FRANCHISE DISCLOSURE DOCUMENT

BOARDROOM	**KLPS, LLC** (a Texas limited liability company) 5473 Blair Road, Ste 100, #907083 Dallas, Texas 75231-4227 (817) 416-7575 (phone) partners@boardroomsalon.com (email) www.theboardroomsalon.com

We offer qualified individuals and entities a franchise for the operation of a men's salon and spa under the trademark "Boardroom Salon for Men" (the "Salon" or "Franchised Business").

The total investment necessary to begin operation of a Salon is $574,900 to $795,150. This includes $50,000 that must be paid to us or our affiliates.

The total investment necessary to begin operation of three franchised Salons under a Development Agreement ranges from $1,694,700 to $2,355,450. This includes $120,000 that must be paid to us or our affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and development 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 Boardroom's Chief Executive Officer at 5473 Blair Road, Ste 100, #907083, Dallas, Texas 75231-4227 and (817) 416-7575.

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 contracts carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an 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, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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.

Date of Issuance: **April 24, 2026**

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 F.
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 E 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 Salon 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 a Salon franchisee?	Item 20 or Exhibit F 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.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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D. Table of Contents of Operations Manual
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G. State Specific Addenda
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The Franchisor is KLPS, LLC, a Texas limited liability company organized on February 21, 2007. To simplify the language in this disclosure document, we refer to the Franchisor as "we", "us" or "our". "You" means the person or legal entity who buys the franchise or development rights. If you are a corporation, limited liability company, partnership or any other type of legal entity, certain of the provisions of the Franchise Agreement and Development Agreement (defined below) also will apply to, and be binding upon, your owners (referred to as your "Principals"). These will be addressed in this disclosure document where appropriate.

We do business only under our corporate name and the names "Boardroom Salon for Men" and "Boardroom Styling Lounge." Our principal business address is 5473 Blair Road, Ste 100, #907083, Dallas, Texas 75231-4227. We do not operate a business of the type being franchised although, as discussed below, our affiliate does. Our agent for service of process is Capitol Corporate Services, Inc., 1501 S. Mopac Expressway, Suite 220, Austin, TX 78746.

Our agents for service of process are listed in Exhibit A.

We began offering franchises for the operation of Salons beginning in March 2007 Even though we never offered franchises for the operation of new salons using the "Boardroom Styling Lounge" name, we did permit some of our existing Salon franchisees to re-brand under that name. None of our franchisees currently operate under the "Boardroom Styling Lounge" name. We have never offered franchises in any other line of business and have no other business activities.

Our Parents, Predecessors and Affiliates

Our parent, The Boardroom Intermediate HoldCo, LLC ("The Boardroom HoldCo"), is a Delaware limited liability company formed in August 2018. The Boardroom HoldCo's principal business address is 5473 Blair Road, Suite 100 #907083, Dallas, Texas 75231-4227.

We have one affiliate, The Boardroom Salon Company, LLC ("The Boardroom Salon Company" or "Affiliate"). Our Affiliate's address is 5473 Blair Road, Suite 100 #907083, Dallas, Texas 75231-4227. Our Affiliate, through wholly owned subsidiaries, owns and operates 35 company-owned Salons in Arizona, Georgia, North Carolina, Tennessee, Texas and Virginia. Two of these company-owned Salons currently operate under the name "Boardroom Styling Lounge."

The Boardroom HoldCo and/or our Affiliate may provide certain products and services, such as recruiting services, business intelligence services and finance support services to our franchisees. Neither Boardroom HoldCo nor our Affiliate has ever offered franchises in any line of business or conducted other business activities.

We have no predecessors.

The Franchise

Your Salon will be authorized to provide men's salon and spa services and will sell authorized retail products under our Marks (defined below). Services and products include, but are not limited to, haircuts, coloring, shaves, facials, massages and waxing and men's grooming products (collectively, the "Products and Services"). Salons are typically located in upscale, lifestyle shopping centers, with strong pedestrian and/or auto traffic and typically provide Products and Services to male clients between the ages of 25 and 60.

Salons operate under our mark, "Boardroom Salon for Men" and certain other trademarks, service marks, and other commercial symbols we and our Affiliate's use, promote and license in operating Salons, which have gained and will continue to gain public acceptance and goodwill, and certain other trademarks, service marks, and other commercial symbols we and our Affiliate's may create, use, and license for Salons (the "Marks") and the System (defined below).

You must operate your Salons according to our methods, designs, Marks, arrangements and standards for developing and operating Salons, including those pertaining to site selection, construction, building design, signage and layouts, equipment, specifications for Products And Services, training, methods of inventory control and requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information technology, all of which we may improve, further develop or otherwise modify from time to time (the "System").

Multi-Unit Offering

We also offer qualified individuals and entities the right to open and operate a minimum of three Salons within a particular area ("Development Area") pursuant to a specific schedule ("Development Schedule") under our current form development agreement attached hereto as Exhibit B (the "Development Agreement"). You will also be required to sign the Franchise Agreement attached hereto as Exhibit C for your initial Salon at the same time you sign your Development Agreement. You must sign a separate Franchise Agreement, in the then-current form used by us which may differ in form from the Franchise Agreement in this offering, for each Salon you develop under the Development Agreement. You must satisfy certain conditions before you will have the right to sign Franchise Agreements for your second and third Salons, including operational, financial and legal conditions.

If You fail to meet any of your obligations under the Development Agreement, including compliance with the Development Schedule, or breach any of your Franchise Agreement(s), we may terminate your right to develop, open and operate new Salons within the Development Area. However, the termination of the right to develop your Development Area will not terminate any rights granted under the Franchise Agreement(s) then in effect so long as you are in compliance with the terms of such Franchise Agreement(s).

Market and Competition

The market for hair care services is well-developed and competitive. You will compete with a range of hair care salons and barbershops, including other Salons. There are several local independent hair care salons and barbershops throughout the U.S. that may offer a similar range of products and services as your Salons, as well as other franchise chains. The operation of a Salon depends heavily upon marketing. Depending on many factors, including market demographics, available retail locations and potential client demand, Salons may be of various sizes and configurations.

Industry Specific Regulation

The Salon industry is regulated by various state and local departments that administer and enforce laws and regulations that govern salon operations. Also, many of the laws, rules and regulations that apply to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and the Occupation, Health and Safety Act, also apply to Salons. State and local agencies regularly inspect Salons to ensure that they comply with these laws and regulations.

We recommend that you check with your state and local agencies to determine which laws and regulations apply to the operation of a Salon in your area. You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2
BUSINESS EXPERIENCE

Jeff Helfgott - Chief Executive Officer

Jeff Helfgott has been our Chief Executive Officer, based in Dallas, Texas, since January 2024. He also serves as The Boardroom Salon Company's Chief Executive Officer since January 2024 in Dallas, Texas. Mr. Helfgott has also served as a Board Member of Core Development & Management, a Planet Fitness franchisee, based in Austin, Texas since June 2022. Mr. Helfgott served as Chief Executive Officer of Empower Aesthetics, based in Austin, Texas, from November 2022 to January 2024. From June 2022 to December 2022, Mr. Helfgott served as Executive Chairman of the Board of Wax Center Partners, a European Wax Center franchisee, based in Austin, Texas. He also held the position of Chief Operating Officer at Excel Fitness Holdings, based in Austin, Texas, from April 2016 to April 2022.

Garad Soderman- Chief Financial Officer

Garad Soderman has served as our Chief Financial Officer, based in Dallas, Texas, since March 2024. He also serves as The Boardroom Salon Company's Chief Financial Officer since March 2024 in Dallas, Texas. Mr. Soderman served as Chief Financial Officer and Chief Operating Officer at Defyned Brands, based in Austin, Texas, from November 2017 to January 2024.

Paul Hicks- Chief Operating Officer

Paul Hicks has served as our Chief Operating Officer, based in Dallas, Texas, since April 2021. He also serves as The Boardroom Salon Company's Chief Operating Officer since April 2021 in Dallas, Texas.

Matt Weiss, AWEISSCO, LLC - Vice President of Franchise Operations

Mr. Weiss has served as our Vice President of Franchise Operations since March 2026 through his employment with The Boardroom Salon Company in Northern Illinois. . Prior to that Mr. Weiss served as the Operating Manager of three Massage Envy franchise locations in Northern Illinois from March 2013 until March 2026. Mr. Weiss served as Director of Franchise Development for Level 5 Capital Partners located in Atlanta, Georgia from June 2022 until June 2023. From February 2020 until January 2026, Mr. Weiss was the Director of Franchise Development for Three Degrees Infrared Sauna through Franchise Evolution Partners LLC located in Sioux Falls, South Dakota. Mr. Weiss was the Franchise Development Manager through Franchise Evolution Partners, LLC for Diesel Barbershop Franchising LLC from February 2020 until January 2022. From February 2020 until January 2022 Mr. Weiss was the Director of Franchise Development for Franchise Evolution Partners LLC located in Denver, Colorado. Mr. Weiss is the owner of AWEISSCO, LLC located in Long Grove, Illinois since May 2018. Mr. Weiss serves as the Senior Consultant for You Network through AWEISSCO, LLC since January 2021 located in Long Grove, IL.

Prasid Pathak, - Chief Marketing Officer

Mr. Pathak has served as our Chief Marketing Officer since May 2025 in New York, New York. He also serves as the Chief Marketing Officer for The Boardroom Salon Company since May 2025 in New York, New York. Prior to that Mr. Pathak served and the Fractional Chief Marketing Officer for Keyway Real Estate, Inc. located in New York, New York from March 2025 until September 2025. From June 2023 until July 2024, Mr. Pathak served as the GTM Consultant for Booksy Inc. located in Poland. Mr. Pathak currently serves as GTM Consultant for SiriusXM Holdings, Inc. located in New York, New York and has held that position since June 2024. Mr. Pathak served as Fractional CMO for Coding Dojo Inc. in Seattle, Washington from May 2020 to June 2023. From May 2024 until April 2025 Mr. Pathak served as Fractional CMO for Hearth Display (Shogun Enterprises Inc.) located in Brooklyn, New York and served as Fractional CMO for XetData Inc. in Seattle, Washington from November 2022 until December 2023. Prior to that Mr. Pathak served as GTM Consultant for Twilio Inc. in San Francisco, California from June 2021 until June 2022.

Patricia Rother, Root and Rise Franchise Development, LLC – Fractional Chief Development Officer

Ms. Rother is the CEO and Founder of Root and Rise Franchise Development, LLC, and has served as our fractional Chief Development Officer through Root and Rise Franchise Development, LLC since March 2025. She holds this position in Boulder, Colorado. Ms. Rother served as fractional Chief Development Officer for Sweat Equity Group, LLC through Root and Rise Franchise Development, LLC from March 2025 until March 2026. Previously, Ms. Rother served as President of Stay In Your Lane located in Denver, Colorado from November 2022 until May 2025. She served as our fractional Chief Development Officer through Stay In Your Lane from August 2024 to March 2025, in Boulder, Colorado. Previously, Ms. Rother served as the Vice President of Franchise Development for The NOW Massage located in Beverly Hills, California from January 2023 until August 2023. She also served as President of Frios Gourmet Pops located in

Mobile, Alabama from December 2021 until January 2023 and Vice President of Franchise Development for Scenthound located in Jupiter, Florida from July 2020 until December 2021.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this disclosure document.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

If You sign a Franchise Agreement for a single Salon, You will pay us an initial franchise fee of $50,000 (**Initial Franchise Fee**"). You must pay the Initial Franchise Fee in full when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned by us upon execution by you of the Franchise Agreement and is not refundable under any circumstances. The Initial Franchise Fee is uniform. For or last fiscal year, we did not collect any Initial Franchise Fees.

Development Fee

We may offer certain prospective franchisees the right to develop a minimum of three Salons within a specified Development Area in accordance with the Development Schedule. You secure these rights by signing the Development Agreement with us at the time you sign the Franchise Agreement for your Salon ("Initial Franchise Agreement"). If you sign the Development Agreement, you must pay the Initial Franchise Fee for the first Salon and You must pay the development fee in the amount of $40,000 for the second Salon $30,000 for the third Salon and $25,000 for each additional Salon over three ("Development Fee"). In our last fiscal year, we did not collect any Development Fees.

You will pay the total Development Fee when You sign the Development Agreement. The Development Fee is fully earned by Us upon execution of the Development Agreement and is not refundable under any circumstances even if you fail to develop any additional Salons. You will sign a separate Franchise Agreement, in the then-current form being offered by us, for each Salon you develop under the Development Agreement. No additional Initial Franchise Fees will be payable when you sign the Franchise Agreement for your three Salons you develop under the Development Agreement.

We offer a Veterans Incentive Program to new and existing franchisees who (1) are United States military veterans; (2) have been honorably discharged from any branch thereof; (3) provide us with a copy of their DD Form 214; (4) own a majority interest in the franchisee acquiring the franchised Salon(s); and, (5) otherwise meet our requirements for the 2025 Veterans Incentive Program (the "Veteran Incentive Qualifications"). If you meet the Veteran Incentive Qualifications, and purchase a single Salon, we will reduce the Initial Franchise Fee by $5,000. If you sign the Development Agreement, we will reduce the Initial Franchise Fee for the first Salon by $5,000 and the balance of the Development Fee by 10%.

ITEM 6
OTHER FEES

Column 1 Name of Fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
WEEKLY FEES			
Royalties	6% of Gross Sales.(2)	Payable by automatic debit from your account on the Monday following each Weekly Accounting Period, or such other period we designate, with respect to your Gross Sales for the preceding Weekly Accounting Period.	"Weekly Accounting Period" means each weekly period as designated by us from time to time to coincide with 52/53 accounting periods annually.
MONTHLY FEES			
National Advertising Fund ("NAF") Contributions	Maximum of 3% of Gross Sales (currently 2% of Gross Sales).(2)	Payable by automatic debit from your account on the Monday following each Monthly Accounting Period, or such other period we designate, with respect to your Gross Sales for the preceding Monthly Accounting Period.	"Monthly Accounting Period" means the first day of each fiscal month through the last day of each fiscal month.
Local Advertising Expenditure(2)	In months three -18 of the Salon's operation, minimum per month of $1,500. Beginning the 19th month of each Salon's operation until the Salon ceases operations, the greater of 3% of the Salon's previous	As incurred.	You spend this amount to advertise and promote each Salon locally. If you do not submit an LM Report when due or if any LM Report shows you did not spend the required Local Advertising Expenditure on approved local advertising and promotions, we may

Column 1 Name of Fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	month’s Gross Sales or $2,500.		require you to pay us the full Local Advertising Expenditure.
Local Advertising Cooperative Fund Contribution	Minimum of 2% of Gross Sales.(2)	Payable by automatic debit from your account on the Monday following each Monthly Accounting Period with respect to your proportionate share of the actual Cooperative Advertising expenses for the preceding calendar month.	Payable if we require the creation of a Local Advertising Cooperative. The amount of Local Advertising Cooperative Fund Contributions may be credited to the Local Advertising Expenditure.
Technology Fee	Currently, $100 per month.	Payable by automatic debit from your bank account on the 20th day of each month for that month’s fee.	This fee may be increased by us from time to time upon 90 days’ written notice to you up to the amount the approved supplier(s) charges.
POS Software License Fee	Currently, $650 per month.	Payable by automatic debit from your account on the 10th calendar day of the month.	We collect this fee and pass it on to our approved supplier. This fee may be increased up to the amount the approved supplier(s) charges.

Column 1 Name of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
PERIODIC OR ONE TIME FEES			
Additional Training[3]	Per diem fee of $400 plus expenses.	As incurred.	We will not charge any fee for you or your Managing Owner and your initial General Manager to attend the Initial Training Program. We may charge you a fee for any additional individuals to attend the Initial Training Program, replacement or successor General Managers, replacement or successor Managing Owner(s) to attend the Initial Training Program, and for any other required or optional training. (See Items 11 and 15).
Conference Fee	Our then current registration fee for you (or Managing Owner) and General Manager to attend our conferences. Up to $500 per attendee.	Prior to attending the conference.	We may increase the Conference Fee not to exceed $1,000 per attendee.
Extension Fee	$5,000 for a First Extension to extend the deadline to open a Salon and $10,000 for a Second Extension to extend the deadline to open a Salon.	Payable if you wish to extend the deadline to open a Salon.	You must open each of your Salons by their assigned scheduled opening dates. You may extend the deadline to open by paying the Extension Fee. We may modify, increase, decrease or waive this fee in our sole discretion.
Salon Resale Assistance Fee	5% of sales price with a minimum fee of $5,000 and a maximum fee of $10,000.	Payable upon the closing of the sale of your Salon.	Payable if we agree, upon your request, to assist you in marketing, valuing, conducting diligence for, and/or identifying a buyer for, your Salon.

