

2016 Scales 'N Tails® Franchising





Note to Reader

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are “forward-looking statements” for the purposes of the federal and state securities laws, including, but not limited to: any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words “may,” “could,” “will,” “estimate,” “intend,” “continue,” “believe,” “expect” or “anticipate” or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Except for our ongoing obligation to disclose material information as required by the federal securities laws, we do not intend, and undertake no obligation, to update any forward-looking statement.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include but are not limited to:

- Increased competitive pressures from existing competitors and new entrants;
- Increases in interest rates or our cost of borrowing or a default under any material debt agreement;
- Deterioration in general or regional economic conditions;
- Adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- Loss of customers or sales weakness;
- Inability to achieve future sales levels or other operating results;
- The unavailability of funds for capital expenditures; and
- Operational inefficiencies in distribution or other systems.

This document should be read in conjunction with a current version of our Franchise Disclosure Document. A copy of Scales ‘N Tails® 2016 Franchise Disclosure Document is available for download on our website, www.scalesntails.com. You can also contact us at Franchise_Opportunities@scalesntails.com to request a copy.



Why Scales 'N Tails®



Work with Amazing Animals & Interesting People

Work should be fun! Spend your days working with an incredible variety of exotic animals from all around the world and interact with customers who share the same passion for animals.

Join an Award Winning Business with 20 Years Experience

We have been operating successful Reptile Stores since 1996, and have been awarded “Specialty Pet Retailer of the Year” by Pet Product News twice. We offer expert guidance to assist you through location selection, lease negotiation, licensing, build-out, store design, POS set-up, merchandising, advertising, and animal care.

Access to Our Network of Trusted Product & Service Providers

It takes years to establish good business relationships, and many distributors want to see a positive history with a business before offering their best pricing. A retail pet store needs top notch support from it's suppliers, and we've spent years cultivating relationships with the businesses you'll count on, to ensure every Scales 'N Tails® account is a priority. All Scales 'N Tails® Franchisees have access to set up accounts with our preferred vendors and can immediately benefit from our discounted pricing structures.

The Pet Industry in the United States is Thriving

According to the American Pet Products Association, pet industry spending and pet Reptile ownership has increased each and every year since 1994. American's spent over 60 Billion dollars on their pets in 2015! Current surveys estimate there are 9.3 million reptiles being kept as pets in the homes of 4.9 Million Americans! (APPA's reports on pet industry spending and pet Reptile ownership can be found at:

