise candidates to franchise attorneys, CPAS, and funding sources. We can also refer the candidates to the local SCORE or SBDC counselor for assistance with business plans if needed because we have a working relationship with these organizations.

FranNet Executive Leadership

- **Chairman of the Board of Directors: Jack Armstrong**

- Mr. Armstrong has been Chairman of the Board of Directors of FranNet since June 2012. He has been on the Board of Directors since 2006 serving as Chief Executive Officer from June 2012- January 2015, Vice Chairman of the Board of Directors from November 2006 until June 2012.

- **Chief Executive Officer and Director: Jania Bailey**

- Ms. Bailey was appointed Chief Executive Officer of FranNet on January 16, 2015; she was promoted from the position of Chief Operations Officer and presiding President. She has served on the Board of Directors since joining the company in 2006.

- **Vice Chairman of the Board of Directors: Blair Nicol**

- Mr. Nicol was appointed Vice Chairman of the Board of Directors on June 8, 2012. Mr. Nicol has served as a Director of FranNet since November 2006. Blair Nicol is also the Managing Partner of Nicol Holdings, LLC.

FranNet Franchisees & Associates

We are very proud of the professionalism and integrity of our consultants. These individuals are focused on providing the best possible service to their clients. FranNet currently has four second-generation FranNet consultants in the ranks. This speaks volumes to the commitment and longevity of our consultants.

FranNet Franchisees and Associates Registration

As of June 2018, all FranNet Franchisees and Associates must be registered in New York, regardless of whether the Franchisee or Associate operates in those states. At FranNet, we believe all appropriate disclosures should be available to the candidates we work with.

FranNet Mission

- We are committed to providing continuous marketing, business, and operational support to our Franchisees & Associates so that they are the industry's most knowledgeable, professional, and successful Franchise Consultants.
- We are committed to providing focused attention to the franchisors we represent.
- We are committed to representing franchisors that our Franchisees & Associates can be proud to present to their prospects.
- We are committed to honesty, integrity, and responsiveness to every Franchisee, Associate, Franchisor, and candidate whom we have the privilege to serve.
- We are committed to helping our Franchisees & Associates achieve financial success.
- We are committed to protecting and enhancing the FranNet brand and reputation.
- Our culture is based on our values; as a result, we expect everyone in our organization to promote, integrate, and exhibit these values daily.

FranNet Core Values

- Integrity
 - Do the right thing- every day, every time.
- Forward Thinking
 - Willingness to try new things to become future-ready.
- Self-Starters
 - Leaders, not followers.
- Problem Solvers
 - Confronts problems and looks for solutions.
- Customer Focused
 - Customer satisfaction and success is the #1 goal.
 - Provide the customer with the best possible client experience.

FranNet Value to Franchisors

- Franchisors are presented with candidates who know the fundamentals of their business and are interested in their brand, thereby wasting less time and resources.
- We mitigate the franchisor's risk because our candidates have been educated about choices, completed due diligence, and are encouraged to do intensive research and employ professional advisors.

FranNet Value to the Candidates

- We provide guidance, information, and support as candidates seek their personal goals.
- We assist the candidates by providing research tools and information to them.
- We also help the candidate find other professionals, including franchise attorneys, financial institutions, and business advisors.
- We introduce candidates to various franchisors so that rather than having to go from place to place to learn about specific businesses, they can learn the basics about several concepts all in one place.

FranNet Client Bill of Rights

The following information is provided to every client/candidate of FranNet when they begin the relationship with a FranNet Consultant.

1. FranNet Consultants will assist you in determining if franchise ownership is right for you.
2. FranNet Consultants adhere to the Code of Ethics of the International Franchise Association and the FranNet code of conduct.
3. FranNet Consultants will not pressure you or "talk you" into an opportunity you do not believe fits your goals, budget or skill set.
4. FranNet Consultants listen to you and will take into consideration your expressed personal and professional concerns and/or interests when discussing potential franchise opportunities.
5. FranNet Consultants can coach and help you through the investigative process. You are accountable for your own commitments, such as timelines, appointments, tasks, etc.
6. You may freely associate with any company or broker group you believe is in your best interest.
7. FranNet Consultants will help you find the best resources to answer questions or concerns if they are unable to answer them. You can disagree or question the consultant at any time during the process.
8. If you decide franchise ownership is not for you, you are not obligated to continue the process. You can discontinue your work with FranNet at any time.