Column 1 Name of Fee[(1)]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer Fee	$10,000, except in the case of certain ownership interest transfers, in which case the transfer fee will be $1,500.	Before consummation of transfer.	Payable when you sell the assets of your franchise or a controlling ownership interest in the franchise.
Successor Fee	$5,000, unless you have more than three franchises for Salons in good standing and are renewing all three Salons in which case $3,500.	On entering into a successor franchise agreement, on expiration of the Franchise Agreement.	The successor fee is in addition to any remodel costs that may be required.
Audit Fees and Costs	Cost of audit plus the travel, lodging and meal expenses of the individuals who conduct the audit, plus $50 per day late fee. Interest on these fees and costs is 5% per month.	On invoice pursuant to the Franchise Agreement.	Payable if audit shows an understatement of more than 2% of Gross Sales in any fiscal year.
Indemnification Costs	Varies.	As incurred.	You must pay for the cost of defending us if we are threatened with liability as a result of your operations under your Development Agreement and/or any Franchise Agreement.
Interest	The lesser of (1) 5% over the prime commercial rate of interest reported in the Wall Street Journal (Southwestern edition), adjustable daily, or (2) the highest lawful rate of interest permitted by applicable state and federal law.	As incurred.	Interest is charged on any amount that is overdue.

Column 1 Name of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Liquidated Damages (including Brand Damages)	Varies.	Upon demand.	Brand Damages are due only if you terminate a Franchise Agreement before it expires. Other types of liquidated damages apply to various other Franchise Agreement breaches. See Section 15 of the Franchise Agreement.
Administrative Fee	$500 per day that we may terminate a Franchise Agreement.	As incurred.	Due when you do not comply with a Franchise Agreement.
Insurance	Cost of insurance.	As incurred.	We have the right to acquire insurance on your behalf if you fail to obtain Our required insurance (See Item 8).
Testing	Testing Fee.	Actual cost of test and inspection plus travel and living expenses incurred to conduct any inspections.	As invoiced.

Explanatory Notes

(1) Except as described above, all fees are imposed by and payable to us. Except as set forth herein, all fees are non-refundable.

(2) "Gross Sales" includes all amounts invoiced and/or collected by you from all Products and Services and gift cards sold at, from, or relating to your Salons, regardless of manner of payment, including payments by cash, check, credit card, debit card, on credit or via barter transaction. Gross Sales also includes all other revenues that you receive relating to your Salons, including any advertising revenues, sponsorship fees or business interruption insurance proceeds. The full amount of the invoiced sale is included in Gross Sales at the time the order is placed, including amounts paid on credit and deposits on account that are applied at a later date (such as pre-paid items for services to be performed and membership/loyalty fees). For barter transactions, at the time the order is placed you must include in Gross Sales the full standard non-discounted price that you charge for the applicable good or service. With respect to discounted goods or services, Gross Sales includes the actual discounted price charged to the client provided that the discount is part of a national, regional or local promotion that we have sponsored or endorsed or such other promotion that we have approved in advance. If you sell the products and/or services in your Salon(s) at a discount that is not in accordance with a promotion or discount we approve in writing, the full amount of the products and/or services sold will be included in your Gross Sales. The following amounts are excluded from Gross Sales:

(a) sales taxes you collect from clients and pay to the applicable taxing authority; and (b) tips and gratuities paid by clients. If you previously included any amount in Gross Sales that is subsequently refunded to a client (as part of a bona fide refund or discount) or written off as uncollectible, then you may adjust the Gross Sales for the Weekly Accounting Period in which the refund or write off takes place by deducting the amount of the refund or write off. We may require that you provide us with written documentation supporting the refund or write off. Instead of allowing you to deduct refunds and write offs from Gross Sales, we may instead provide you with a "credit" against future Royalties in the amount of the refunds and write offs. If you do not strictly follow the policies in the Operations Manual regarding the determination and reporting of refunds, discounts and write offs, you will not be entitled to deduct these amounts from Gross Sales and you will not receive a credit against future Royalties. We may make reasonable adjustments to the calculation of Gross Sales from time to time to reflect changes to: (a) the programs, products or services offered under the System; (b) the Computer System utilized; (c) our policies regarding permissible discounts and/or exclusions from Gross Sales; or (d) our policies regarding refunds, write-offs, gift certificates or gift cards.

(3) A General Manager is an individual appointed by you to supervise and actively manage all aspects of each of your Salons' day-to-day operations. If you are an entity, you will appoint a Managing Owner who will be responsible for administering and coordinating the franchise relationship. (We pay no compensation to you or your employees during training, and we will not reimburse you for any expenses associated with training. We may charge you for required training associated with training additional General Managers.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT*

Type of Expenditure	Estimated Low	Estimated High	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee[1]	$50,000	$50,000	Lump sum	Upon Signing the Franchise Agreement	Us
Travel and Living Expenses for Initial Training[2]	$250	$6,000	As incurred	As Incurred	Airlines, Car Rental, Hotels and Restaurants
Architect & Permitting	$12,000	$16,000	As incurred	As Agreed	Supplier
Real Estate and Improvements[3]	$275,000	$375, 000-	As incurred	As Agreed	Third Parties, including Landlord, Contractors, Architect and Suppliers
Rent[4]	Note 4	Note 4	Monthly	Per Lease	Landlord
Site Selection Services[5]	$0	$8,500	As incurred	As Agreed	Approved Suppliers

Type of Expenditure	Estimated Low	Estimated High	Method of Payment	When Due	To Whom Payment Is To Be Made
Equipment/Signage(6)	$122,000	$140,000	As incurred	As Agreed	Approved Suppliers
Initial Inventory for Three Months(7)	$12,000	$14,000	As incurred	As Agreed	Approved Suppliers
Supplies for Three Months(8)	$3,000	$4,500	As incurred	As Agreed	Approved and Other Suppliers
Other Pre-opening Costs(9)	$2,400	$10,900	As incurred	As Agreed	Approved and Other Suppliers
Computer System(10)	$6,000	$9,000	As incurred	As Agreed	Approved Supplier
Technology Fee for Three Months(10)	$300	$300	Per invoice	Monthly	Us
POS Software License Fee for Three Months(10)	$1,950	$1,950	Per invoice	Monthly	Us
Grand Opening Advertising(11)	$10,000	$50,000	As arranged	As Agreed	Approved and Other Suppliers
Security Deposit	$5,000	$9,000	As arranged	As Agreed	Landlord
Legal, Accounting and Professional Fees	$0	$5,000	As incurred	As Agreed	Lawyers, Accountants and Other Professionals
Working Capital/Additional Funds- Three-Six Months(12)	$75,000	$95,000	As arranged	As Agreed	Suppliers, Vendors, Employees
Total(13)	$574,900	$795,150			

Explanatory Notes:

All expenditures paid to Us or Our Affiliates are nonrefundable under any circumstances once paid. Fees paid to vendors, suppliers, or other third parties may or may not be refundable depending on their policies or your arrangements with them. We do not offer financing directly or indirectly for any part of the initial investment. All estimates in this Item 7 are based on a new Salon with a footprint of approximately 1,200 to 1,400 square feet. Your costs may be higher if you operate Your Salon from larger premises.

1. Initial Franchise Fee. If you are a transferee, you will pay a Transfer Fee in the amount of $10,000 in lieu of the Initial Franchise Fee. You are a transferee if you purchase a Salon from a pre-existing franchisee operating a Salon. The Initial Franchise Fee is described in greater detail in Item 5.

2. <u>Travel and Living Expenses</u>. You (or your Managing Owner) and your General Manager are required to attend our Initial Training Program at our headquarters or other location designated by us for up to ten days. You will pay all travel and living expenses for your attendees. Costs will vary by traveling distance, method of travel and your choice of accommodations and meals. The low estimate assumes the training attendees live near the site of our Initial Training Program and return home at night. The high estimate assumes travel by air, an economy vehicle and lodging at a mid-range quality hotel for two people. These estimates do not include any salary or wages you may pay to any of your trainee(s) for the time spent in training (See Item 11).

3. <u>Real Estate and Improvements</u>. There is no requirement to purchase real estate in connection with ownership of a Salon. Therefore, this estimate does not include costs associated with the purchase of real estate. If you purchase the land and building for a Salon, your costs will be substantially higher and will vary depending on the market for real estate in your area. These estimates relate to in-line space and include the cost for us to provide construction buildout document review for the site. If your premises are located in a free-standing building, you may incur additional costs to improve the identity of the building, e.g. signage, painting and awnings. A suitable location that meets our current criteria usually consists of between 1,200 and 1,400 sq. feet. Typically, the location will need remodeling both inside and outside to be brought up to our current standards. These costs will vary, depending on the current condition of the site, the need for a new store front, the amount of interior demolition required, the size of the Salon, city, state or federal fees, the cost of materials, the general contractor's fee, and other market conditions. Costs will vary as a result of local codes, union vs. non-union labor and local operating requirements. You may be able to negotiate a tenant improvement allowance (TI allowance) from the landlord, which may directly reduce your real estate and improvements cost. The estimated real estate and improvement cost includes items such as general contractor (Salon build-out), architects, installed lighting, cabinets and plumbing. The low-end estimate assumes a TI allowance of $60,000 ($50 per square foot x 1,200 square feet of retail space). The high-end estimate does not include any TI allowance. Your actual TI allowance may be different and will directly impact your cost of build-out.

4. <u>Rent</u>. Lease payments will vary significantly depending on the location, the lease terms (e.g., rental rates, rent abatement and taxes, insurance and common area maintenance fees ("NNN")) and the square footage of your Salon. Typically, rents may range from $35 to $65 (or higher) per square foot per year. Additionally, NNN may range from $10 to $24 per square foot, depending on the location.

5. <u>Site Selection Services</u>. You may be required to use our preferred supplier for site selection services. We may, but are not required to, waive this fee if we approve your use of a different supplier or if you have already paid this fee for your first Salon.

6. <u>Equipment and Signage</u>. This is the range of costs for the equipment, furniture, and fixtures including an exterior sign, barber chairs, shampoo stations, lobby furniture, pictures, POS equipment, cash registers, music system, telephones, etc. All Salon equipment, furniture and fixtures must be purchased through our approved vendors, and any deviations from the equipment, furniture and fixtures set forth in the Operations Manual must be approved by us, in writing, in advance. We require that you purchase new equipment.

7. <u>Initial Inventory</u>. Product inventory for three months must be purchased through our approved distributor(s).

8. <u>Supplies</u>. This is the estimated range of costs for three months for the supplies necessary to open and initially operate a Salon. Supplies include, but are not limited to, salon supplies, office supplies, retail packaging, cleaning supplies, complimentary beverage set-up, subscriptions, etc.

9. Other Pre-Opening Expenses. This is the estimated range of costs for other pre-opening costs such as licenses, permits, utility deposits, insurance premiums during build-out period, and employee recruitment.

10. Computer System. The Computer System includes certain computer hardware and/or operating software (including point-of-sale equipment and accounting software) that we designate or recommend. The ranges in the tables above include the estimated initial cost of the designated point-of-sale (POS) system, iPad and a printer. You will also pay the POS System License Fee and the Technology Fee which will cover the cost of various software including the designated merchant processing services, and designated related software we currently require.

11. Grand Opening Advertising. You are required to conduct a grand opening advertising and promotional program for each Salon during the period commencing 60 days before and ending 60 days after opening the Salon. We require that you (a) hold at least one 'open house' where you invite prospective clients to visit each Salon to verify all systems are in order; and (b) conduct three marketing campaigns (e.g., direct mailer, radio broadcast from each Salon). At least 50% of your Grand Opening Advertising must be spent on paid media advertising.

12. Working Capital/Additional Funds. This estimate represents the amount you will need to cover expenses during the first three to six months of the operation of a Salon. We cannot guarantee that you will not have additional expenses starting a Salon. Your costs will depend on factors such as how well you follow our methods and procedures, your management skill, experience, dedication, effectiveness of your local marketing, your business acumen, local economic conditions, the local market for your goods and services, the gross rent for your salon, the prevailing wage rate, competition, and the sales level reached during this period. Working Capital/Additional Funds is calculated solely for Salon expenses and does not include funds you may need for personal use or salary.

13. Total. You should review these figures carefully with a business advisor before making any decision to purchase this franchise. We base the estimated initial investment on the experience of our Affiliate, which has designed, built and operated multiple Salons. We anticipate identifying variables in expenses as we gain experience through establishing franchised businesses in different regions of the country where start-up costs and operating expenses may vary considerably.

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

DEVELOPMENT AGREEMENT

Type of Expenditure	Amount–Low - High		Method of Payment	When Due	To Whom Payment Is To Be Made
Development Fee for Two Additional Salons[(1)]	$70,000	$70,000	Lump Sum	When You Sign the Development Agreement	Us
Initial Investment for First Salon[(2)]	$574,900	$795,150	As indicated in Item 7 chart above	As indicated in Item 7 chart above	As indicated in Item 7 chart above

Type of Expenditure	Amount–Low - High		Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Investment for the Second Salon Less Development Fee(3)	$524,900	$740,150	As indicated in Item 7 chart above	As indicated in Item 7 chart above	As indicated in Item 7 chart above
Initial Investment for the Third Business Less Development Fee(3)	$524,900	$745,150	As indicated in Item 7 chart above	As indicated in Item 7 chart above	As indicated in Item 7 chart above
Total(4)	$1,694,700	$2,355,450			

Explanatory Notes:

1. Development Fee. The Development Agreement is for the purchase of a minimum of three Salons. If You sign a Development Agreement, you will pay us the nonrefundable Initial Franchise Fee for the first Salon and a nonrefundable Development Fee based on the number of additional Salons you agree to open. This chart reflects the requirement to purchase the minimum number of Salons under the Development Agreement. Your Development Fee may be higher if you elect, subject to our approval, to open more than three Salons.

2. Initial Investment for First Salon. If you sign the Development Agreement, you will incur the expenses listed in the preceding Item 7 chart for the first Salon, including the Initial Franchise Fee.

3. Initial Investment for Each Additional Salon. The estimated initial investment for each subsequent franchise purchased under the Development Agreement does not include an Initial Franchise Fee or Development Fee.

4. Total. The Total includes the Development Fee you must pay at the time you enter into the Development Agreement as well as the Initial Franchise Fee and estimated range of fees you will incur to open and operate your first Salon and each additional Salon described in the Item 7 chart above.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers/Specifications

You must develop each of your Salon premises and acquire furniture, fixtures, equipment, artwork and all necessary signs for each of your Salons according to the standards and specifications established by us and as contained in the Franchise Agreement, Operations Manual and any equipment lists that we provide to you. We may also modify the standards and specifications from time to time. We will promptly notify you of any such modifications in writing (which may include, among other things, e-mail messages and updated versions of our Operations Manual). We formulate and modify these specifications and standards based on research, industry trends and our general business plan.

You must purchase products that satisfy or exceed the minimum standards we specify from time to time. You must also purchase from a source we designate and exclusively offer and provide the proprietary products and services in your Salons (described more specifically below). We may approve suppliers and distributors of certain other products and services (including architectural and construction services) that meet our reasonable standards and requirements. If we do so, you must purchase such products and services only from distributors and other suppliers we have approved, including or limited to us or our affiliates. If we or our affiliates serve as an approved supplier or the sole designated supplier, we may require that payments for such products and services be made by automatic debit from your designated account. We may limit the number of approved distributors or suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or our affiliate) for a particular item or service. We reserve the right to designate specific vendors and suppliers in the future.

Neither we nor our parent nor any of our affiliates are currently a supplier of any products or services to our franchisees, but we may be in the future.

There are no suppliers in which any of our officers own an interest.

Alternate Supplies and Suppliers

If you desire to purchase any supplies, products or services from a supplier which has not already been approved, you must obtain our prior written approval, which may take up to 90 days from our receipt of all requested information, including information regarding the supplier's fiscal strength, demonstrated customer service, product quality, product safety and a strong regional presence. Additionally, as a condition to granting approval, we may require you to submit samples of the proposed supplier's products and to arrange for us to visit the supplier's facilities. If we elect to test the samples or inspect the proposed supplier's facilities, you will be charged a fee not to exceed the actual cost of such inspection or testing.

Purchasing Arrangements; Cooperatives; Negotiated Prices and Material Benefits

We have negotiated a distributor agreement with some of our equipment vendor(s) which provides a material benefit to you in using such vendors. The savings from such distributor agreements attributable to purchases by franchisees is passed to our franchisees. We have also negotiated advantageous terms with some of our product vendors, again passing the savings on to our franchisees.

We may negotiate additional purchasing arrangements, including price terms, for the Salon franchise system.

We do not have any purchasing or distribution cooperatives.

