



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 present 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 and 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 the clients that they serve. 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 are required to be registered in the state of New York, regardless of whether the Franchisee or Associate operates in those states. At FranNet, we believe all appropriate disclosure should be available to the candidates with whom we work.

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 are privileged 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 that 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, due diligence and are encouraged to do intensive research and to 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 a variety of franchisors so that rather than having to go from place to place to learn about specific businesses, they can learn the basics about several all-in-one spot.

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 that 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 are available to 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 that 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 have the right to disagree or question the consultant at any time during the process.
8. If you decide that franchise ownership is not for you, you are under no obligation 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 the right thing for you. Rather, 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 dispute 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, which exceeds the initial payment of, or investment in, the franchise. Therefore, we strongly suggest that you consult your legal and financial advisors or personal accountant before you enter into 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 on-going 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 very similar to the due diligence process we advise our clients 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 April 2023, FranNet's current list of franchisors cover 81 different SIC (Standard Industry Classification) codes. No single SIC group accounted for over 5% of the franchisors currently on the list.

FranNet Inventory 2023 SIC Codes and Percentages

<u>SIC</u>	<u>Industry</u>	
	<u>996 Janitorial Services</u>	<u>6.32%</u>
	<u>56 Pet Care (Except Veterinary) Services</u>	<u>5.14%</u>
	<u>972 Beauty Salons</u>	<u>4.74%</u>
	<u>1138 Home Health Care Services</u>	<u>3.95%</u>
	<u>104 Residential Remodelers</u>	<u>3.56%</u>
	<u>1154 Exam Preparation and Tutoring</u>	<u>3.56%</u>
	<u>1097 Fitness and Recreational Sports Centers</u>	<u>3.16%</u>
	<u>125 Painting and Wall Covering Contractors</u>	<u>2.77%</u>
	<u>980 All Other Personal Services</u>	<u>2.37%</u>
	<u>157 All Other Specialty Trade Contractors</u>	<u>2.37%</u>
	<u>997 Other Services to Buildings and Dwellings</u>	<u>1.98%</u>
	<u>60 Landscaping Services</u>	<u>1.98%</u>
	<u>995 Exterminating and Pest Control Services</u>	<u>1.98%</u>
	<u>1162 Services for the Elderly and Persons with Disabilities</u>	<u>1.58%</u>
	<u>1103 Fitness and Recreational Sports Centers</u>	<u>1.58%</u>
	<u>982 Barbershop, Beauty Parlor, or Hair Styling Salon</u>	<u>1.58%</u>

<u>1179 Child and Youth Services</u>	<u>1.58%</u>
<u>129 Drywall and Insulation Contractors</u>	<u>1.58%</u>
<u>105 New Single-Family Housing Construction (Except For-Sale Builders)</u>	<u>1.19%</u>
<u>123 Plumbing, Heating, and Air Conditioning Contractors</u>	<u>1.19%</u>
<u>135 Other Building Finishing Contractors</u>	<u>1.19%</u>
<u>299 Blind and Shade Mfg.</u>	<u>1.19%</u>
<u>1109 Sports and Recreation Instruction</u>	<u>1.19%</u>
<u>1164 Child Day Care Services</u>	<u>1.19%</u>
<u>654 Sign Mfg.</u>	<u>1.19%</u>
<u>912 Pet and Pet Supplies Stores</u>	<u>0.79%</u>
<u>983 Advertising Agencies</u>	<u>0.79%</u>
<u>1002 General Rental Centers</u>	<u>0.79%</u>
<u>1166 Assisted Living Facilities for the Elderly</u>	<u>0.79%</u>
<u>758 Roofing, Siding, and Insulation Material Merchant Wholesalers</u>	<u>0.79%</u>
<u>1004 All Other Consumer Goods Rental</u>	<u>0.79%</u>
<u>876 Snack and Nonalcoholic Beverage Bars</u>	<u>0.79%</u>
<u>879 Full-Service Restaurants</u>	<u>0.79%</u>
<u>788 Recyclable Material Merchant Wholesalers</u>	<u>0.79%</u>
<u>1035 All Other Business Support Services</u>	<u>0.79%</u>
<u>138 Masonry Contractors</u>	<u>0.79%</u>
<u>1006 Professional Employer Organizations</u>	<u>0.79%</u>