FranNet's Role in Your Business Ownership Journey At FranNet, our goal is not to convince you that franchise ownership and new business opportunities are right for you. Instead, we will help you understand the pros and cons of owning your own business and guide you through a process that will allow you to make an informed decision.

Your Responsibilities in the Business Ownership Journey The choice to buy a franchise at all, or any particular franchise, is yours and yours alone. You should conduct a thorough independent investigation of each franchise you consider. Once you decide to enter into a franchise agreement, your relationship is governed by that contract, and FranNet cannot resolve any issues or disputes you may later have with your franchisor. In addition, FranNet does not represent that you can or will attain any particular level of revenue, costs, or expenses or that you will generate income that exceeds the initial payment of, or investment in, the franchise. Therefore, we strongly suggest you consult your legal and financial advisors or personal accountant before entering any franchise agreement.

FRANNET[®]

YOUR TRUSTED FRANCHISE EXPERTS

Voluntary Disclosure Document

Item 1 - Broker Education

Training Provided to FranNet Franchisees and Associates

FranNet has an extensive training program for all new Franchisees and Associates. In addition to the training for the new Franchisees and Associates, FranNet has an expansive library of training programs for continued education. FranNet offers ongoing training in several different formats for the entire organization.

FranNet encourages the consultants to partake in continuing education offerings from the IFA and other industry providers.

FranNet requires that all Consultants complete the IFA FranGuard program within 6 months of joining the company.

Item 2 - Franchisors Standards and Diversity

Franchisor Selection Criteria

FranNet goes through a selection process similar to the due diligence process we advise our clients to follow when reviewing franchisors. The FranNet Selection Process is summarized below:

- Initial conversation/interview with the franchisor to obtain an overview of the concept.
- After the initial call, the franchisor is asked to complete a full application for consideration and to submit their FDD and financial statements for review.
- A full review is completed on the FDD and financials including an outside company comparing key performance indicators to competition in the same industry.
- FranNet's Inventory Committee reviews and evaluates all documentation. Upon approval by the Inventory Committee, the concept is advanced to the validation phase. Specifically, FranNet contacts a sampling of franchisees at the concept to learn more about the culture and support from the franchisor to the franchisees.
- After a satisfactory review, FranNet proposes and agrees to a contract before the franchisor is considered inventory for the FranNet system.

Franchisor Diversity

As of January 2024, FranNet's current list of franchisors covers 128 different SIC (Standard Industry Classification) codes. No single SIC group accounted for over 5.7% of the franchisors currently on the list.

FranNet Inventory 2023 SIC Codes and Percentages

<u>SIC Code</u>	<u>Industry</u>	
	<u>972 Beauty Salons</u>	<u>5.69%</u>
	<u>996 Janitorial Services</u>	<u>5.69%</u>
<u>56</u>	<u>Pet Care (Except Veterinary) Services</u>	<u>4.88%</u>
	<u>1097 Fitness and Recreational Sports Centers</u>	<u>4.07%</u>
	<u>104 Residential Remodelers</u>	<u>3.66%</u>
	<u>1138 Home Health Care Services</u>	<u>3.66%</u>
	<u>997 Other Services to Buildings and Dwellings</u>	<u>2.85%</u>
	<u>1154 Exam Preparation and Tutoring</u>	<u>2.85%</u>
	<u>125 Painting and Wall Covering Contractors</u>	<u>2.44%</u>
	<u>157 All Other Specialty Trade Contractors</u>	<u>2.03%</u>
	<u>995 Exterminating and Pest Control Services</u>	<u>2.03%</u>
	<u>1179 Child and Youth Services</u>	<u>1.63%</u>
	<u>60 Landscaping Services</u>	<u>1.63%</u>
	<u>129 Drywall and Insulation Contractors</u>	<u>1.63%</u>
	<u>1162 Services for the Elderly and Persons with Disabilities</u>	<u>1.22%</u>
	<u>908 All Other Health and Personal Care Stores</u>	<u>1.22%</u>
	<u>123 Plumbing, Heating, and Air Conditioning Contractors</u>	<u>1.22%</u>
	<u>1069 Home and Garden Equipment Repair and Maintenance</u>	<u>1.22%</u>
	<u>980 All Other Personal Services</u>	<u>1.22%</u>
	<u>1109 Sports and Recreation Instruction</u>	<u>1.22%</u>
	<u>1164 Child Day Care Services</u>	<u>1.22%</u>
	<u>982 Barbershop, Beauty Parlor, or Hair Styling Salon</u>	<u>1.22%</u>