Required Purchases

Uniforms; Branded Items

A variety of logoed items, including T-shirts, capes, aprons and other uniform items are also proprietary to us. These proprietary products must be purchased from our approved suppliers, or you must obtain our written approval prior to using an alternative supplier.

POS System; Computer System; Software

To maintain consistency across all Salons, you must purchase or lease certain equipment, software, and services from designated suppliers. These include the required point-of-sale (POS) system ("POS System"), merchant processing services, and related software. You are required to purchase a license for, and use for all transactions, the POS System and the POS System License that we designate from a supplier that we designate. We may change the required POS System, designated suppliers, or approved merchant processors or require additional equipment, software, or services to be purchased or licensed at our discretion. If we require you to transition to a different system or provider, you must do so within the timeframe specified in our written notice. Failure to comply may result in a breach of the Franchise Agreement.

Furniture, Fixtures, Equipment and Products

We require you to purchase certain furniture, fixtures and equipment, including barber chairs, and certain retail products from our designated suppliers.

Membership Programs; Gift Cards; Loyalty Programs

We require you to fully participate in, and comply with the requirements of, all mandatory gift, membership, loyalty, affinity and other promotional programs and/or platforms which we establish, which may include a requirement for you to use a gift, membership or loyalty card processing company that we designate. This participation includes limited time offers, campaigns, special offers or coupons that we distribute nationally or locally by e-mail, SMS, our Salon Network Website, electronically, online, social networking sites, direct mail, or other method of distribution. You must issue, honor, redeem and follow our guidelines on the acceptance and redemption of gift certificates, gift, membership, referral and loyalty cards, rewards coupons, membership and loyalty offers and other promotional programs that we provide in our Operations Manual or otherwise in writing. Our guidelines include a cross-Salon redemption policy set out in our Operations Manual. We may keep any monies that are not used by clients to the extent allowed by applicable law.

Insurance.

You must also obtain and maintain at your own expense insurance policies with insurers reasonably satisfactory to us covering the items specified in the Operations Manual. Current requirements are listed below, and the most up to date will always be maintained in the Operations Manual:

Liability insurance	Minimum
Worker's Compensation	Per state requirement
Employer's Liability	$500,000 each accident $500,000 disease – policy limit

Liability insurance	Minimum
Commercial General Liability	$1,000,000 each occurrence $2,000,000 general aggregate
Damage to Premises Rented	$50,000
Commercial Auto	Owned, leased, non-owned and hired Bodily injury: $1,000,000 per person and $1,000,000 per accident Property damage: $1,000,000 per occurrence
Employment Practice Liability	$100,000
Professional Liability	$1,000,000
Business Interruption Insurance	12 months of actual sustained loss or loss income
Cyber Liability Insurance	$100,000 (either as part of umbrella coverage or as a standalone policy)
Excess Liability Umbrella Insurance	$1,000,000 per occurrence and in the aggregate
“All Risk” or “Special Form” Property Insurance	Covering: (a) the building, equipment and inventory of the Salon on a 100% repair or replacement value basis, and (b) Business Interruption/Business Income insurance of not less than $45,000 per month for loss of income and other expenses with a limit of at least one year of coverage

You must name us and any of our affiliates we designate as additional insureds on all policies except workers’ compensation. No blanket additional insured will be accepted. Each policy must be primary and non-contributory. A waiver of subrogation in favor of us must be issued. You must obtain a certificate of insurance evidencing that all insurance we require is in force and will not be cancelled, modified, or lapsed without 30 days’ written notice to us. If you do not provide proof of insurance to us as required under the Franchise Agreement, we may secure insurance for you and charge the cost to you. Your non-compliance with our insurance requirements will be a material breach of your Franchise Agreement.

Benefits Provided by Suppliers to Us

We may, at our option, contract with manufacturers and suppliers who provide us marketing allowances on volume purchases and who offer volume discounts or other benefits on supplies, products and service items. We anticipate that any marketing allowances received by us as a direct result of your purchase of supplies, products, or service items will be, in our sole discretion: (a) paid to you; (b) contributed to the development and implementation of our plan for advertising Salon products and services, or (c) otherwise used to benefit the System, after we deduct our expense to coordinate and test supplies, products, or service items; however, we reserve the right to use these funds in any manner. Other than the marketing allowances, we receive no revenue from the sale of items to you by third parties.

Proportion of Required Purchases and Leases

We estimate that required purchases made in accordance with our specifications represent between 70% and 80% of your total purchases to establish a Salon and between 5% and 10% of total purchases of goods and services in operating a Salon.

Revenue from Franchisee Purchases

Neither we nor our Affiliate, The Boardroom Salon Company, LLC, received any revenue from purchases of goods and services by our franchisees during 2025.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section In Franchise Agreement (FA) and Development Agreement (DA)	Disclosure Document Item
a. Site selection and acquisition/ lease	FA - § 7 and Exhibits A and E DA - § 5 and Exhibits A and B	7, 11
b. Pre-opening purchases/leases	FA - §§ 7 and 8 and Exhibits A and D DA - Exhibit B	7, 8, 11
c. Site development and other pre-opening requirements	FA - §§ 7, 8 and 9 and Exhibit A DA – §§ 4, 5 and 6 and Exhibit B	5, 6, 7, 8, 11
d. Initial and ongoing training	FA - §§6 and 8 DA – None	7, 11
e. Opening	FA - Summary Page, §§ 6, 8 and 9 DA – §§ 3, 5 and 6 and Exhibit B	5, 7, 11
f. Fees	FA- Summary Page, §§ 4, 6, 8, 9, 10 and 15 DA – §§ 6, 7, 9 and 13	5, 6, 7
g. Compliance with standards and policies/ Operating Manuals	FA - §§ 5, 6 and 8 DA – § 3	8, 11
h. Trademarks and proprietary information	FA - §§ 1, 8, 10 and 12 DA – § 8	13, 14

Obligation	Section In Franchise Agreement (FA) and Development Agreement (DA)	Disclosure Document Item
i. Restrictions on products/services offered	FA - § 8 DA – None	11, 16
j. Warranty and customer service requirements	None	None
k. Territorial development and sales quotas	FA - None DA – § 3 and Exhibit B	12
1. Ongoing product/ service purchases	FA - §§ 5 and 7 DA – None	8
m. Maintenance, appearance and remodeling requirements	FA - §§ 7 and 9 DA – § 14	11
n. Insurance	FA- § 8 and Summary Page DA – None	7, 8
o. Advertising	FA - § 9 DA – None	5, 6, 7, 11
p. Indemnification	FA - § 8 DA – § 10	6
q. Owner's participation/ management/staffing	FA - § 5 DA – None	11, 15
r. Records/reports	FA - §§ 4 and 8 DA – § 9	None
s. Inspections/audits	FA - § 8 DA – None	6
t. Transfers	FA - § 13 DA – § 14	6, 17
u. Renewal	FA - § 11 DA – § 9	6, 11, 17
v. Post-termination obligations	FA - § 15 DA - § 11	17
w. Non-competition covenants	FA - § 17 DA – § 11	17
x. Dispute resolution	FA - § 22 DA – § 16	17
y. Other: Guarantee of franchisee obligations (Note 1)	FA - Exhibits G and H DA – Exhibits C and D	

ITEM 10
FINANCING

We do not currently offer you any direct or indirect financing, nor do we receive any payments from any person offering financing to or arranging financing for a prospective Salon franchisee. We do not guarantee your note, lease or any other financial obligation.

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

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

Pre-Opening Assistance

Before you open each Salon, we or our designee may:

(1) Accept or not accept the site that you propose according to our general criteria for selection of a Salon. We anticipate you will operate each Salon in a commercial space that you will either own or lease. The factors that we consider in granting acceptance of your site include local competing businesses, its location in an upscale lifestyle center, population density, average household incomes in the surrounding area, auto and pedestrian traffic patterns, neighborhood, physical characteristics of the premises such as size and layout, and available parking. You must locate and obtain our acceptance for a site for the establishment and operation of each Salon within 90 days after the execution of the Franchise Agreement. If you fail to locate a site for a Salon that is acceptable to us within the time period required under the Franchise Agreement, we will have the right to terminate the Franchise Agreement. (Franchise Agreement, Section 7 and Exhibit A).

(2) Provide or not provide our written acceptance, if you will purchase the premises for a Salon, of the proposed contract of sale, a copy of which you must submit to us. You must furnish to us a copy of the executed contract of sale within 10 days after execution. If you occupy the premises of any Salon under a lease, we will provide our written acceptance or disapproval of the proposed lease, a copy of which you must submit to us. You must furnish to us a copy of the executed lease within 10 days after execution. We will not accept any lease for a Salon premises that does not include a fully executed lease rider in substantially the form attached to the Franchise Agreement as Exhibit E. (Franchise Agreement, Exhibit A).

(3) Designate the Protected Area for your Salon. (Franchise Agreement, Sections 1 and 2).

(4) Provide concept plans and advise you regarding the layout and design of each Salon, including location of walls, styling stations, cabinets, shampoo stations, equipment and fixtures within two weeks following the lease of the premises and delivery of the floor plan to the Company. We will provide your architect or general contractor information about the sequence of events and procedures that must be followed in building out and equipping a Salon. (Franchise Agreement, Section 6(a)(1)).

(5) Provide you with access to our confidential Operations Manual (Franchise Agreement, Section 6(a)(2)). The table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit E.

(6) Provide you with access to the Salon Intranet, if one is established by us (Franchise Agreement, Section 10(b)).

(7) Approve suppliers and distributors of certain products and services (including architectural and construction services) that meet our reasonable standards and requirements. (Franchise Agreement, Section 6(a)(3)).

(8) Provide you lists of the standards for the fixtures and equipment that you must install in each Salon and of the inventory, supplies, paper goods and small wares, including any minimum purchase requirements regarding those items, needed to stock and operate each Salon (Franchise Agreement, Section 6(a)(4)).

(9) Provide the Initial Training Program to you (or your Managing Owner) and your General Manager, as described below (Franchise Agreement, Section 6(a)(5)).

(10) Provide, as part of the Initial Training Program, opening assistance, including on-site pre-opening and opening training, supervision, and assistance to you (Franchise Agreement, Section 6(a)(5)).

Continuing Assistance

After you open each Salon, we will provide the following services and assistance to you:

(1) We may provide you with the On-Site/Support Training. We will not be required to provide the On-Site Support Training for more than two of your Salons. (Franchise Agreement, Section 6(a)(4)).

(2) We will provide advice and assistance as we deem advisable in planning publicity and promotions for each Salon's promotion, including broadcast (radio) and print media and display advertising. (Franchise Agreement, Section 6(b)(1)).

(3) Provide staff reasonably accessible to your General Manager, to the extent we deem advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication during our normal business hours (Franchise Agreement, Section 6(b)(2)).

(4) Provide you with access to additions and supplements to the Operations Manual as they become available (Franchise Agreement, Section 6(b)(3)).

(5) May conduct an annual Conference, seminars, meetings, programs, and training. We may charge a Conference Fee for conferences, seminars, programs, and training. (Franchise Agreement, Section 6(b)(4)).

(6) Establish, to the fullest extent allowed by applicable law, maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services (Franchise Agreement, Section 6(b)(6)).

(7) Provide marketing materials as we may periodically develop (Franchise Agreement, Section 9).

Site; Opening

You will provide information to us for your proposed site for a Salon. There is no time limit for us to review the site information provided by you, but we will generally complete our review of the site information within 30 to 45 days after receipt and approve or disapprove your proposed site. We have no obligation, duty, or liability to you resulting from the site selected by you or lease of your location for your Salon.

If you lease a site for your Salon, you must substantially include the terms of the Lease Rider attached as Exhibit E to the Franchise Agreement, but we make no representations or warranties as to the legal validity of any of these provisions. You must deliver to us a final copy of the lease, which will require our approval.

We estimate that it will be four to nine months after you receive our acceptance of a site before you open and begin operating a Salon. Factors affecting this length of time usually include the time required to complete financing, negotiate the lease, complete architectural drawings, select a general contractor, obtain necessary zoning and building permits, build-out and set up the business, obtain necessary operating permits and licenses and completion of our Initial Training Program. In any case, you must open each Salon no later than the scheduled opening date assigned to you by us and listed on the Summary Page of your Franchise Agreement.

Training Programs

The Initial Training Program

After you sign your Franchise Agreement and before your Salon opens for business, we will train you (or your Managing Owner) and the General Manager you appoint on operating a Salon (the "Initial Training Program").

You (or your Managing Owner) and your General Manager must complete, to our satisfaction, our guided Operations Manual self-study program before beginning the Initial Training Program. We will provide up to 10 days of the Initial Training Program plus on-site opening support described below.

The instructional materials for the Initial Training Program may include the Operations Manual, online learning modules, and various other instructional materials. If we determine that you (or your Managing Owner) or you General Manager failed to complete the Initial Training Program to our satisfaction, you (or your Managing Owner) and/or your General Manager must retake the next Initial Training Program we offer and complete the Initial Training Program to our satisfaction, or we may terminate the Franchise Agreement. (Franchise Agreement Section 6(a)(5)).

You may have additional participants attend the Initial Training Program, subject to our ability and capacity to accommodate these extra persons in any training session and your payment of our then current training fee for each additional person (currently, $400 per person, per day). You must pay for all travel and living expenses that you and your personnel incur, and for your personnel's wages and workers' compensation insurance while they train at our training facility or the location we designate. (Franchise Agreement Section 6(a)(5)).

We or our designee conduct our Initial Training Program as frequently as we deem necessary at a designated training facility and/or at an operating Salon. You (or your Managing Owner) and the General Manager must complete the Initial Training Program to our satisfaction at least 90 days before you open a Salon.

As of the date of this Disclosure Document, our required Initial Training Program includes the following programming, although we may modify the Initial Training Program to reflect evolving best practices, operational updates, and personnel changes:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of Training On-The-Job	Location
Boardroom and Our Industry	3	0	A training facility we designate or such other location we designate
Understanding Your Industry	8	0	A training facility we designate or such other location we designate
Building a Team	8	0	A training facility we designate or such other location we designate
Providing an Elevated Experience	5	0	A training facility we designate or such other location we designate
Shadowing and Live Training	0	40	An operational Salon we designate or such other location we designate
Total	**24**	**40**	

Our Initial Training Program is supervised by Vicky Pena who has served as our Corporate Trainer since 2018. Ms. Pena has 14 years of experience in the men's grooming industry and 11 years of experience in the men's grooming industry training. She may also utilize other employees to assist them with all aspects of training. Third-party experts and strategic partners may contribute training content or provide in-person guidance on specialized areas critical to the successful launch and operation of your Salons.

Following the classroom training portions of the Initial Training Program, we may require you to shadow an operational Salon to observe daily operations firsthand ("Shadowing Live and Training").

On-Site Support and Training

We may provide the On-Site Support and Training ("Pre-Opening Preparation Training") at your Salon. We will, at our cost, send at least one of our representatives to the Salon for up to five days, generally between two and four weeks before you open your Salon to provide on-site support in connection with pre-opening and opening activities. We will not be required to provide On-Site Support and Training for more than two Salons that you own and operate. We may but are not required to provide On-Site Support and Training if you are a transferee purchasing an existing Salon.

We may provide more representatives, or more days of on-site support, at your Salon during this period as we deem necessary. We solely determine the timing, scheduling and staffing of the Pre-Opening Preparation training and on-site support we provide. If you request, and we agree to provide, additional or special guidance, assistance, or training during this Pre-Opening Preparation training period, then you will pay our then applicable charges, including our personnels' per diem charges and travel and living expenses.

Ongoing Training

We may require you (or your Managing Owner) and the General Manager and/or other previously trained and experienced employees to attend and complete to our satisfaction various training courses that we periodically choose to provide either online or in-person at the times and locations that we designate. We may charge reasonable registration or similar fees for these courses. Besides attending these courses, you, or your Managing Owner and General Manager must attend all required conventions, seminars and other similar functions of all Salon franchisees at locations we designate, if we organize and plan (at our option) a convention, seminar or other similar function.

You must pay all costs to attend these online or in-person training courses, conventions, seminars and other similar functions, including our Convention Fee, if applicable. (Franchise Agreement Section 6(b)(4)).

Your Salon must always be under the supervision of a General Manager or you or your Managing Owner who has satisfactorily completed our Initial Training Program (as the case may be). Any new General Manager or Managing Owner must attend our Initial Training Program at your sole cost and expense prior to overseeing a Salon within 30 days of the date they are hired or appointed. You are solely responsible for the costs and expenses associated with a replacement General Manager or Managing Owner attending the Initial Training Program, including the then prevailing standard rates charged by us for additional training and all travel and living expenses and compensation for such replacement General Manager or Managing Owner.

Grand Opening Advertising.