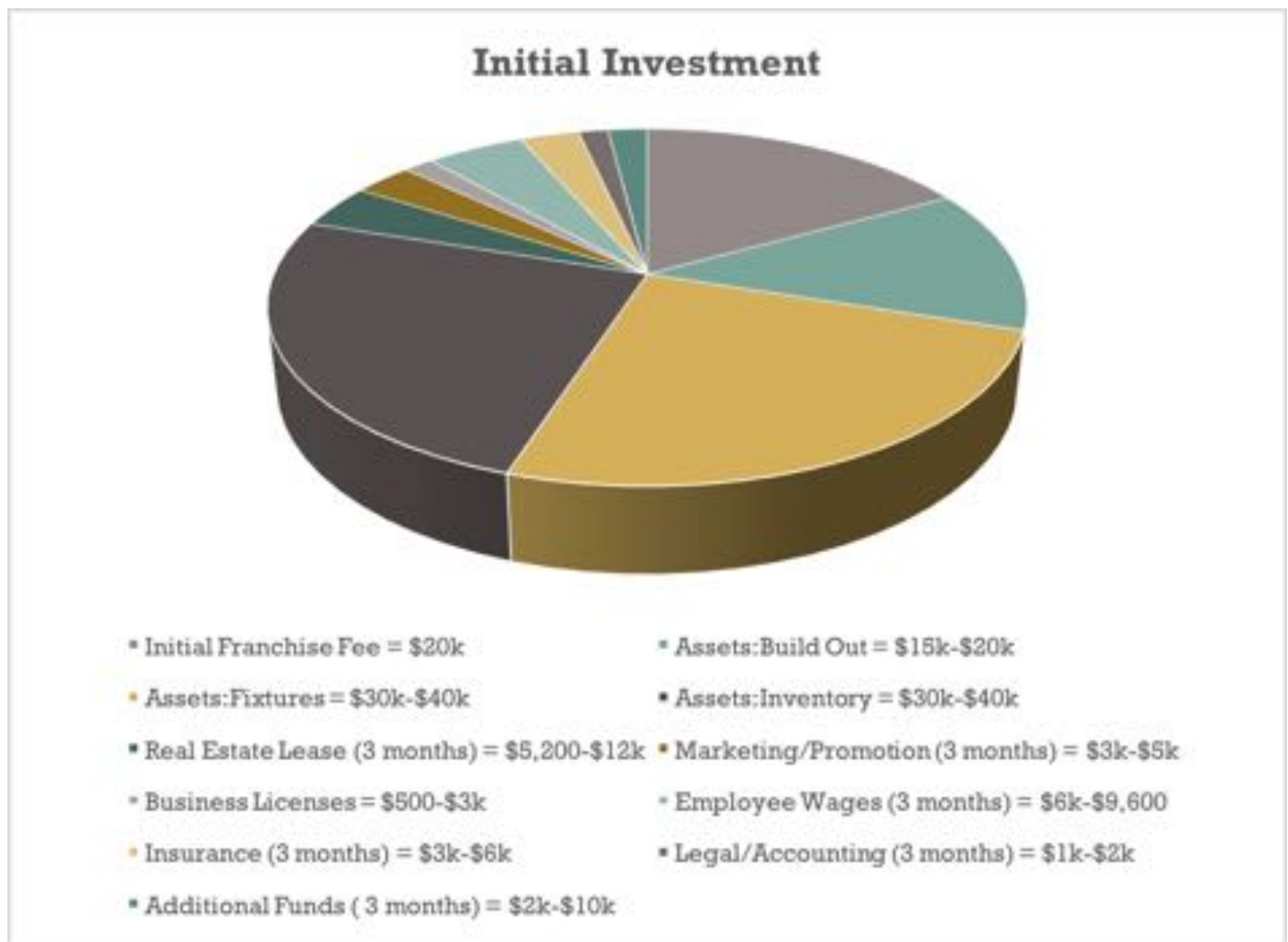
www.americanpetproducts.org/press_industrytrends.asp



Investment

Own Brand New Scales 'N Tails® Store for as Little as \$150,000

In many cases you can own a fully stocked and ready to open store for \$120,000. In some cases, we offer in house financing for the franchise and assistance fees. The chart below reflects how those funds will be allocated.



Time is Money!

A lot goes into starting a new pet business from scratch. Pet store licensing and permitting alone can be overwhelming. Filings and applications must be completed accurately, timely, and in the correct sequence to avoid wasted time and costly setbacks. Our whole process is scheduled item by item, from start to finish, so that not a minute is wasted.



Store Fixtures

Store Front

(Scales 'N Tails® Ft. Collins pictured below)



*REPTILES LED Raceway Sign

*Scales 'N Tails ® Logo Window Decals

*Red Neon Window Border

Show Room



*REPTILES PVC Sign

*Zoo Med® Naturalistic Terrarium Display

*Green VCT Tile Floor



Store Fixtures

Show Room

(Scales 'N Tails® Ft. Collins pictured below)



*Showcase Cages Display



*Zoo Med® Naturalistic Terrarium Display



*ARS Caging Acrylic Baby Snake Display



Store Fixtures

Show Room

(Scales 'N Tails® Ft. Collins pictured below)



*Lozier Island Gondola Shelving



*Built-In Glass Terrarium Shelving



Store Fixtures

Show Room



*Zoo Med® UVB Lighting Center



*Zoo Med® Incandescent Lighting Center



*Exo-Terra® Screen Cover Display



*Marina® Terrarium Background Display



Point of Sale

Clover Point of Sale Terminal



*The hub of your business!

*Secure payment processing! Chip Card capable.

*24/7/365 Support!

*Access to Android based App Market with countless valuable Apps!

*Effortless! No need to spend hour upon hour building your inventory, we've taken care of that for you already!



*Front Counter and Check-Out



Rodent Breeding

Rodent Breeding Fixtures



*Freedom Breeder® – Rodent 44



*Freedom Breeder® – Rodent 1050



*Freedom Breeder® – Rodent 721

Control Your Own Feeder Supply

Feeder rodents are an integral part of your inventory. It is likely that more than 25% of your daily sales transactions will include a feeder Mouse or Rat. Snakes and Lizards cannot rely on local grocery or convenience stores to satisfy their diets, so their owners have to go to a specialty pet store. When you sell a pet Reptile, you set your store up with a customer who will need to return weekly for food. The success of your store is riding on your ability to meet your customer's demand for their animal's food source, so why rely on a third-party supplier when you can produce them in-house? We have over 20 years' experience breeding these animals, and will teach you everything you'll need to know to operate a successful rodent breeding room out of the back of your store.