<u>654 Sign Mfg.</u>	<u>1.22%</u>
<u>853 Automotive Parts and Accessories Stores</u>	<u>0.81%</u>
<u>1120 Offices of Chiropractors</u>	<u>0.81%</u>
<u>New Single-Family Housing Construction (Except For-Sale</u>	
<u>105 Builders)</u>	<u>0.81%</u>
<u>912 Pet and Pet Supplies Stores</u>	<u>0.81%</u>
<u>983 Advertising Agencies</u>	<u>0.81%</u>
<u>1166 Assisted Living Facilities for the Elderly</u>	<u>0.81%</u>
<u>758 Roofing, Siding, and Insulation Material Merchant Wholesalers</u>	<u>0.81%</u>
<u>299 Blind and Shade Mfg.</u>	<u>0.81%</u>
<u>870 Window Treatment Stores</u>	<u>0.81%</u>
<u>137 Roofing Contractors</u>	<u>0.81%</u>
<u>876 Snack and Nonalcoholic Beverage Bars</u>	<u>0.81%</u>
<u>879 Full-Service Restaurants</u>	<u>0.81%</u>
<u>788 Recyclable Material Merchant Wholesalers</u>	<u>0.81%</u>
<u>1035 All Other Business Support Services</u>	<u>0.81%</u>
<u>138 Masonry Contractors</u>	<u>0.81%</u>
<u>272 Wood Window and Door Mfg.</u>	<u>0.81%</u>
<u>869 Floor Covering Stores</u>	<u>0.81%</u>
<u>61 Landscaping Services</u>	<u>0.81%</u>
<u>273 Wood Kitchen Cabinet and Countertop Mfg.</u>	<u>0.81%</u>
<u>880 Limited-Service Restaurants</u>	<u>0.81%</u>
<u>989 Direct Mail Advertising</u>	<u>0.81%</u>
<u>135 Other Building Finishing Contractors</u>	<u>0.81%</u>
<u>Administrative Management and General Management Consulting</u>	
<u>1193 Services</u>	<u>0.81%</u>
<u>1106 Fitness and Recreational Sports Centers</u>	<u>0.81%</u>
<u>1153 Professional and Management Development Training</u>	<u>0.81%</u>