You must make the Grand Opening Advertising Expenditure, which must be a minimum of $10,000, during the 60 days prior to the Scheduled Opening Date and during the 60 days following the commencement of operations of your Salon for an initial opening advertising and promotion program to be conducted in accordance with our Standards. You must spend at least 50% of the Grand Opening Advertising Expenditure on paid media advertising. You must submit a grand opening advertising budget to us for approval at least 30 days prior to making the Grand Opening Advertising Expenditure. The Grand Opening Advertising Expenditure will be paid directly to the applicable service providers and not to us. You must submit proof of payment of the Grand Opening Advertising Expenditure upon our request (Franchise Agreement Section 9(a)).

National Advertising Fund

We have a National Advertising Fund (“NAF”) (Franchise Agreement Section 9(d)). You must make contributions to the NAF in the manner (including payment by automatic debit), and at the rate we establish. The NAF contribution rate will not exceed 3% of Gross Sales, although it is currently 2% of Gross Sales. Company-operated Salons are required to contribute to the NAF on the same basis as franchisees. Your contributions to the NAF will be in addition to your contributions to the Local Advertising Cooperative Fund and Local Advertising Expenditure (both described below).

The NAF may be used to (1) create advertising and marketing materials relating to the System and the products and services Salons sell, including the local advertising material, (2) arrange for, place and run advertisements, commercials and promotional materials in local, regional and national media, (3) pay for public relations services and projects (including sponsorships) intended to enhance the brand, goodwill and public image of the System, (4) conduct market research, studies, focus groups and advertising tracking studies, (5) develop and maintain an Internet website (which may include applications and social media marketing efforts), (6) pay the costs of our administration of any gift, membership and loyalty card and gift, membership, loyalty, affinity and other promotional program, (7) Website development and maintenance and social media; (8) agency expenses and commissions, and (8) reimburse ourselves or our affiliates (based on allocations calculated by our management) for salaries and other overhead expenses that are directly related to projects of a character described above, depending on markets and population. (Franchise Agreement, Section 9(d)).

We are not required to make any advertising expenditures from the NAF in your Protected Area or where your Salon is located. Except for a portion of the NAF Contributions that may be spent on Salon Network Website development and maintenance (a portion of which may include soliciting the sale of franchises using the Salon Network Website), the NAF Contributions are not used to solicit the sale of franchises.

The NAF will be administered by Us. We may structure the NAF’s organization and administration in ways that, in our judgment, most effectively and efficiently accomplish the NAF’s objectives, including as a separate non-profit corporation or other appropriate entity and transfer the NAF’s assets to the entity.

We spent the funds contributed to the NAF in the 2025 fiscal year as follows: (a) production — 10.5%, (b) media placement — 55.5%, and (c) administrative expenses — 33.9%.

We are not required to prepare or to provide to you with financial statements for the NAF. However, we may provide you annual unaudited statements at your request. The NAF may invest any surplus for future use on any terms that we determine. Any amounts that remain in the NAF at the end of each year accrue and we may apply them toward next year's expenses. We also reserve the right to borrow excess funds from the NAF periodically in our discretion to support other efforts to develop the System.

Local Advertising

From the third month through the 18th month of operations of your Salon, you must spend the Local Advertising Expenditure on local advertising and promotions in the amount of $1,500 in your Protected Area (Franchise Agreement Section 9(b)). Beginning the 19th month of operations of your Salon and for the remainder of the Term, your Local Advertising Expenditure will be equal to the greater of 3% of Gross Sales or $2,500.

No later than the 30th day following the end of each month in which you must spend the Local Advertising Expenditure, you must submit to us a Local Marketing Report on a form we provide accurately reflecting all local advertising expenditures during the preceding month. We may request that you submit documents substantiating that you incurred and paid particular expenditures during the month. If you fail to submit the Local Marketing Report and/or any supporting documents, or the Local Marketing Report and/or any supporting documents show that you did no spend the required Local Advertising Expenditure on approved local advertising and promotions, we may require you to pay us or our designee the full Local Advertising Expenditure in the method and at the times that we designate, and we or our designee will perform local marketing on your behalf for the remained of the term of the Franchise Agreement

You may create your own advertising materials; however, all your advertising must be in media of a type, format, and manner of communication that we approve and must conform to the standards and requirements we specify in the Operations Manual. Your local advertising and promotion must follow our guidelines. All advertising and promotional materials that you develop for the Salon must contain notices of the Salon Network Website's domain name in the manner we designate. You may not develop, maintain, or authorize any Internet website that mentions or describes you or the Salon or displays any of the Marks without our prior written approval. All advertising, promotion, marketing, and public relations must be completely clear, factual, and not misleading and conform to the highest standards of ethical advertising and marketing, the advertising and marketing policies that we prescribe, and all applicable federal regulations, including those enforced by the Federal Trade Commission and the Federal Communications Commission.

You must participate in all system-wide promotions and advertising campaigns which we originate.

Local Advertising Cooperatives

If we designate an area for the establishment of a Local Advertising Cooperative ("DMA"), the Salons located within that DMA will form the Local Advertising Cooperative for the purpose of administering advertising programs and developing, subject to our approval, promotional materials for use by the members of the Local Advertising Cooperative. (Franchise Agreement Section 9(c)).

You must join, participate in, and actively support any Local Advertising Cooperative established in your DMA, and make contributions to your Local Advertising Cooperative on the payment schedule adopted by the Local Advertising Cooperative's members at the contribution rate approved by us.

If, during the formation or functioning of a Local Advertising Cooperative, its members are unable to reach agreement regarding any issue concerning organization, administration, contribution waivers or exceptions, budget or other matters and such issue cannot be resolved by the members within 45 days, the issue will be referred to us for resolution. Our decision regarding the issue's resolution will be binding on all members of the Local Advertising Cooperative.

Each cooperative's members will set their own contribution rate, but we have the right to disapprove a rate lower than 2% of Gross Sales. Your contribution to the Local Advertising Cooperative Fund will count towards your Local Advertising Expenditure, but your contributions to a Local Advertising Cooperative will be in addition to your contributions to the NAF and the Local Advertising Expenditure. At our request, you must furnish us with copies of the documentation evidencing your Local Advertising Cooperative contributions.

We may exclude any Salon (including locations owned by us or our Affiliates) from participation in a Local Advertising Cooperative, but all Salons required to be members of the Local Advertising Cooperative (including locations owned by us or our affiliates) will contribute on the same basis.

Our Website

We have established and plan to maintain the Salon Network Website. We have control over the Salon Network Website's design and contents. We have no obligation to maintain the Salon Network Website indefinitely and may dismantle it at any time.

We will include on the Salon Network Website a series of interior pages that identify participating Salons by address, telephone number and e-mail address. At your request and upon your execution of a terms of use agreement in a form provided by us, we will, technology permitting, include on the Salon Network Website one or a series of interior pages dedicated to information about your Salons. The content must be developed by us or our webmaster at your expense and will be consistent with the layout and information displayed on the location page of all Salons. You will not have the capability to modify your webpage(s).

You will have no right, license or authority to use any of the Marks on or in connection with an Internet website or on any social media platform, except as we provide in the Franchise Agreement. (Franchise Agreement, Section 10(a)).

Advertising Council

We do not currently have an advertising council.

Computer Hardware and Software

You must acquire, install and use the computer hardware, software and POS System and equipment that we designate from time to time (collectively, the "Computer System"). Our Computer System is comprised of the following hardware: our POS System, which includes one cash drawer, two barcode scanners and two credit card readers, a workstation computer with a minimum of 17" flat panel color monitor, one iPad and one printer/scanner. The Computer System is comprised of the following software: our designated accounting software, credit card and merchant processing software (as part of the POS System) and the POS System software. We may require you to utilize our designated supplier for call center services. The estimated initial cost for the Computer System is $6,000 to $9,000. You will also be required to pay the Technology Fee in the amount of $100 per month and the POS System License Fee in the amount of $650 per month.

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The Computer System is used to collect, compute, store and report data, including a Salon's Gross Sales, client information, operational information and other financial data. We may also require that the Computer System support participation in our gift, membership, loyalty, affinity and promotional programs. You must install and maintain a high-speed internet connection with a static IP address that ensures reliable, secure communication between your Computer System and ours and you must have a dedicated phone line. We must have unrestricted, remote unlimited access to the system (Franchise Agreement, Sections 8(w) and 8(x)).

All data, such as Gross Sales, client information, and other operational and financial information collected via the Computer System, will be stored in a secure cloud environment. We may update or modify the specifications and components of the Computer System. Technological developments or other requirements may make it necessary for you to purchase, lease, and/or license updated computer hardware and/or software and obtain additional service and support for the Computer System. You are solely responsible for these expenses. (Franchise Agreement Sections 8(w), 10(b)(3) and 11(b)). There are no contractual limitations to the frequency and cost of the obligation to require modifications and updates for the Computer System. We estimate the cost to be $1,000 to $5,000. Franchisor, its affiliate and third parties are not required to provide ongoing maintenance, repairs, upgrades, or updates.

ITEM 12
TERRITORY

You must operate your Salon at a specific location identified in your Franchise Agreement. You must receive our permission before relocating. With our consent, you may relocate your Salon if (1) you lose possession of the site due to condemnation or casualty; or (2) there is a compelling business reason; and (3) you new location is within your Protected Area.

Site Selection Area

You will receive a non-exclusive designated search area set out in Exhibit B to your Franchise Agreement ("Site Selection Area"). You will locate the site for your Salon in your Site Selection Area.

Protected Area

Once the site for your Salon is selected and approved, we will assign you a Protected Area. We will modify your Franchise Agreement, Exhibit C to reflect your specific site location and your Protected Area. Your Protected Area will depend on the location of your Salon and will be tailored to Your specific site's demographics, up to a three-mile radius around your site in a suburban or rural area and up to a one-mile radius around your site in an urban area.

There is no minimum geographic territory. We determine the boundaries of each Protected Area on a case-by-case basis based on various factors, such as the population in the surrounding area; traffic volume and traffic patterns; proximity to retail centers, residential areas, businesses and other potential customer sources; and other site-specific data we determine.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own or from other channels of distribution or competitive brands that we control. However, if you remain in compliance with the Franchise Agreement we will not own or operate or authorize any person or entity to own or operate, Salons in your Protected Area. If you are in default of your Franchise Agreement, in addition to our other remedies, we may modify your territorial rights.

You may not conduct business at the site other than your Salon, including without limitation in any other channel of distribution, such as the Internet, catalog sales, wholesale, or make sales outside of your Protected Area without our prior written approval You are not restricted from selling Salon services and products to clients who reside outside your Protected Area, so long as the services and products are sold at your Salon.

Development Agreement

Under the Development Agreement, you are granted the right to develop and operate multiple Salons within the Development Area. Before you sign the Development Agreement, a description of the Development Area will be included in the Development Agreement.

The size of the Development Area and the number of Salons you will develop within the Development Area are determined by different factors, including the population of the Development Area, market potential, demographics, economic conditions, business climate, competition, your financial resources and other relevant factors. We will approve the sites for your future Salons opened under the Development Agreement in accordance with the Franchise Agreement for such future Salons.

The Development Area is non-exclusive. You may face competition from other franchisees, from outlets we own, franchise or license, or from other channels of distribution or competitive brands that we control.

If you fail to meet any of your obligations under the Development Agreement, including compliance with the Development Schedule, or breach any of your Franchise Agreement(s), we may terminate your right to develop, open and operate new Salons within the Development Area. However, the termination of the right to develop your Development Area will not terminate any rights granted under the Franchise Agreement(s) then in effect so long as you are in compliance with the terms of such Franchise Agreement(s). We may also modify your Development Area rather than terminate your Development Agreement.

Reservation of Rights

The following rights are reserved to us and our affiliates

(1) the right to operate, and to grant others the right to operate, Salons located anywhere outside the Protected Area and anywhere inside the Site Selection Area and Development Area under any terms and conditions we deem appropriate and regardless of proximity to your Salons in the Protected Area and regardless of your Development Area and Site Selection Area;

(2) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering similar or dissimilar products and services through similar or alternative channels of distribution, at locations inside or outside the Protected Area, Development Area and Site Selection Area under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate;

(3) the right to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with those products and services provided by Salons, whether identified by the Marks or other trademarks or service marks, through alternative distribution channels including, without limitation, the Internet or similar electronic media and direct-order techniques, any other form of electronic commerce, catalogues, telemarketing campaigns, supermarkets, department stores and convenience stores, both inside and outside the Protected Area, Site Selection Area and the Development Area and on any terms and conditions we deem appropriate;

(4) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Protected Area, Site Selection Area and Development Area under the Marks and on any terms and conditions we deem appropriate;

(5) the right to operate and grant others the right to operate Salons at "Non-Traditional Sites" within and outside the Protected Area, Site Selection Area and Development Area on any terms and conditions we deem appropriate;

(6) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Salons, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchise owners or licensees of these businesses) are located or operating (including in the Protected Area, Site Selection Area and the Development Area); and

(7) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Salons, or by another business, even if the business operates, franchises and/or licenses Competitive Businesses in the Protected Area, Site Selection Area and Development Area.

We have no express obligation or implied duty to protect your revenues from erosion as a result of your Salons competing with other Salons, temporarily or seasonally.

No Options; Rights of First Refusal

The Franchise Agreement and Development Agreement do not grant any options, rights of first refusal or similar rights to you for the acquisition of additional franchises or development rights within your Protected Area, Development Area or contiguous areas. The Development Agreement does provide for the right to renew the development rights.

Sales Volume

Your rights with respect to the Protected Area and Development Area are not dependent upon your achieving a certain sales volume, market penetration or other contingency

ITEM 13
TRADEMARKS

We grant you the right to operate each Salon under the name "Boardroom Salon for Men." You may also use our other current or future trademarks to operate your Salons. By "trademark" we mean trade names, trademarks, service marks and logos used to identify your Salons. You must follow our rules when you use these marks.

Our affiliate, The Boardroom Salon Company, has registered, or filed applications for registration of, the following principal Marks on the Principal Register of the United States Patent and Trademark Office and has filed all required affidavits:

Mark	Registration Number	Registration Date	Status
BOARDROOM	3,338,634	November 20, 2007	Registered on the Principal Register
BOARDROOM SALON FOR MEN	4,807,267	September 08, 2015	Registered on the Principal Register
THE ULTIMATE RELAXED GROOMING EXPERIENCE	4,847,668	November 3, 2015	Registered on the Principal Register

Mark	Registration Number	Registration Date	Status
THE BENCHMARK	4,847,667	November 3, 2015	Registered on the Principal Register
RELAX, LOOK GREAT, FEEL CONFIDENT	6,433,259	July 27, 2021	Registered on the Principal Register
WHERE MEN GET READY	6,433,256	July 27, 2021	Registered on the Principal Register
AUTHORITY IN MEN'S GROOMING	6,433,260	July 27, 2021	Registered on the Principal Register
ULTIMATE RELAXED GROOMING EXPERIENCE	6,823,597	August 23, 2022	Registered on the Principal Register
	7,261,964	January 2, 2024	Registered on the Principal Register

Our Affiliate does not have a federal registration for the trademarks listed in the table below. Therefore, these trademarks do not have as many legal benefits and rights as federally registered trademarks. If your right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Mark	Application Number	Application Date	Status
BOARDROOM	87/562,630	August 22, 2024	Pending

On February 23, 2007, we entered into an agreement with The Boardroom Salon Company (the "License Agreement") in which The Boardroom Salon Company granted to us an exclusive, royalty-free license to use and to license authorized franchisees to use the marks described above and the System within the United States and its territories. The License Agreement will continue indefinitely until terminated either by mutual agreement or upon failure to cure a material breach. Upon termination of the License Agreement, to the extent that we have franchise or area development agreements then in force, The Boardroom Salon Company will assume all of our obligations under such franchise or area development agreements.

We know of no infringing uses of our Marks that could materially affect their use.

You must notify us of any infringements of or challenges to our Marks that come to your attention and actively cooperate with us in the investigation of any infringement or challenge. We will take whatever action we deem appropriate. We are not contractually obligated to defend our Marks. However, we intend to defend them vigorously.

We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorable to you.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of the Marks, or of our rights in the Marks.

You will have no right to use any of the Marks on or in connection with the Internet.

On expiration or termination of your Franchise Agreement for any reason, you must immediately discontinue the use of all the Marks. You must also take appropriate action to remove the Marks from the premises in which your Salon is located.

There are no currently effective determinations of the United States Patent and Trademark Office, The Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings involving the Marks.

If we modify or discontinue the use of the Marks, you must promptly comply with and adopt, at your own expense, all such modifications.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not currently own any rights to any patents or copyrights that are material to the franchise. However, we claim copyright protection to our Operations Manual and the information contained in it is proprietary.