*Mice and Rats produced in house are likely to be healthier and more attractive than those purchased from a large scale breeder, so you'll be providing the animals and your customers with the best product possible.

*Feeder Rodents are not cheap, especially when you need to purchase hundreds, if not thousands every month! Why pay someone else for a product you can produce yourself?

*Feeder Mice and Rats are not always abundant from wholesalers. You never want to have to turn a customer away because you don't have what they need. In house breeding gives you the control you'll need to make sure your store can meet its customer's demand for Feeder Mice and Rats.



Management Bios



Jim D. Whitt - President

Jim Whitt, the founder of the Scales 'N Tails® Business concept, is our President, a position he has held since our inception in January 2011. He has served as President of our affiliates, ST Castle Rock, ST Lakewood, ST Springs, ST West, and ST Las Vegas since their inceptions. Individually, through the trade name The Ball Python Company, he bred and sold ball python snakes from August 2006 to February 2011, at which time the business and trade name began operations through Mile High Reptile Supply. He served as President of Scales 'N Tails Inc. from 1996 until it ceased operating in May 2001.

Jim's appreciation for reptiles started with a boyhood spent in the high desert around Las Vegas, Nevada. His commitment to animals and his dream of owning a business culminated with the opening of the first Scales 'N Tails store in Northglenn, CO in 1996. Due to the success of his Colorado stores, Jim decided the best way to continue to spread his love for animals would be to start offering Franchise opportunities to like minded people.

Adam Morr – Vice President

Adam Morr has served as our Vice President since our inception in January 2011. He has also served as the business manager for our affiliate ST West since March 2003, and as business manager for our other affiliates ST Castle Rock, ST Lakewood, ST Springs, and ST Las Vegas since their inceptions.

Adam has been involved with Scales 'N Tails® stores since 2003, and has worked at every level of the business. He started working as a part-time Rodent Breeder while earning a Bachelor's Degree in Psychology from the University of Colorado. After graduating, he came to work full-time for the business. He now has thousands of hours of experience in Animal Care and Breeding, Store Management, and Business Administration.



Franchisee Testimonials



Bryan Blumenfeld – Owner Scales 'N Tails® Colorado Springs

“Jim/Adam have made purchasing our Scales N' Tails extremely smooth. We purchased our store in 2011, to this day Jim/Adam have offered a tremendous amount of help and support to help us head successful as possible.”

Adrian Martinez – Owner Scales 'N Tails® Englewood

“I purchased my first franchise from Jimmy and Adam in 2011. Since then it has been one of the best decisions that I have made for me and my family! They offer great support and advice. Adam is one of the greatest people to work with, he is always just a phone call away.”



Frequently Asked Questions

What is included with a Scales 'N Tails Franchise?

Scales 'N Tails® offers turn-key Franchises, so everything needed to get your store open for business is included:

- Site Selection & Lease Negotiation
- Store Design & Build Out
- Fixtures & Inventory
- Point of Sale Hardware & Software – Programmed and Ready to Use!
- Training – Management, Sales, Merchandising, & Animal Care
- Working Capital

How much does it cost?

The actual cost of a new Scales 'N Tails® can vary by geographic location and desired size of the store. However, \$150,000 will generally be sufficient to open a new store that occupies approximately 1,200 sf.

How long will it take to open my store?

1 – 3 months: We understand that it is crucial to get a new store open as quickly as possible, and work hard to do just that. However, lease negotiations and required State/City licenses can add time.

What fees will I pay to the Franchisor?

- \$20,000 – Scales 'N Tails Franchise Fee, for a term of 10 years.
- 4.5% royalty on gross sales

What type/how much assistance is provided?

We assist you every step of the way to get your new store open as quickly as possible. We'll provide you with training at our company owned store in Colorado. Then we'll come out to your location to help design, setup, and stock your new store. We'll also have someone there for your first full week of business to provide grand opening support. We are always there to provide ongoing assistance if needed.

Contact us:

Please visit our website at www.scalesntails.com. You can also contact us with any questions, inquiries, or to set up a personal phone call to discuss the business further at Franchise_Opportunities@scalesntails.com



Our Brands