<u>1077 Other Services to Buildings and Dwellings</u>	<u>0.81%</u>
<u>1103 Fitness and Recreational Sports Centers</u>	<u>0.81%</u>
<u>371 Asphalt Paving Mixture and Block Mfg.</u>	<u>0.41%</u>
<u>998 Home Health Equipment Rental</u>	<u>0.41%</u>
<u>330 Commercial Printing (Except Screen and Books)</u>	<u>0.41%</u>
<u>647 Sporting and Athletic Goods Mfg.</u>	<u>0.41%</u>
<u>Promoters of Performing Arts, Sports, and Similar Events without</u>	
<u>1094 Facilities</u>	<u>0.41%</u>
<u>878 Caterers</u>	<u>0.41%</u>
<u>866 Other Clothing Stores</u>	<u>0.41%</u>
<u>739 Hazardous Waste Treatment and Disposal</u>	<u>0.41%</u>
<u>578 Other Lighting Equipment Mfg.</u>	<u>0.41%</u>
<u>1026 Other Services to Buildings and Dwellings</u>	<u>0.41%</u>
<u>1002 General Rental Centers</u>	<u>0.41%</u>
<u>1004 All Other Consumer Goods Rental</u>	<u>0.41%</u>
<u>1146 Elementary and Secondary Schools</u>	<u>0.41%</u>
<u>Lawn and Garden Tractor and Home Lawn and Garden Equipment</u>	
<u>509 Mfg.</u>	<u>0.41%</u>
<u>1165 Other Residential Care Facilities</u>	<u>0.41%</u>
<u>1055 All Other Automotive Repair and Maintenance</u>	<u>0.41%</u>
<u>744 Solid Waste Collection</u>	<u>0.41%</u>
<u>748 Water Supply and Irrigation Systems</u>	<u>0.41%</u>
<u>364 Pesticide and Other Agricultural Chemical Mfg.</u>	<u>0.41%</u>
<u>846 Retail Bakeries</u>	<u>0.41%</u>
<u>1118 Offices of Physicians, Mental Health Specialists</u>	<u>0.41%</u>
<u>Metal Coating, Engraving (Except Jewelry and Silverware), and</u>	
<u>491 Allied Services to Manufacturers</u>	<u>0.41%</u>
<u>715 Travel Agencies</u>	<u>0.41%</u>
<u>1006 Professional Employer Organizations</u>	<u>0.41%</u>

<u>1066 Reupholstery and Furniture Repair</u>	<u>0.41%</u>
<u>1197 Other Management Consulting Services</u>	<u>0.41%</u>
<u>1177 Civic and Social Organizations</u>	<u>0.41%</u>
<u>1124 Offices of All Other Misc. Health Practitioners</u>	<u>0.41%</u>
<u>1117 Offices of Physicians (Except Mental Health Specialists)</u>	<u>0.41%</u>
<u>145 Glass and Glazing Contractors</u>	<u>0.41%</u>
<u>1051 Automotive Glass Replacement Shops</u>	<u>0.41%</u>
<u>133 Flooring Contractors</u>	<u>0.41%</u>
<u>106 New Multifamily Housing Construction (Except For-Sale Builders)</u>	<u>0.41%</u>
<u>1067 Other Personal and Household Goods Repair and Maintenance</u>	<u>0.41%</u>
<u>132 Finish Carpentry Contractors</u>	<u>0.41%</u>
<u>1033 Building Inspection Services</u>	<u>0.41%</u>
<u>389 Polystyrene Foam Product Mfg.</u>	<u>0.41%</u>
<u>754 Home Furnishing Merchant Wholesalers</u>	<u>0.41%</u>
<u>409 Clay Building Material and Refractories Mfg.</u>	<u>0.41%</u>
<u>966 Drycleaning and Laundry Services (Except Coin-Operated)</u>	<u>0.41%</u>
<u>1053 General Automotive Repair</u>	<u>0.41%</u>
<u>1062 Appliance Repair and Maintenance</u>	<u>0.41%</u>
<u>126 Electrical Contractors and Other Wiring Installation Contractors</u>	<u>0.41%</u>
<u>774 Other Electronic Parts and Equipment Merchant Wholesalers</u>	<u>0.41%</u>
<u>1063 Consumer Electronics Repair and Maintenance</u>	<u>0.41%</u>
<u>Other Electronic and Precision Equipment Repair and</u>	
<u>1072 Maintenance</u>	<u>0.41%</u>
<u>Medical, Dental, and Hospital Equipment and Supplies Merchant</u>	
<u>766 Wholesalers</u>	<u>0.41%</u>
<u>575 Residential Electric Lighting Fixture Mfg.</u>	<u>0.41%</u>
<u>1079 Teleproduction and Other Postproduction Services</u>	<u>0.41%</u>
<u>1186 Other Accounting Services</u>	<u>0.41%</u>