The System and the components of the System, the contents of the Operations Manual and of all employee training materials and computer programs developed by us or in accordance with our standards any other confidential information that we impart to you with respect to a Salon’s operation or management, whether through the Operations Manual or otherwise (collectively, “Trade Secrets”) belong exclusively to us and the ideas and information in the Operations Manual are our sole and exclusive property.

You and your principals must hold the elements of the System, the Trade Secrets and the contents of the Operations Manual in strict confidence, must not disclose any Trade Secret or any operating or management procedure to any person other than your General Manager and your employees that must receive disclosure to understand their job duties, and must instruct and routinely remind your employees that the System, the Trade Secrets and the contents of the Operations Manual are confidential and may not be disclosed or appropriated. If you are a business entity, you must not disclose any element of the System, any of the Trade Secrets or the contents of the Operations Manual, or make the Operations Manual available, to any shareholder, director, officer, partner, member or manager of the business entity other than a General Manager and other senior executive officers, if any, who are actively and regularly involved in your Salons' management.

You and your principals must not use any element of the System, any of the Trade Secrets or the operating, management or marketing procedures in the Operations Manual in connection with the operation of any establishment or enterprise other than your Salons, and must promptly discontinue use of the System, the Trade Secrets and the operating, management and marketing procedures in the Operations Manual upon the expiration or termination of your Franchise Agreement.

You and your principals must not, without our prior written consent, copy or permit any person to copy or reproduce any part of the Operations Manual and any other printed, graphic or audio/visual item designated by us as containing Trade Secrets or otherwise permit their use or inspection by any person other than you, the General Manager, employees who need to be disclosed to in order to perform their job duties, and our authorized representatives. The Operations Manual must remain in your Salons, and your employees are not permitted to remove the Operations Manual from the Salons or make copies of the Operations Manual.

All employee training materials and all computer programs developed by us or by following our standards contain information, embody procedures or facilitate Salon practices that are proprietary to us and fall within the parameters of our Trade Secrets.

You and certain of your employees are bound by non-compete covenants (See Item 17) concerning the proprietary information and may be required to enter into confidentiality agreements (See Item 15).

If you develop or suggest an innovation or improvement that we decide to incorporate into the System, either temporarily or permanently, the innovation or improvement will become our Confidential Information without compensation.

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

You, your Managing Owner (if you are a corporation, limited liability company, partnership or other entity) or your General Manager must personally participate in the day-to-day management of your Salon. Your General Manager need not own an equity interest in the salon; however, your Managing Owner will own an equity interest of at least five percent. The General Manager must be approved by us.

You or your Managing Owner and your General Manager must satisfactorily complete our Initial Training Program and devote his/her best efforts to the operation of your Salon and not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise conflicts with your obligations under the Franchise Agreement. At all times during the operation of your Salon, there must be at least one person who has completed our Initial Training Program or is otherwise certified by us to manage a Salon.

Even if you appoint a General Manager for day-to-day operations, you must remain active in overseeing the Salon's ongoing business activities. If you own more than one Salon, then each such Salon must be under the full-time, direct on-premises supervision of a General Manager, unless we approve otherwise.

Each of your owners, beneficial owners and you and your beneficial owners' spouses must sign the personal guarantee attached to the Franchise Agreement as Exhibit G personally guaranteeing and agreeing to perform certain obligations of the Franchisee under the Franchise Agreement. In addition, you, your Managing Owner, General Manager and each of Your officers, owners, directors, employees and immediate family members who become aware of our Confidential Information and Trade Secrets must sign the Confidentiality Agreement and Covenant Not to Compete Agreement attached to the Franchise Agreement as Exhibit F before such individual is permitted to attend any training or gain access to Our Confidential Information and/or Trade Secrets

We have no control or authority over your labor relations, including, among other things, employee selection, training, promotion, termination, discipline, hours worked, rates of pay, benefits, work assigned, or working conditions, or any other control over your employment practices. Your employees are under your control at your Business. You must communicate clearly with your employees in your employment agreements, human resources manuals, written and electronic correspondence, paychecks, and other materials that you are their employer and that we, as the franchisor of Boardroom Salon for Men Businesses, are not their employer.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

All products you use or sell, and all services you perform, at your Salons must conform to our standards and specifications described in our Operations Manual and other writings (See Item 8). You must not deviate from our standards and specifications unless we first give you our written consent. You must also comply with all applicable laws and regulations and secure all appropriate governmental approvals for your Salons.

You must offer and sell only the products and services that we have expressly approved in writing, and you must offer and sell each of the products and services we authorize for sale at your Salons. You must stop selling any products or services that we disapprove in writing. There is no limit on our right to add or remove items from our standard list of products and services. If the addition of a new product or service to our authorized product or service list would not require the installation of new fixtures or equipment (other than items we classify as smallwares), we may instruct you to begin offering the new product or service items as of a date specified in a supplement to the Operations Manual or via email. Similarly, if the deletion of a product or service item from the authorized Salon product or service list would not require the removal of fixtures or equipment (other than items we classify as smallwares), we may direct you to cease offering the product or service as of a date specified in a supplement to the Operations Manual or via email. You must comply with our instructions as of the date we specify, which need not be more than 30 days after we distribute the Operations Manual supplement or send you such email.

If we allow any of your Salons to participate in any new product or service test, you must participate in the test in accordance with our Standards and must discontinue offering any product or service that we decide not to add permanently to the authorized list.

You must open and operate your Salons during the business hours and days we specify in the Operations Manual or otherwise in writing.

We may make available to you and may require you to purchase from us for resale to your clients certain merchandise, like clothing or other memorabilia, in amounts necessary to meet your client demand.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Term of the franchise	Summary Page and §11	10 years
b. Renewal or extension of the term	Summary Page and §11	If you are in good standing, you may acquire successor franchise terms of 10 years each.
c. Requirements for the Franchisee to renew or extend	§11(b)	To renew, you must be in good standing, give notice, pay a successor fee, remodel the Salon, sign a general release, attend training, if we require, and sign our then-current franchise agreement. The terms of our then current franchise agreement that you sign for renewal of the franchise may differ materially from all of those contained in the Franchise Agreement attached to this disclosure document, including reduced Development Area and increased fees.
d. Termination by you	None	N/A

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
e. Termination by us without cause	None	N/A
f. Termination by us with cause	§14	We can terminate only if you commit any one of several listed violations.
g. "Cause" defined defaults which can be cured	§14(b)	You have three, five, 10, 15 or 30 days to cure, depending on the default, except for an unauthorized transfer you must cure before the transfer is complete and if you tamper with the Salon's Computer System, you must restore the system on notice.
h. "Cause" defined defaults which cannot be Cured	§14(d)	Such defaults include: breach of non-compete, covenants concerning the Operations Manual, system or anti-terrorism laws; abandon Salon; revoke automatic debit authorization; fail to exercise options regarding death provision; allow three events of default to occur in a 12-month period; insolvency of you or your guarantor; a receiver is appointed for a substantial part of your assets or a judgment in the amount of $5,000 is made against you; you engage in any dishonest or unethical conduct; you make illicit, unlawful or otherwise inappropriate statements.
i. Your obligations on termination/non renewal	§15	Such obligations include discontinuance of use of trademarks, copyrighted materials, the System and trade secrets, return Operations Manual, and removal of trade dress.
j. Assignment of contract by us	§13(j)	No restriction on our right to transfer.
k. "Transfer" by you - Definition	§1 and §13	Includes transfer of contract or assets or any ownership change.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
l. Our approval of transfer by you	§13(a)	Transfer requires our prior written consent.
m. Conditions for our approval of transfer	§13(b) and §13(d)	Conditions include: you are not in default; asset transfer is complete disposition of franchise; Operations Manual and copyrighted materials are returned; new transferee and principals, if applicable, qualify to own a new Salon; transferee can satisfy debt obligations to us; profit and loss and cash flow projections are provided; sign then-current form of franchise agreement; correct Salon deficiencies and/or upgrade, remodel, expand and/or remodel the Salon; transferee signs waiver and general release with respect to liability for financial data/information; principals sign guarantees; transferee satisfactorily completes training and meets all other requirements of franchisor; lessor consents to transfer of lease; agreement that financing is subordinate to transferee's financial obligations to us; transfer fee is paid; and franchisee and principals sign general releases.
n. Our right of first refusal to acquire your Salon	§13(g)	We have option for 45 days to purchase on same terms and conditions offered to third party.
o. Our option to purchase your Salon	§13(g), §13(h) and §15(j)	Applies if you want to transfer, we require new management after a death, your principals do not comply with the required provisions after a death, on expiration of the Franchise Agreement, and on termination of the Franchise Agreement.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
p. Your death or disability	§13(h)	We must approve new management and if not approved, franchise must be sold.
q. Non-competition covenants during the term of the franchise	§17(a)	No diverting business; no ownership interest in, performing services for, serving as lessor or sublessor for, or lending money to, Competitive Business anywhere ("Competitive Business" means (i) any business which derives 10% or more of its revenue from selling Salon-style products or services or similar products or services or (ii) any business granting franchises or licenses to others to operate such a business.)
r. Non-competition covenants after the franchise is terminated or expires	§17(a)	For a period of two years, no direct or indirect ownership interest in, or performing services for, a Competitive Business located in the DMA in which your Salon is located, Protected Territory or in any other DMA or any other protected territory in which a company-owned, affiliate owned or franchised Salon is then operating or under development.
s. Modification of the agreement	§24(b)	No changes unless mutually agreed to in writing, but we may change Operations Manual and Standards (including development standards).
t. Integration/ merger clause	§25(a)	Only written terms of the Franchise Agreement are binding (subject to state law). However, nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this disclosure document

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u. Dispute resolution by arbitration or mediation	§§ 22(b) and 22(c)	Subject to the requirement to mediate certain disputes, we and you must arbitrate all disputes in the city where our then current principal business address is located (currently, Dallas, Texas)
v. Choice of forum	§22(d)	Subject to mediation and arbitration requirements, litigation generally must be in the state or federal court of competent jurisdiction located closest to our then current principal business address (currently, Dallas, Texas) (subject to state law)
w. Choice of law	§22(a)	Except for Federal Arbitration Act and other federal law, Texas law governs (subject to state law)

This table lists certain important provisions of the Development Agreement. You should read these provisions in the agreement attached to this Disclosure Document.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a. Term of the development rights	Summary Page	From effective date until the earlier of the scheduled opening date for the last Salon, you are scheduled to open or the date your last Salon actually opens and has been approved by us for operation.
b. Renewal or extension of the term	§9	We will evaluate your financial information and development proposal to determine if you qualify, although we are not obligated to renew or extend your development rights.
c. Requirements for you to renew or extend	§9(b) and §9(c)	You must open all your Salons under the development schedule, you cannot default, you must not be in default under any Franchise Agreements, we must be satisfied with your financial capability to develop more Salons; you must sign the then-current development

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
		agreement. This means that you may be asked to sign an agreement with terms and conditions that are materially different than those in your original agreement.
d. Termination by you	None	N/A
e. Termination by us without cause	None	N/A
f. Termination by us with cause	§13	We can terminate only if you commit any one of several listed violations.
g. "Cause" defined defaults which can be cured	None	N/A
h. "Cause" defined defaults which cannot be Cured	§13(a) - §13(j)	Such defaults include: breach of non-compete provisions, or anti-terrorism laws; fails to open Salons as required; fail to exercise development options; allow uncured events of default to occur; or attempts unauthorized transfer; failure to operate Salons in accordance with Standards.
i. Your obligations on termination/non renewal	None	N/A
j. Assignment of contract by us	§14(a)	No restriction on our right to assign.
k. "Transfer" by you - Definition	§2 and §14	Developer has no right to assign agreement or interests in itself to third parties, but may assign to a wholly-owned affiliate. Assignment is defined in Section 14(a) and includes transfer of agreement, sale of business and ownership changes.
1. Our approval of transfer by you	§14(b) and (c)	No right to transfer except to wholly-owned affiliate of developer. We will not unreasonably withhold approval of transfer.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
m. Conditions for our approval of transfer	§14(b) and (c)	No transfers allowed except to wholly-owned affiliate where conditions include entity paperwork and documentation of interests and signing joinder of liability.
n. Our right of first refusal to acquire your development rights	Not applicable.	Not applicable.
o. Our option to purchase your development rights	Not applicable.	Not applicable.
p. Your death or disability	Not applicable.	Not applicable.
q. Non-competition covenants during the term of the franchise	§11	No diverting business; no ownership interest in, performing services for, serving as lessor or sublessor for, or lending money to, Competitive Business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	§11	For a period of two years, no direct or indirect ownership interest in, or performing services for, a Competitive Business located in the DMA in which the Development Area is located, the Development Area or in any other DMA in which a development area is located or any other development area owned by a company, affiliate or other developer .
s. Modification of the agreement	§18(b)	No changes unless mutually agreed to in writing.
t. Integration/ merger clause	§19(b)	Only written terms of the Development Agreement are binding (subject to state law). However, nothing in the Development Agreement or any related agreement is intended to disclaim our representations made in this disclosure document

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
u. Dispute resolution by arbitration or mediation	§§16(b) and 16(c)	Subject to the requirement to mediate certain disputes, we and you must arbitrate all disputes in the city where our then current principal business address is located (currently, Dallas, Texas)
v. Choice of forum	§16(e)	Subject to mediation and arbitration requirements, litigation generally must be in the state or federal court of competent jurisdiction located closest to our then current principal business address (currently, Dallas, Texas) (subject to state law)
w. Choice of law	§16(a)	Except as otherwise required by applicable state law, Texas law shall govern.

ITEM 18
PUBLIC FIGURES

We do not employ any public figure or celebrity in our management, nor do we use a public figure or celebrity to promote our franchises.

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.

We do not make any representations about a franchisee's future financial performance or, except as set forth in this Item 19, the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. Actual sales and profits, if any, are a unique combination of the business itself and its particular location, competition and management's ability. The results of this combination cannot be predicted in advance, and we specifically decline to issue any projected or pro forma results for any particular franchisee or franchised location.

Chart One includes historical information for all Salons that have met the following conditions ("**Conditions**"): (a) operated for all of January 1, 2025 thru December 31, 2025; ("**Reporting**

Period"); (b) have been operated by franchisees for the entire Reporting Period; and (c) have operated from the same premises during the entire Reporting Period. As of the end of the Reporting Period (December 31, 2025), there are nine franchisee owned Salons. Five (55.55%) of the opened Salons met all the Conditions and are included in the chart. There are no corporate owned or affiliate owned Salons included in Chart One.

Chart Two includes historical information for all Salons that have met the following conditions ("**Conditions**"): (a) for 2025, operated for all of January 1, 2025 thru December 31, 2025; ("**2025 Reporting Period**"); (b) for 2024, operated for all of January 1, 2024 thru December 31, 2024; ("**2024 Reporting Period**"); for 2023, operated for all of January 1, 2023 thru December 31, 2023; ("**2023 Reporting Period**"); (c) for 2022, operated for all of January 1, 2022 thru December 31, 2022; ("**2022 Reporting Period**"); (d) have been operated by franchisees for the entire applicable Reporting Period; and (e) have operated from the same premises during the entire applicable Reporting Period. There are no corporate owned or affiliate owned Salons included in Chart One or Chart Two.

CHART ONE

NET EBITDA

	Location A	**Location B**	**Location C**	**Location D**	**Location E**
Cash Revenue	$917,444	$1,287,517	$1,397,718	$1,116,821	$701,093
Product Related COGS/Merchant Fees	$64,182	$66,458	$127,384	$104,831	$67,093
Salary/Benefits	$476,590	$740,248	$590,397	$505,560	$296,795
Rent	$80,828	$69,399	$112,800	$116,921	$94,026
Occupancy	$18,847	$28,485	$20,034	$29,444	$19,251
Adjusted Gross EBITDA	$276,997	$382,927	$547,103	$360,065	$223,928
Percentage of Cash Revenue	30%	30%	39%	32%	32%
Franchise Costs					
Royalties (6%)	$55,047	$77,251	$83,863	$67,009	$42,066
NAF (2%)	$18,349	$25,750	$27,954	$22,336	$14,022
Local Advertising Expense (3%)	$27,523	$38,626	$41,932	$33,505	$21,033
Technology Fee and POS System License Fee	$9,000	$9,000	$9,000	$9,000	$9,000
Total	$109,919	$150,627	$162,749	$131,850	$86,120

	Location A	Location B	Location C	Location D	Location E
Franchise Adjusted Net EBITDA	$167,078	$232,300	$384,354	$228,214	$137,808
Percentage of Cash Revenue	18%	18%	27%	20%	20%

Explanatory Notes:

1. Cash Revenue. Cash revenue is revenue from services and products less discounts, sales tax, tips, returns, and refunds. It includes chargebacks.