<u>869 Floor Covering Stores</u>	<u>0.79%</u>
<u>880 Limited-Service Restaurants</u>	<u>0.79%</u>
<u>61 Landscaping Services</u>	<u>0.79%</u>
<u>273 Wood Kitchen Cabinet and Countertop Mfg.</u>	<u>0.79%</u>
<u>989 Direct Mail Advertising</u>	<u>0.79%</u>
<u>1193 Administrative Management and General Management Consulting Services</u>	<u>0.79%</u>
<u>1106 Fitness and Recreational Sports Centers</u>	<u>0.79%</u>
<u>1153 Professional and Management Development Training</u>	<u>0.79%</u>
<u>853 Automotive Parts and Accessories Stores</u>	<u>0.40%</u>
<u>371 Asphalt Paving Mixture and Block Mfg.</u>	<u>0.40%</u>
<u>1120 Offices of Chiropractors</u>	<u>0.40%</u>
<u>998 Home Health Equipment Rental</u>	<u>0.40%</u>
<u>330 Commercial Printing (Except Screen and Books)</u>	<u>0.40%</u>
<u>1069 Home and Garden Equipment Repair and Maintenance</u>	<u>0.40%</u>
<u>647 Sporting and Athletic Goods Mfg.</u>	<u>0.40%</u>
<u>1094 Promoters of Performing Arts, Sports, and Similar Events without Facilities</u>	<u>0.40%</u>
<u>878 Caterers</u>	<u>0.40%</u>
<u>211 Coffee and Tea Mfg.</u>	<u>0.40%</u>
<u>866 Other Clothing Stores</u>	<u>0.40%</u>
<u>739 Hazardous Waste Treatment and Disposal</u>	<u>0.40%</u>
<u>578 Other Lighting Equipment Mfg.</u>	<u>0.40%</u>

<u>1026 Other Services to Buildings and Dwellings</u>	<u>0.40%</u>
<u>1146 Elementary and Secondary Schools</u>	<u>0.40%</u>
<u>870 Window Treatment Stores</u>	<u>0.40%</u>
<u>1165 Other Residential Care Facilities</u>	<u>0.40%</u>
<u>1155 Language Schools</u>	<u>0.40%</u>
<u>744 Solid Waste Collection</u>	<u>0.40%</u>
<u>748 Water Supply and Irrigation Systems</u>	<u>0.40%</u>
<u>790 Other Misc. Durable Goods Merchant Wholesalers</u>	<u>0.40%</u>
<u>364 Pesticide and Other Agricultural Chemical Mfg.</u>	<u>0.40%</u>
<u>846 Retail Bakeries</u>	<u>0.40%</u>
<u>1118 Offices of Physicians, Mental Health Specialists</u>	<u>0.40%</u>
<u>491 Metal Coating, Engraving (Except Jewelry and Silverware), and Allied Services to Manufacturers</u>	<u>0.40%</u>
<u>1136 Medical Laboratories</u>	<u>0.40%</u>
<u>1066 Reupholstery and Furniture Repair</u>	<u>0.40%</u>
<u>1197 Other Management Consulting Services</u>	<u>0.40%</u>
<u>1177 Civic and Social Organizations</u>	<u>0.40%</u>
<u>1124 Offices of All Other Misc. Health Practitioners</u>	<u>0.40%</u>
<u>145 Glass and Glazing Contractors</u>	<u>0.40%</u>
<u>1051 Automotive Glass Replacement Shops</u>	<u>0.40%</u>
<u>133 Flooring Contractors</u>	<u>0.40%</u>
<u>106 New Multifamily Housing Construction (Except For-Sale Builders)</u>	<u>0.40%</u>