<u>1073 Other Personal and Household Goods Repair and Maintenance</u>	<u>0.41%</u>
<u>1075 Locksmiths</u>	<u>0.41%</u>
<u>827 Other Building Material Dealers</u>	<u>0.41%</u>
<u>1005 Temporary Help Services</u>	<u>0.41%</u>
<u>472 Metal Window and Door Mfg.</u>	<u>0.41%</u>
<u>942 Other Activities Related to Real Estate</u>	<u>0.41%</u>
<u>865 Shoe Stores</u>	<u>0.41%</u>
<u>1000 All Other Specialty Trade Contractors</u>	<u>0.41%</u>
<u>967 Carpet and Upholstery Cleaning Services</u>	<u>0.41%</u>
<u>1041 Other Services Related to Advertising</u>	<u>0.41%</u>
<u>685 Used Household and Office Goods Moving</u>	<u>0.41%</u>
<u>264 Commercial Screen Printing</u>	<u>0.41%</u>
<u>166 Ice Cream and Frozen Dessert Mfg.</u>	<u>0.41%</u>
<u>1198 Private Households</u>	<u>0.41%</u>
<u>Other Professional Equipment and Supplies Merchant</u>	
<u>768 Wholesalers</u>	<u>0.41%</u>
<u>1058 Automotive Oil Change and Lubrication Shops</u>	<u>0.41%</u>
<u>911 Cosmetics, Beauty Supplies, and Perfume Stores</u>	<u>0.41%</u>
<u>140 All Other Specialty Trade Contractors</u>	<u>0.41%</u>
<u>144 Other Foundation, Structure, and Building Exterior Contractors</u>	<u>0.41%</u>
<u>154 Other Building Finishing Contractors</u>	<u>0.41%</u>
<u>Air Conditioning and Warm Air Heating Equipment and</u>	
<u>550 Commercial and Industrial Refrigeration Equipment Mfg.</u>	<u>0.41%</u>
<u>1143 All Other Misc. Ambulatory Health Care Services</u>	<u>0.41%</u>
<u>1090 Dance Cos.</u>	<u>0.41%</u>
<u>116 Water and Sewer Line and Related Structures Construction</u>	<u>0.41%</u>
<u>691 Lessors of Mini warehouses and Self-Storage Units</u>	<u>0.41%</u>
<u>293 Mattress Mfg.</u>	<u>0.41%</u>

1023 Other Specialized Design Services

0.41%

142 Water and Sewer Line and Related Structures Construction

0.41%

Item 3 – Franchise Placements

The following table shows the percentage of actual FranNet placements of new franchisees by industry category for the most recent five-year period, ending on December 31, 2023.

Business Type 5-Year Placement Percentage

<u>Franchisor Type</u>	<u>Percentage</u>
Business to Business Services	8%
Consumer Service	33%
Food	0%
Generic	18%
Home Based/Mobile	19%
Retail No Inventory	0%
Retail With Inventory	21%
<hr/>	
Total	

Item 4 - Fees Paid by Candidate/Client

The client/candidate never pays a fee to FranNet. There is no exception to this rule. We do not charge the candidate for our time or services. All fees are paid by the franchisor. This arrangement is like an Executive Recruiter in the job search process.

Item 5 - Fees Paid by Franchisors to FranNet for Successful Placement

The fees paid by franchisors for the successful placement of a candidate vary due to several factors, such as the total investment for the franchise, the franchise fee, the demand for the concept or specific

industry, and the number of units sold in a package. The fee paid by the franchisor to FranNet does not affect in any way the candidate's investment in the franchise business. Fees paid to FranNet are consistent with industry standards.

Item 6 - Prohibited Practices

FranNet Consultants provides the candidate with an overview of the franchisors being presented for consideration.

FranNet consultants do not

- Provide or review the Franchise Disclosure Document.
- Provide any franchise sales materials to the candidate for the franchisor.
- Discuss or project earnings claims or Item 19 information.
- Guarantee any type of earnings or return on investment.

Please acknowledge your receipt of this document:

Received this _____ day of _____, 20__

Candidate/Client Signature