2. Franchise Costs. The franchise costs are based on the royalty rates, NAF and LAF set out in Item 6 and Item 11, which You will be required to pay under the Franchise Agreement. Not all of the franchisees included in this Item 19 pay all of the Franchise Costs at the same rates set out in this Item 19.

3. Franchise Adjusted Net EBITDA. Franchise Adjusted Net EBITDA is calculated by subtracting from cash revenues the COGS, merchant fees, salary/benefits, rent, occupancy costs and franchise costs. It excludes discretionary expenses, owners' compensation, and interest.

CHART TWO

Average and Median Gross Sales

	Year			
	2025	**2024**	**2023**	**2022**
Average Gross Sales	$1,084,118	$970,478	$942,385	$917,281
Median Gross Sales	$1,116,821	$955,972	$899,559	$868,818
Highest Unit Gross Sales	$1,397,718	$1,324,367	$1,270,874	$1,254,295
Lowest Unit Gross Sales	$701,093	$623,451	$632,861	$651,519
Number of Units	5	6	6	6
Number of Units That Attained or Exceeded The Averages Set Forth Above	3 (60%)	3 (50%)	3 (50%)	3 (50%)
Number of Units That Attained or Exceeded The Median Set Forth Above	3 (60%)	3 (50%)	3 (50%)	3 (50%)

Explanatory Notes:

1. The information in this Chart Two is based on unaudited gross sales per franchised unit that met all of the Conditions for the applicable Reporting Period.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

Written substantiation for the financial performance representations in Item 19 is available to you upon reasonable request. We strongly encourage you to consult a financial advisor or an accountant to help you determine how to interpret the information contained in this Item 19.

Other than the preceding financial performance representation, KLPS, 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 records 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 Jeff Helfgott at 5473 Blair Road, Ste 100, #907083, Dallas, Texas 75231-4227, partners@boardroomsalon.com, or (817) 416-7575, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For years 2023-2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	6	6	0
	2024	6	6	0
	2025	6	9	+3
Company-Owned (Affiliate)	2023	39	40	+1
	2024	40	40	0
	2025	40	35	-5
Total Outlets	**2023**	**45**	**46**	**+1**
	2024	**46**	**46**	**0**
	2025	**46**	**44**	**-2**

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2023-2025

State	Year	Number of Transfers
All States	2023	0
	2024	0
	2025	0
Total	**2023**	**0**
	2024	**0**
	2025	**0**

Table 3

Status of Franchised Outlets
For years 2023-2025

State	Year	Outlets at Start of Year	Outlets opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Oklahoma	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	3	0	0	0	0	3
Texas	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	0	0	6
Total	**2023**	**6**	**0**	**0**	**0**	**0**	**0**	**6**
	2024	**6**	**0**	**0**	**0**	**0**	**0**	**6**
	2025	**6**	**3**	**0**	**0**	**0**	**0**	**9**

Table No. 4

Status of Company-Owned Outlets
For Years 2022-2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Arizona	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3
Georgia	2023	6	0	0	0	0	6
	2024	6	0	0	0	0	6
	2025	6	0	0	0	0	6
Maryland	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	1	0	0
North Carolina	2023	1	1	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2
Oklahoma	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	3	0
Tennessee	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Texas	2023	22	0	0	0	0	22
	2024	22	0	0	0	0	22
	2025	22	0	0	1	0	21
Virginia	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Total	**2023**	**39**	**1**	**0**	**0**	**0**	**40**
	2024	**40**	**0**	**0**	**0**	**0**	**40**
	2025	**40**	**0**	**0**	**2**	**3**	**35**

Table No. 5

Projected Openings As Of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets	Projected New Company Outlets
Georgia	0	1	0
Pennsylvania	0	1	0
Texas	1	0	0
Totals	**1**	**2**	**0**

Explanatory Notes:

Our affiliate, The Boardroom Salon Company, owns and operates the company-owned Salons represented in Table 4 through wholly owned subsidiaries. Two of these company-owned Salons currently operate under the name "Boardroom Styling Lounge," although we anticipate they will be converted to the "Boardroom Salon for Men" name.

The names of all current franchisees and the address and telephone number of each of their outlets are listed on Exhibit F to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business 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 is listed on Exhibit F to this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system**.

During the last three fiscal years, no franchisee has signed a confidentiality clause that would restrict their ability to speak openly about their experience with the System.

As of the date of this disclosure document, there are no trademark-specific franchisee organizations associated with the System.

ITEM 21
FINANCIAL STATEMENTS

Exhibit E is our audited financial report as of December 27, 2025, December 28, 2024, and December 30, 2023.

Franchisor's fiscal year is based on a 52-to-53-week reporting period, which ends each year on the last Saturday of December. The fiscal years ended December 27, 2025, December 28, 2024, and December 30, 2023.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit B: Development Agreement, including exhibits

Exhibit C: Franchise Agreement, including exhibits

ITEM 23
RECEIPTS

The last two pages of this disclosure document are detachable documents acknowledging your receipt of this Disclosure Document. You must sign each Receipt and return one copy to us. You should keep the other Receipt for your records. If you are missing these Receipts, please contact us at this address or telephone number.

EXHIBIT A TO FDD

LISTS OF STATE ADMINISTRATORS

AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT A TO FDD

LISTS OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Financial Protection & Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	California Commissioner of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEBRASKA	Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8236	Secretary of State 99 Washington Avenue Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Insurance & Securities Department 600 East Boulevard Avenue, Dept. 401 Bismarck, ND 58505 701-328-2910	North Dakota Insurance Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-3563	Director of the South Dakota Division of Insurance, Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 360-902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B TO FDD

DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT
FOR
THE BOARDROOM SALON FOR MEN

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EXHIBITS:

A: Description of Development Area
B: Development Schedule
C: Confidentiality Agreement and Covenant Not To Compete
D: Personal Guaranty and Principals' Undertaking
E: General Release
F: State Specific Addenda

SUMMARY PAGE

	Term
Effective Date	
Developer	
Developer Notice Address	
Development Area	The area described on Exhibit A to this Agreement.
Development Fee	$______________ payable at the time this Agreement is executed
Development Area	Exhibit A
Development Schedule	Exhibit B
Term	From the Effective Date of this Agreement until the earlier of (i) the Scheduled Opening Date for the last Salon Developer is scheduled to open, as indicated in the Development Schedule (Exhibit B), or (ii) the date Developer's last Salon is actually Open and in Operation

BOARDROOM SALON FOR MEN
DEVELOPMENT AGREEMENT

THIS AGREEMENT is entered into between KLPS, LLC and Developer.

1. RECITALS

Company has acquired the right to use and to license others to use a System for the establishment and operation of Salons. Developer wishes to obtain the right to develop Salons within the Development Area, pursuant to the terms and conditions set forth herein.

2. DEFINITIONS

a. **Affiliate** means a Person that controls, is controlled by or is under common control with another Person, either by virtue of equity ownership, by contract or by other means.

b. **Business Entity** means a corporation, a general or limited partnership, a limited liability company or any other type of Business entity.

c. **Charter Documents** means a corporation's articles of incorporation, by-laws and shareholders agreement (if any); a partnership's partnership agreement and, in the case of a limited partnership, its articles of limited partnership; a limited liability company's articles of association and regulations or operating agreement; and comparable governing documents of any other type of Business Entity.

d. **Company** means KLPS, LLC, a Limited Liability Company formed under the laws of the State of Texas.

e. **Competitive Business** means (i) any business which derives ten percent (10%) or more of its revenue from selling Salon-style products or services or similar salon services or products or (ii) any business granting franchises or licenses to others to operate such a business.

f. **Confidential Information** means the proprietary and confidential information relating to the development and operation of Salons, which Company owns or is licensed to use and license third parties to use, including:

(1) The Standards, Trade Secrets, Pre-Opening Manual and Operations Manual, training materials, and any other proprietary materials and knowledge or experience in developing and operating Salons;

(2) Methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Salons;

(3) Marketing, promotional and advertising research and programs for Salons;

(4) The Information Systems and any other computer software or similar technology which is proprietary to Company or the System, including, without limitation,

digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(5) Knowledge of specifications for and suppliers of products and supplies, including supplier pricing and related terms;

(6) Methods of inventory control, storage, product handling, training and management relating to Salons;

(7) Knowledge of operating results and financial performance of Salons, other than Developer's Salons;

(8) Client solicitation, communication and retention programs, along with data and information used or generated in connection with those programs;

(9) Manager and team member recruiting, interviewing, orientation, training and evaluation policies and procedures;

(10) Our mission, business philosophy, personnel culture, management structure and training programs;

(11) Site selection criteria, general contractor and architect criteria and Trade Dress for Salons, and plans and specification for the development of Salons;

(12) Information (including earnings information) regarding Company's personnel and those of other franchisees and licensees of Company;

(13) All data and other information generated by, or used in, the operation of a franchisee's Salon, including client names, addresses, phone numbers, pricing and other information supplied by any client (such as credit card information or personal information), and any other information contained at any time and from time to time in the Information Systems or that visitors to the Salon (including the franchisee and its personnel) provide to the Website for the Salon Network;

(14) Future business plans relating to Salons and the Salon franchise opportunity, including expansion and development plans; and

(15) All other information that Company provides Developer and designates proprietary or confidential.

g. **Confidentiality Agreement and Covenant Not To Compete** means the confidentiality agreement and covenant not to compete attached to this Agreement as Exhibit C.

h. **Control** or Controlling Interest means the possession, directly or indirectly, of the power to direct or cause the direction, of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

i. **Copyrighted Materials** refers to and includes all versions, variations and adaptations of the following materials in tangible form, either produced by Company, produced on its behalf as works for hire, or derived from works produced by or on behalf of Company: (i) all manuals used in a Salon's development, operation and marketing activities, including but not limited to the Pre-Opening Manual and Operations Manual, (ii) training materials (including printed, audio, video or electronic materials), (iii) Salon plans and specifications, (iv) designs and graphics, (v) product identification posters, photographs and graphics, (vi) advertising and marketing materials, (vii) labels, forms and reports provided by Company, (viii) any computer software developed for use in the operation of Salons, (ix) all Trade Dress and Trade Dress elements, and (x) any other materials protected by copyright law or marked or identified by Company as protected by copyright.

j. **Developer** means the developer identified on the Summary Page.

k. **Developer's Address** means the developer's address identified on the Summary Page.

l. **Development Area** means the area described on Exhibit A to this Agreement.

m. **Development Fee** means the development fee identified on the Summary Page.

n. **Development Schedule** means the schedule pursuant to which the Developer will establish Salons as set forth in Exhibit B.

o. **Dispute** means any claim, controversy or dispute that arises under or in relation to this Agreement or concerns the relationship created by this Agreement.

p. **DMA** means the designated area established for a Local Advertising Cooperative as further defined in the Franchise Agreement. .

q. **Dollar or $** means currency of the United States of America.

r. **Effective Date** means the date Company signs the Agreement, as indicated in its signature block.

s. **Event of Force Majeure** means acts of God, strikes, war, riot, epidemic, fire or other natural catastrophe, terrorist acts or government actions resulting from terrorist acts, or other forces beyond Developer's or Company's control which, as applicable, materially and adversely affect Developer's ability to comply with the Development Schedule or which effect Company's ability to perform its obligations under this Agreement.

t. **Event of Default** means any breach of this Agreement, including, without limitation, those breaches listed in Section 13 of this Agreement.

u. **First Extension** has the meaning assigned to it in Section 6(a) of this Agreement.

v. **Franchise** means the right to operate a Salon, as more fully described in the Franchise Agreement.

w. **Franchise Agreement** means a franchise agreement which grants Developer a Franchise at a specific, single location, executed or to be executed pursuant Section 5 of this Agreement.

x. **Franchise Agreement Execution Date** means the date the Franchise Agreement is to be executed for each Salon described in the Development Schedule attached hereto as Exhibit B.

y. **Information Systems** means the point-of-sale (POS) system and other electronic systems an operator uses to collect, compute, store and report a Salon's operational and financial data along with related software programs and peripheral equipment such as computers, scanners, credit card readers and printers.

z. **Marks** means certain trademarks, service marks, and other commercial symbols Company and its affiliates use, promote and license in operating Salons, which have gained and will continue to gain public acceptance and goodwill, and certain other trademarks, service marks, and other commercial symbols Company and its affiliates may create, use, and license for Salons.

aa. **Open and in Operation** means the Company has approved the opening of Developer's Salon and Developer's Salon is open to and servicing the general public.

bb. **Operations Manual** means and collectively includes all manuals, policy statements, directives, bulletins and memoranda that contain prescribed or recommended Standards, procedures, policies and advice relating to a Salon's start-up, operation and management and to marketing the services and products offered by Salons. The Operations Manual discloses the principle elements of Company's proprietary System, and its contents are and shall remain Company's exclusive property.

cc. **Ownership Interest** means any direct or indirect, legal or beneficial ownership interest of any type, including but not limited to (a) in relation to a corporation, the ownership of shares in the corporation; (b) in relation to a partnership, the ownership of a general partner or limited partnership interest; (c) in relation to a limited liability company, the ownership of a membership interest; or (d) in relation to a trust, the ownership of the beneficial interest of such trust.

dd. **Permanent Disability** means any physical, emotional or mental injury, illness or incapacity that would prevent a person from performing the obligations set forth in this Agreement or in the Personal Guaranty and Principals' Undertaking for at least ninety (90) consecutive days, and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is permanently disabled, the existence of permanent disability will be determined by a licensed practicing physician selected by Company, upon examination of the person; or if the person refuses to submit to an examination, then the person automatically will be considered permanently disabled as of the date of refusal. The costs of any such examination will be paid by Company.

ee. **Person** means an individual or a Business Entity.

ff. **Personal Guaranty and Principals' Undertaking** means the personal guaranty and principals' undertaking attached to this Agreement at Exhibit D.

gg. **Principal** means collectively or individually, all officers and directors of Developer or any Affiliate of Developer and Persons holding a direct or indirect Ownership Interest in Developer or in any Affiliate of Developer, in this Agreement or any interest in or right under this Agreement as designated by Company.

hh. **Protected Area** means a defined area, within which the Company will refrain from operating a Salon, as described in a Franchise Agreement.

ii. **Required # of Operating Salons** means the number of Salons required to be Open and Operating as described in the Development Schedule attached hereto as Exhibit B.

jj. **Salon** means a retail establishment that operates on a year-round basis at a fixed (permanent) location under the "The Boardroom Salon for Men" name and other Marks and the System.

kk. **Salon Business** means a business engaged primarily in providing hair and other grooming services that may include, but are not limited to, haircuts, coloring, shaves, facials, manicures, pedicures, massages and waxings.

ll. **Salon Network** means the entire chain of Salons, including franchised and company- operated Salons, located within the United States of America.

mm. **Scheduled Opening Date** means the date Developer's Salons are to be open as described in the Development Schedule attached hereto as Exhibit B.

nn. **Second Extension** has the meaning assigned to it in Section 6(a) of this Agreement.

oo. **Standards** means the mandatory and suggested specifications, standards, operating procedures and rules that Company prescribes from time to time for the development and operation of a Salon and any other information Company provides to Developer.

pp. **Summary Page** means the page that appears at the beginning of this Agreement that summarizes certain key information concerning the parties' relationship and the terms of this Agreement.

qq. **System** means the Business methods, designs, arrangements and Standards for developing and operating Salons, identified by the Marks, including those pertaining to site selection, construction, building design, signage and layouts, equipment, training, methods of inventory control and requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information technology, all of which Company may improve, further develop or otherwise modify from time to time.

rr. **Term** means the term of this Agreement, which is identified on the Summary Page.

ss. **Trade Dress** means decorative, non-functional components of a Salon that provide the establishment a distinctive, memorable appearance including but not limited to the layout of entry, lounge and styling area, wood paneling on walls, reception desk, cabinets, pool table, lounge furniture, decorative light fixtures, stain and paint colors and wood flooring.

tt. **Trade Secrets** means the components of the System, the contents of the Operations Manual and of all employee training materials and computer programs developed by Company or in accordance with its Standards, Confidential Information and any other confidential information that Company imparts to Developer with respect to a Salon's operation or management, whether through the Operations Manual or otherwise.

3. AREA DEVELOPMENT RIGHTS

a. Subject to the terms and conditions of this Agreement and in consideration of the Development Fee Developer pays in accordance with Section 7, Company grants to Developer the non-exclusive right and Developer undertakes the obligation to have Open and in Operation at and from physical premises located in the Development Area the number of Salons indicated in the Development Schedule.

b. In order to obtain the Franchise for each Salon described in the Development Schedule, Developer must satisfy the Conditions as set forth in Sections 4 and 5 and below:

(1) "Operational": Developer and its Affiliates are in compliance with any Franchise Agreements, this Agreement and any other agreement between Developer or its Affiliates and Company or its Affiliates. Developer is conducting the operation of its existing Salon(s), if any, and is capable of conducting the operation of the proposed Salon (a) in accordance with the terms and conditions of this Agreement, (b) in accordance with the provisions of the respective Franchise Agreements, and (c) in accordance with the standards, specifications, and procedures set forth and described in the Operations Manual (defined in the Franchise Agreement), as such Operations Manual may be amended from time to time, or otherwise in writing.