<u>1067 Other Personal and Household Goods Repair and Maintenance</u>	<u>0.40%</u>
<u>132 Finish Carpentry Contractors</u>	<u>0.40%</u>
<u>1033 Building Inspection Services</u>	<u>0.40%</u>
<u>389 Polystyrene Foam Product Mfg.</u>	<u>0.40%</u>
<u>863 Childrens and Infants Clothing Stores</u>	<u>0.40%</u>
<u>754 Home Furnishing Merchant Wholesalers</u>	<u>0.40%</u>
<u>409 Clay Building Material and Refractories Mfg.</u>	<u>0.40%</u>
<u>966 Drycleaning and Laundry Services (Except Coin-Operated)</u>	<u>0.40%</u>
<u>1053 General Automotive Repair</u>	<u>0.40%</u>
<u>137 Roofing Contractors</u>	<u>0.40%</u>
<u>1062 Appliance Repair and Maintenance</u>	<u>0.40%</u>
<u>126 Electrical Contractors and Other Wiring Installation Contractors</u>	<u>0.40%</u>
<u>774 Other Electronic Parts and Equipment Merchant Wholesalers</u>	<u>0.40%</u>
<u>1063 Consumer Electronics Repair and Maintenance</u>	<u>0.40%</u>
<u>1072 Other Electronic and Precision Equipment Repair and Maintenance</u>	<u>0.40%</u>
<u>766 Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers</u>	<u>0.40%</u>
<u>575 Residential Electric Lighting Fixture Mfg.</u>	<u>0.40%</u>
<u>1079 Teleproduction and Other Postproduction Services</u>	<u>0.40%</u>
<u>1186 Other Accounting Services</u>	<u>0.40%</u>
<u>1075 Locksmiths</u>	<u>0.40%</u>
<u>827 Other Building Material Dealers</u>	<u>0.40%</u>

<u>1005 Temporary Help Services</u>	<u>0.40%</u>
<u>472 Metal Window and Door Mfg.</u>	<u>0.40%</u>
<u>1073 Other Personal and Household Goods Repair and Maintenance</u>	<u>0.40%</u>
<u>942 Other Activities Related to Real Estate</u>	<u>0.40%</u>
<u>865 Shoe Stores</u>	<u>0.40%</u>
<u>1000 All Other Specialty Trade Contractors</u>	<u>0.40%</u>
<u>967 Carpet and Upholstery Cleaning Services</u>	<u>0.40%</u>
<u>1041 Other Services Related to Advertising</u>	<u>0.40%</u>
<u>685 Used Household and Office Goods Moving</u>	<u>0.40%</u>
<u>264 Commercial Screen Printing</u>	<u>0.40%</u>
<u>842 Meat Markets</u>	<u>0.40%</u>
<u>768 Other Professional Equipment and Supplies Merchant Wholesalers</u>	<u>0.40%</u>
<u>1058 Automotive Oil Change and Lubrication Shops</u>	<u>0.40%</u>
<u>140 All Other Specialty Trade Contractors</u>	<u>0.40%</u>
<u>144 Other Foundation, Structure, and Building Exterior Contractors</u>	<u>0.40%</u>
<u>154 Other Building Finishing Contractors</u>	<u>0.40%</u>
<u>Air Conditioning and Warm Air Heating Equipment and Commercial and</u> <u>550 Industrial Refrigeration Equipment Mfg.</u>	<u>0.40%</u>
<u>850 Food (Health) Supplement Stores</u>	<u>0.40%</u>
<u>116 Water and Sewer Line and Related Structures Construction</u>	<u>0.40%</u>
<u>691 Lessors of Miniwarehouses and Self-Storage Units</u>	<u>0.40%</u>
<u>862 Womens Clothing Stores</u>	<u>0.40%</u>

<u>293 Mattress Mfg.</u>	<u>0.40%</u>
<u>272 Wood Window and Door Mfg.</u>	<u>0.40%</u>
<u>1023 Other Specialized Design Services</u>	<u>0.40%</u>
<u>142 Water and Sewer Line and Related Structures Construction</u>	<u>0.40%</u>

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, 2022.

Business Type 5 Year Placement Percentage

Auto	0.70
Business to Business	4.90
Consumer Service	26.57
Food	0.70
Generic	29.37
Home Based/Mobile	18.88
Retail No Inventory	1.40
Retail With Inventory	17.48

Grand Total 100.00%

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 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 provide the candidate 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