(2) "Financial": Developer and the Principals satisfy Company's then-current financial criteria for developers and principals of Salons with respect to Developer's operation of its existing Salon, if any, and the proposed Salon. No Event of Default relating to any monetary obligations owed to Company or its Affiliates under this Agreement, any Franchise Agreement or other agreement between Developer or any of its Affiliates and Company or any of its Affiliates either has (i) occurred and is continuing or (ii) occurred during the 12 months preceding Developer's request for consent, whether or not such Event of Default was cured or curable. Developer and Developer's Principals will only be allowed to borrow, in connection with the development of each Salon, an amount equal to 75% of the total cost, excluding working capital, required for the opening of such Salon. Developer will not extend, renew, refinance, modify or amend any debt or liability permitted by this paragraph, except with the prior written consent of Company, which consent may be granted or denied, except that such consent will not be required if the debt or liability as extended or renewed would be permitted under this paragraph.

(3) "Legal": Developer has submitted to Company, in a timely manner, all information and documents requested by Company prior to and as a basis for the issuance of individual Franchises or pursuant to any right granted to Developer by this Agreement or by any Franchise Agreement, and has taken such additional actions in connection therewith as may be requested by Company from time to time. Developer and the Principals have been and are faithfully performing all terms and conditions of this Agreement, each of the existing Franchise Agreements and any other agreement among Company, Developer or any of their respective Affiliates.

c. In order to retain the right to develop Salons, Developer must comply with the requirements of Section 5 for each Salon.

d. Subject to earlier termination in accordance with Section 13 and to any successor term under Section 9, Developer's development rights will continue for the Term. Except as provided in any Franchise Agreement, Company may grant franchises and development rights to other Persons and may operate its own Salons in the Development Area.

4. BUSINESS ENTITY REQUIREMENTS

If Developer is a Business Entity, the following requirements apply:

a. Developer must be newly organized and its Charter Documents must provide that Developer's purposes and activities are restricted exclusively to developing Salons.

b. True, complete and duly authenticated copies of Developer's Charter Documents and of a resolution of Developer's board of directors, general partner or other managing body authorizing Developer to enter into and perform this Agreement must be furnished to Company prior to the execution of this Agreement.

c. Developer's Charter Documents shall impose assignment restrictions that give effect to Section 14, and each certificate representing an Ownership Interest in Developer shall contain or have conspicuously noted upon its face a statement in a form satisfactory to Company to the effect that any assignment of the certificate is subject to all restrictions this Agreement imposes on assignments.

d. Developer shall maintain a list of all record and beneficial owners of Ownership Interests in Developer and shall furnish a current version of the list to Company between December 15th and 31st of each year and upon request.

5. SALON DEVELOPMENT PROCEDURE

Developer must have the cumulative number of Salons set out in the Development Schedule Open and in Operation at and from physical locations in the Development Area in accordance with and pursuant to Franchise Agreements, by the corresponding dates set forth herein. With respect to each Salon, Developer shall execute Company's then-current form of franchise agreement not later than the applicable Franchise Agreement Execution Date described in the Development Schedule. Contemporaneous with the execution of this Agreement, Developer shall execute a Franchise Agreement for the first Salon described in the Development Schedule.

Developer agrees and acknowledges that Company's then-current form of franchise agreement may differ materially from its current form of franchise agreement, including, without limitation, additional and increased fees.

6. SALON DEVELOPMENT EXTENSIONS

a. If Developer is unable to adhere to the Development Schedule, Developer may in accordance with Section 6(b) apply for a first extension of the Franchise Agreement Execution Date and of the corresponding Scheduled Opening Date (a "First Extension"). If the reason for requesting a First Extension is an Event of Force Majeure and Company grants a First Extension, the First Extension shall be for a period of not more than one hundred and eighty (180) days. If the reason for requesting a First Extension is any reason other than Force Majeure and Company grants a First Extension, the First Extension shall be for a period of not more than forty-five (45) days. If, after being granted a First Extension, Developer still cannot adhere to the Development Schedule, Developer may in accordance with Section 6(b) apply for a second extension of up to thirty (30) days of the Franchise Agreement Execution Date and of the corresponding Scheduled Opening Date (a "Second Extension").

b. To obtain a First Extension or Second Extension, Developer must request the relevant extension in writing not later than fifteen (15) days before the relevant Franchise Agreement Execution Date and pay an extension fee of Five Thousand Dollars ($5,000), with respect to a First Extension, or Ten Thousand Dollars ($10,000), with respect to a Second Extension (the "Extension Fee"). Company will grant the relevant extension if Developer has made a good faith effort to comply with the requirements of Section 5 but has experienced delays beyond Developer's reasonable control, has submitted the required request, and paid the Extension Fee.

c. An extension obtained under Section 6 will apply only to Developer's Salon for which Developer obtained it; an extension will not delay the Franchise Agreement Execution Date or the Scheduled Opening Date of any subsequent Salons.

7. FEES

a. **Development Fee**. When Developer signs this Agreement, Developer must pay Company the Development Fee in the amount set out in the Summary Page for the development rights granted in Section 3. The Development Fee is fully earned by Company in consideration of the development rights granted in this Agreement and is not refundable. The Development Fee is calculated as follows:

(1) The amount of the initial franchise fee set out in the Franchise Agreement executed by Developer at the time this Agreement is executed;

(2) $40,000 for the second Salon;

(3) $30,000 for the third Salon; and

(4) $25,000 for each additional Salon Developer is required to Open per the Development Schedule.

b. No additional initial franchise fees will be payable when Developer signs the Franchise Agreements for the Salons Developer develops hereunder. In accordance with Section 5 hereof, contemporaneous with the execution of this Agreement, Developer shall execute a Franchise Agreement for the first Salon described in the Development Schedule, and shall pay to Company the initial franchise fee set out therein.

c. Despite any designation Developer makes, Company may apply any of Developer's payments to any of Developer's past due indebtedness to Company. Company may set off any amounts Developer or Developer's owners owe Company or Company's Affiliates against any amounts Company or Company's Affiliates owe Developer or Developer's owners. Developer will not be entitled to withhold payment of any amounts due to Company hereunder on account of Company's breach or alleged breach of its obligations under this Agreement; Company's performance under this Agreement constitutes no part of the consideration for Developer's obligation to pay royalties.

8. COMPETITIVE PROTECTION; TERRITORIAL SCOPE OF DEVELOPMENT RIGHTS

a. Company and its Affiliates retain all rights with respect to Salons, the Marks, the sale of identical, similar or dissimilar products and services, and any other activities Company deems appropriate whenever and wherever Company desires, including, but not limited to:

(1) the right to operate, and to grant others the right to operate, Salons located anywhere outside and within the Development Area under any terms and conditions Company deems appropriate and regardless of proximity to Developer's Salons in the Development Area, except with respect to the Developer's Protected Area as defined in and to the extent set out in the Developer's Franchise Agreement;

(2) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering similar or dissimilar products and services through similar or alternative channels of distribution, at locations inside or outside the Development Area under trademarks or service marks other than the Marks and on any terms and conditions Company deems appropriate;

(3) the right to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with those products and services provided by Salons, whether identified by the Marks or other trademarks or service marks, through alternative distribution channels including, without limitation, the Internet or similar electronic media and direct-order techniques, any other form of electronic commerce, catalogues, telemarketing campaigns, supermarkets, department stores and convenience stores, both inside and outside the Development Area and on any terms and conditions Company deems appropriate;

(4) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Development Area under the Marks and on any terms and conditions Company deems appropriate;

(5) the right to operate and grant others the right to operate Salons at "Non-Traditional Sites" within and outside the Development Area on any terms and conditions Company deems appropriate;

(6) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Salons, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchise owners or licensees of these businesses) are located or operating (including in the Development Area); and

(7) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Salons, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Development Area.

b. Developer acknowledges and agrees that Company has no express obligation or implied duty to insulate or protect Developer's revenues from erosion as the result of any Salon competition with other Salons, in the ways and to the extent this Section 8 provides or contemplates. Developer expressly waives and relinquishes any right to assert any claim against Company based on the existence, actual or arguable, of any such obligation or duty.

9. SUCCESSOR TERM

a. Developer will have a conditional right to secure a successor term of the right to develop Salons in the Development Area.

b. A successor term will be granted only if all four of the following conditions are satisfied:

(1) Developer opens the full number of Salons indicated in Exhibit B in compliance with Section 5 and the Development Schedule indicated in Exhibit B (taking into account any deadline extensions that Developer obtains in compliance with Section 6);

(2) Developer does not cause or permit a default to occur under Section 13, whether or not Company exercises its right to terminate Developer's exclusive rights under this Agreement on account of the default;

(3) All of Developer's Salons are being operated in compliance with Company's Standards, and Developer is not delinquent in paying royalty or other monetary obligations to Company or in submitting required financial reports to Company; and

(4) Based on its review of the financial information that Developer submits in accordance with Section 3, Company is satisfied that Developer is financially capable of completing the development of the additional Salons that Developer proposes to develop.

c. To secure a Successor Term of the development rights, Developer must comply with the following procedures:

(1) Not later than thirty (30) days after the Franchise Agreement Execution Date of the last Salon listed in Exhibit B, Developer must notify Company of Developer's intention to continue developing Salons in the Development Area and must submit to Company current financial information for Developer and its Principals on a form acceptable to Company. Developer's notice must specify the number of additional Salons Developer proposes to develop and indicate any changes Developer seeks in the Development Area's boundaries.

(2) Company will evaluate Developer's financial information and development proposal. If Company determines that Developer qualifies to develop additional Salons, it will furnish Developer a new Development Agreement on the form Company is then using. The exhibits to that agreement will reflect the development area boundaries, number of Salons and development schedule that Company is willing to accept, which may differ from Developer's proposal.

(3) Within fourteen (14) days after Company furnishes the new Development Agreement to Developer, Developer must sign and return it to Company, together with the Development Fee specified in that agreement.

10. INDEMNIFICATION

a. Developer and each Principal will indemnify, hold harmless and timely defend Company, Company's Affiliates and their respective officers, directors, partners, employees, agents, successors and assigns (collectively, "Indemnified Parties") from and against any and all claims, demands, legal proceedings, administrative inquiries, investigations and proceedings, damages, losses, judgments, settlements, fines, penalties, remedial actions, costs and expenses (including attorneys' fees) asserted against, incurred or sustained by any Indemnified Party, whether or not separately insured, that arise out of any acts, errors, or omissions of Developer, Developer's Principals, Developer's Affiliates, independent contractors, and employees of Developer and any such other third parties without limitation and without regard to the cause or causes of the acts, errors, or omissions or the negligence (whether that negligence is sole, joint, or concurrent, and whether active or passive) or strict liability of Company or any other party or parties arising in connection therewith, including but not limited to Developer's development of Developer's Salons or any acts or claims arising from this Agreement.

b. Company may elect (but under no circumstance will be obligated) to undertake or assume the defense of any such claim, demand, inquiry, investigation or proceeding (an "Indemnified Matter"), and to conduct and supervise all settlement negotiations related to any Indemnified Matter. However, Developer will pay the legal fees and other expenses Company incurs in connection with the investigation, defense and settlement of any Indemnified Matter Company undertakes to defend or assume. Company's election to undertake or assume the defense or settlement of an Indemnified Matter will in no way or circumstance, extinguish or diminish Developer's obligation to indemnify and hold the Indemnified Parties harmless.

11. COVENANT AGAINST COMPETITION

a. In consideration of Company's granting development rights to Developer and disclosing to Developer the System and other Trade Secrets, Developer and the Principals covenant and agree that, during the Term and for two years after its expiration or termination (or for Principals, after such person ceases to be a Principal), neither Developer, any of its Principals, nor any of Developer's or Developer's Principals immediate family members (i.e. a spouse, legally-recognized domestic partner, parents, children, or sibling(s)) will, directly or indirectly, have any controlling or non-controlling interest as an owner in, perform services as a director, officer, manager, employee, consultant, representative, or agent for, divert or attempt to divert any actual or potential business or client of the Salon to, serve as the lessor or sublessor for, or loan any money or other thing of value to, a Competitive Business. Except as a franchisee of Company, the in-term covenant not to compete set forth in this Section 11(a) will apply everywhere in the world and the post-term covenant not to compete set forth in this Section 11(a) will apply in the DMA in which the Development Area is located, the Development Area and in each other DMA in which a Company-owned or franchised Salons is then operating or under development and any other development area in which another developer has development rights. For purposes of calculating the duration of the post-term covenant not to compete, any time during which Developer or the Principals (as applicable) are in violation or breach of the covenant shall be excluded. Developer and the Principals acknowledge that the covenant not to compete set forth in this Section 11(a) is reasonable and necessary to protect the Business and goodwill of the Salon Network and to avoid misappropriation or other unauthorized use of the System and Company's other Trade Secrets. Developer and the Principals acknowledge and confirm that Developer and the Principals possess the education, training and experience necessary to earn a reasonable livelihood apart from operating or developing a Business that provides Salon-style products or services or similar products or services as its principal product or service.

b. The parties agree that the foregoing covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in Section 11(a) is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Company is a party, Developer and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of Section 11(a).

c. Developer and the Principals understand and acknowledge that Company shall have the right to reduce the scope of any covenant set forth in Section 11(a), or any portion thereof, without their consent, effective immediately upon notice to Developer; and Developer and the Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19(b) hereof.

d. Developer agrees to have all of the following persons sign, and Developer will submit to Company executed copies of, Company's then current form of Confidentiality Agreement and Covenant Not To Compete from all of the following persons: (i) Developer's general manager and any supervisory or other employees who have received or will receive training from Company, prior to their employment; (ii) if Developer is a Business Entity, all Developer's Principals, and those of any entity directly or indirectly controlling Developer, concurrent with the execution of this Agreement, or at such time as they assume such status; and (iii) all of the other persons enumerated in this Section 11. Developer agrees to provide Company copies of all executed Confidentiality Agreements and Covenants Not To Compete no later than ten (10) days following their execution.

12. TERRORIST AND MONEY LAUNDERING ACTIVITIES

Developer and the Principals represent and warrant to Company that neither Developer, nor any Principal, nor any of their respective Affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ofac/). Further, Developer and the Principals represent and warrant that neither it nor any Principal or Affiliate referred to above has violated and agrees not to violate any law prohibiting corrupt Business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text currently available at http://www.epic.org/privacy/terrorism/ hr3162.html), U.S. Executive Order 13244 (text currently available at http://www.treas.gov/offices/ enforcement/ofac/sanctions/terrorism.html), or any similar law. The foregoing constitute continuing representations and warranties, and Developer and the Principals shall immediately notify Company in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

13. DEFAULT AND TERMINATION

If Developer:

a. Signs a lease without express written authorization from Company or otherwise proceeds with a Salon's development before signing a Franchise Agreement or paying the franchise fee for Developer's Salon;

b. Fails to open any Salon in compliance with Section 5 on or before its Scheduled Opening Date (taking into account any extension of that date that Developer obtains under Section 6);

c. Without Company's express prior written permission, fails to have Open and Operating in the Development Area the cumulative total number of Salons indicated in the "Required # of Operating Salons" column of Exhibit B as of the Scheduled Opening Date of any Salon (taking into account any extension of a particular Salon' Scheduled Opening Date that Developer obtains under Section 6);

d. Allows an Event of Default to occur under any Franchise Agreement that is not cured by the end of the related remedial period provided in the Franchise Agreement;

e. Repeatedly fails to operate any Salon in compliance with Company's Standards, whether or not Company terminates the Franchise Agreement for that Salon on account of the default;

f. Attempts to or effectuates an assignment of any rights under this Agreement in contravention of Section 14;

g. Enters negotiations to purchase or lease a site for a Salon located outside the Development Area, except pursuant to another effective development agreement between Company and Developer;

h. Breaches the non-competition covenant in Section 11;

i. Breaches the anti-terrorist and money laundering covenant in Section 12;

j. Is a Business Entity and fails to comply with the Business Entity requirements of Section 4;

k. then Developer will be in default under this Agreement. If a default occurs, Company may either (i) terminate or modify Developer's exclusive rights to develop Salons in the Development Area; (ii) modify the Development Area or the remaining number of Salons to be developed or (iii) terminate all of Developer's rights under this Agreement, in any of these cases by giving Developer written notice of Company's election. Termination of this Agreement will not affect the status of any Franchise Agreement then in effect between Company and Developer, unless Developer or its Affiliate is in default of such Franchise Agreement.

14. ASSIGNMENTASSIGNMENT BY COMPANY

a. Company has the unrestricted right to assign this Agreement, and all of Company's rights and privileges under this Agreement, to any person, firm, corporation or other entity that Company deems, at the time of the assignment, to be financially responsible and economically capable of performing Company's obligations under this Agreement, and such assignee shall assume and agree to perform the obligations as the franchisor under this Agreement. For purposes of this Agreement, to "assign" (or to execute an "assignment") shall mean and include assigning, selling, transferring, sharing, reconsidering, subfranchising, or dividing, whether directly or indirectly and whether voluntarily or involuntarily, whether in one or a series of related transactions, by operation of law or otherwise (each, an "assignment"), any interest or asset. Company has the right to sell itself, its assets, the Marks and/or the System to a third party; to sell privately or publicly some or all of Company's securities; and/or to undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Company and its Affiliates have the right to purchase, merge, acquire, be acquired by, or to affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of such business's location or facilities, and to operate, franchise or license those businesses and/or facilities as Salons operating under the Marks or any other marks following any such purchase, merger, acquisition or affiliation.

b. **No Assignment by Developer.** Developer and Principal acknowledge that Company is granting the development rights under this Agreement based on Company's perception of the Developer's and Principal's individual and collective character, skill, business acumen, financial capability and ability to develop (and to operate under franchise agreements) future Salons according to Company's standards. These rights are personal to Developer and Principal. Therefore, neither Developer nor Principal, may assign this Agreement, any of

Developer's or Principal's ownership interests, any interest in Developer's Salon Businesses, any development rights to a Salon, or any other right granted to Developer under this Agreement. Any assignment by Developer or Principal in violation of this Section 14(b) will be null, void and of no force or effect. Notwithstanding the foregoing, we will not unreasonably withhold or delay approval of an assignment that arises pursuant to Subsection 14(c) below.

c. **Assignment to a Newly Formed Entity.** Company will not unreasonably withhold or delay its consent to Developer's assignment to another entity that Developer forms solely for the convenience of entity ownership, providing that at least the following conditions are met (in addition to any additional conditions we may then require):

(1) The entity is newly formed and the requirements of Section 4 above (entitled "Business Entity Requirements") are satisfied.

(2) Each individual involved in the new entity has the same proportionate ownership interest in the new entity as he or she had in Developer's Salon Businesses before the assignment.

(3) Developer and the new entity sign an agreement with Company under which Developer and the new entity are jointly and severally liable for all the obligations under this Agreement and bound by all the terms, conditions and covenants of this Agreement.

15. STATUS OF PARTIES

a. Developer and Company understand and agree that this Agreement does not create a fiduciary relationship between Developer and Company, that Developer and Company are and will be independent contractors, and that nothing in this Agreement is intended to make either Developer or Company a general or special agent, joint venturer, partner, or employee of the other for any purpose. Developer agrees to identify itself conspicuously in all dealings with clients, suppliers, public officials, Salon personnel, and others as the Company's developer under a franchise Company has granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials Company requires at any time and from time to time.

b. None of Developer's employees or other personnel will be considered to be Company's employees or personnel. Neither Developer nor any of Developer's employees or personnel whose compensation Developer pays may in any way, directly or indirectly, expressly or by implication, be construed to be Company's employee or personnel for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, provincial, or federal governmental agency. Company will not have the power to hire or fire Developer's employees or personnel. Developer acknowledges and agrees, and will never contend otherwise, that Developer alone will exercise day-to-day control over all operations, activities and elements of Developer's Salon Businesses and that under no circumstance shall Company do so or be deemed to do so. Developer further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which Developer is required to comply with under this Agreement, whether set forth in the Operations

Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Company controls any aspect or element of the day-to-day operations of Developer's Salon Businesses, which Developer alone controls, but only constitute standards Developer must adhere to when exercising its control of the day-to-day operations of Developer's Salon Businesses.

16. LAW GOVERNING; DISPUTE RESOLUTION

a. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE SALON BUSINESSES, AND ALL DISPUTES ARISING FROM THE RELATIONSHIP BETWEEN COMPANY AND DEVELOPER WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY TEXAS LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION 16(A).

b. Except as otherwise provided herein, if a Dispute arises out of or relates to this Agreement, the breach hereof, the rights and obligations of the parties hereto, or the making, interpretation, or performance of either party under this Agreement, the parties agree first to try in good faith to settle the dispute by mediation administered by non-binding mediation administered by the American Arbitration Association ("AAA") in accordance with its commercial mediation rules before resorting to arbitration or litigation in accordance with the terms of this Agreement. Such mediation shall take place before a sole mediator at a location Company designates in the city in which Company's then current principal business address is located (currently, Southlake, Texas). The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between Developer and Company. All aspects of the mediation, including statements made and documents produced within the mediation, will be confidential in nature and will not be admissible in any subsequent arbitration or other legal proceeding. If the matter is not settled by mediation within thirty (30) days of the commencement of the mediation, or such further period as the parties shall agree in writing, the matter shall be referred to arbitration as described in Section 16(c) below. The parties hereto agree that mediation shall not be required with respect to: (a) any claim or dispute involving any payment obligation of Company that is more than thirty (30) days past due; (b) any claim or dispute involving actual or threatened disclosure or misuse of Company's Confidential Information; (c) any claim or dispute involving the ownership, validity, or use of the Marks; (d) any claim or dispute involving the indemnification provisions of this Agreement; (e) any claim or dispute involving a non-curable default; (f) any claim or dispute involving Developer's failure to comply with the Standards; or (g) any action by Company to enforce the covenants set forth in Section 11 of this Agreement.

c. The object of any mediation subject to this Section 16(b) is to assist the parties in reaching a mutually acceptable resolution of the dispute. Such mediation will, in all circumstances, be consistent with the rights and obligations created by this Agreement and will not be premised on the derogation or diminution of those rights or disregard of those rights.

d. Subject to the parties' obligation to mediate certain Disputes pursuant to Section 16(b) above, Company and Developer agree that all Disputes between Company and Company's Affiliates, and Company's and Company's Affiliates' respective shareholders, officers, directors, partners, members, managers, agents, and/or employees, and Developer (and/or Developer's owners, guarantors, Affiliates, and/or employees) arising out of or related to:

(1) this Agreement or any other agreement between Developer and Company or Developer's or Company's respective Affiliates;

(2) Company's relationship with Developer;

(3) the scope and validity of this Agreement or any other agreement between Developer and Company or any provision of such agreements (including the validity and scope of the arbitration obligations under this Section 16(c), which the parties acknowledge is to be determined by arbitrators and not a court); or

(4) any Standard;

must be submitted for binding arbitration, on demand of either party, to the AAA. There shall be one (1) arbitrator if the amount of the claim is Five Hundred Thousand Dollars ($500,000) or less, or three (3) arbitrators if the amount of the claim is more than Five Hundred Thousand Dollars ($500,000). If there is one (1) arbitrator, the arbitrator shall be appointed by the AAA. If there are three (3) arbitrators, the claimant shall appoint one (1) arbitrator in its notice of arbitration and statement of claim; the respondent shall appoint one (1) arbitrator in its statement of defense, and the third arbitrator, who shall act as the Chairman, shall be appointed by the two (2) arbitrators appointed by the parties within thirty (30) days of the appointment of the second arbitrator. If any arbitrators are not appointed within these time periods, the AAA shall make the appointments. The arbitration proceedings will be conducted, except as this Section 16(c) otherwise provides, according to the then current commercial arbitration rules of the AAA. All proceedings will be conducted at a suitable location chosen by the arbitrators in the city in which Company's then current principal business address is located (currently, Southlake, Texas). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except as expressly provided otherwise in the remainder of this Section 16, judgment upon the arbitrators' award may be entered in any court of competent jurisdiction.

e. The arbitrators have the right to award or include in their award any relief which they deem proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrators may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 16(f) below, award any punitive or exemplary damages against either party (Company and Developer hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 16(f) below, any right to or claim for any punitive or exemplary damages against the other). All aspects of the arbitration, including statements made and documents produced within the arbitration, will be confidential in nature and will not be admissible in any subsequent legal proceeding.

f. Except as expressly limited by Section 16(g) below, Company and Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Company and Developer further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrators may not consider any settlement discussions or offers that might have been made by either Developer or Company. Company reserves the right, but has no obligation, to advance Developer's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Company's right to seek the recovery of those costs in accordance with Section 16(h).

g. Company and Developer agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Company and Company's Affiliates, and Company and Company's Affiliates' respective shareholders, members, partners, officers, directors, managers, agents, and/or employees, and Developer (and/or Developer's owners, guarantors, Affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Company and any other person. Notwithstanding the foregoing or anything to the contrary in this Section 16(c), if any court or arbitrators determines that all or any part of the preceding sentence is unenforceable with respect to a Dispute that otherwise would be subject to arbitration under this Section 16(c), then the parties agree that this arbitration clause shall not apply to that Dispute and that such Dispute will be resolved in a judicial proceeding in accordance with this Section 16 (excluding this Section 16(c)).

h. Except as expressly provided otherwise in the remainder of this Section 16, despite Company's and Developer's agreement to arbitrate, Company and Developer each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Company and Developer must contemporaneously submit their Dispute for arbitration on the merits as provided in this Section 16(c).

i. The provisions of this Section 16(c) are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

j. SUBJECT TO SECTIONS 16(B) AND 16(C) ABOVE AND THE PROVISIONS BELOW, DEVELOPER AND DEVELOPER'S OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN DEVELOPER AND COMPANY MUST BE COMMENCED IN THE STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED CLOSEST TO COMPANY'S THEN CURRENT PRINCIPAL BUSINESS ADDRESS (CURRENTLY, SOUTHLAKE, TEXAS), AND DEVELOPER (AND EACH OWNER) IRREVOCABLY SUBMITS TO THE JURISDICTION OF THOSE COURTS AND WAIVES ANY OBJECTION DEVELOPER (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NONETHELESS, DEVELOPER AND DEVELOPER'S OWNERS AGREE THAT COMPANY MAY ENFORCE THIS AGREEMENT

AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH DEVELOPER IS DOMICILED OR DEVELOPER'S SALONs ARE LOCATED.

k. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES MUTUALLY WAIVE THEIR RIGHT TO A JURY TRIAL IN THE LITIGATION OF ANY DISPUTE AND AGREE TO ALLOW THE COURT TO TRY THE FACTS AND APPLY THE LAW IN ANY LAWSUIT BETWEEN THE PARTIES.

l. Except with respect to Developer's and each Principal's obligation to indemnify Company pursuant to Section 10 hereof, Developer's failure to comply with its non-competition obligations under Section 11(a), and except for punitive damages available to either party under federal law, the parties waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, special and consequential damages against the other and agree that, in the event of a dispute between the parties, the parties making a claim will be limited to equitable relief and to recovery of any direct or general damages it sustains.

m. Except for claims arising from Developer's nonpayment or underpayment of amounts Developer owes Company pursuant to this Agreement, or claims related to Developer's unauthorized use of the Marks, any and all claims arising out of or relating to this Agreement or the relationship created hereby will be barred unless a judicial proceeding is commenced within two years from the date on which the party asserting such claims knew or should have known of the facts giving rise to such claims.

n. If Company incurs costs and expenses due to Developer's failure to pay when due amounts owed to Company, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Developer agrees, whether or not Company initiates a formal legal proceeding, to reimburse Company for all of the costs and expenses that Company incurs, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees.

17. CONDITION PRECEDENT

If Developer is a Business Entity, this Agreement will not be binding on Company and no development rights will be granted unless and until each Principal holding a direct or indirect Ownership Interest in Developer or in any Affiliate of Developer, in this Agreement or any interest in or right under this Agreement as designated by company, executes and delivers a Personal Guaranty and Principals' Undertaking in the form attached as Exhibit D. Additionally, all Persons who receive Confidential Information as a result of Developer's operations hereunder, that do not satisfy the term "Principal" under this Agreement, shall be required to execute a copy of the Confidentiality Agreement and Covenant Not To Compete attached to this Agreement as Exhibit C.

18. MISCELLANEOUS

a. The term "Developer" includes the plural as well as the singular, the masculine and feminine genders, and Business Entities as well as individuals.

b. This Agreement may not be amended, modified or rescinded, or any performance requirement waived, except by a written document signed by Company and Developer. The parties expressly agree that this Agreement may not be amended or modified, or any performance standard changed, by course of dealing or inference from a party's conduct. This provision does not apply to changes in the Operations Manual, which Company may modify unilaterally.

c. Notwithstanding any contrary provisions contained in this Agreement, Company and Developer acknowledge and agree that (a) this Agreement (and the relationship of the parties which arises from this Agreement) grants Company the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Developer's explicit rights and obligations hereunder that may effect favorably or adversely Developer's interests; (b) Company will use its Business judgment in exercising such discretion based on Company's assessment of Company's own interests and balancing those interests against the interests, promotion and benefit of the System and Salons generally (including Company, and its Affiliates and other developers), and specifically without considering Developer's individual interests or the individual interests of any other particular developer (examples of items that will promote or benefit the System and Salons generally include, without limitation, enhancing the value of the Marks, improving client service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); (c) Company will have no liability to Developer for the exercise of its discretion in this manner and (d) even if Company has numerous motives for a particular action or decision, so long as at least one motive is a reasonable Business justification no trier of fact in any legal action shall substitute its judgment for Company's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF COMPANY TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT COMPANY'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR OUR DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

d. DEVELOPER AGREES THAT NO PAST, PRESENT OR FUTURE DIRECTOR, OFFICER, MANAGER, EMPLOYEE, INCORPORATOR, MEMBER, PARTNER, SHAREHOLDER, SUBSIDIARY, AFFILIATE, OWNER, ENTITY UNDER COMMON CONTROL, OWNERSHIP OR MANAGEMENT, VENDOR, SERVICE PROVIDER, AGENT, ATTORNEY OR REPRESENTATIVE OF COMPANY'S WILL HAVE ANY LIABILITY FOR (I) ANY OF COMPANY'S OBLIGATIONS OR LIABILITIES RELATING TO OR ARISING FROM THIS AGREEMENT; (II) ANY CLAIM AGAINST COMPANY BASED ON, IN RESPECT OF, OR BY REASON OF, THE RELATIONSHIP BETWEEN DEVELOPER AND COMPANY, OR (III) ANY CLAIM AGAINST COMPANY BASED ON ANY ALLEGED UNLAWFUL ACT OR OMISSION OF COMPANY'S.

e. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties hereto agree that the covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law will imply the covenant, DEVELOPER agrees that: (i) this Agreement (and the relationship of the parties hereto that is inherent in this Agreement) grants COMPANY the judgment to make decisions, take actions and/or refrain from taking actions not inconsistent with COMPANY'S explicit rights and obligations under this Agreement that may favorably or adversely affect DEVELOPER'S interests; (ii) any judgment COMPANY exercises will be based on COMPANY'S assessment of COMPANY'S own interests and balancing those interests against the interests of COMPANY'S DEVELOPERS AND franchises generally, and specifically without considering DEVELOPER'S individual interests or the individual interests of any other particular DEVELOPER OR franchisee; (iii) COMPANY will have no liability to DEVELOPER for the exercise of COMPANY'S judgment in this manner, so long as the judgment is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation will substitute its judgment for COMPANY'S judgment so exercised.

f. The counterparts of this Agreement and all ancillary documents executed or delivered in connection with this Agreement may be executed and signed by electronic signature by any of the parties to this Agreement, and delivered by electronic or digital communications to any other party to this Agreement, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Agreement, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

19. DEVELOPER'S ACKNOWLEDGMENTS

a. Developer acknowledges (i) that this Agreement is not a franchise agreement and that it provides Developer neither a license to use the Marks nor any right to operate a Salon, (ii) that Developer's rights under this Agreement are solely contractual and that no property rights are granted in or with respect to the Development Area, and (iii) that until a Franchise Agreement for a particular Salon location is issued in accordance with this Agreement, Developer will not have or be entitled to exercise any of the rights or privileges of a Salon Developer at or with respect to that location. __________ **[DEVELOPER'S INITIALS]**

b. Developer acknowledges and agrees that this Agreement, together with any duly executed amendment or addendum attached to this Agreement contain the entire agreement between the parties with respect to Developer's development rights, and that it supersedes any prior or contemporaneous agreements between the parties, written or oral, with respect to the development rights. **Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. __________ [DEVELOPER'S INITIALS]**

c. Developer confirms and acknowledges that no written or oral agreements, promises, commitments, undertakings or understandings were made to or with Franchisee that are not expressly set forth in this Agreement and any duly executed amendment or addendum attached to this Agreement. __________ **[DEVELOPER'S INITIALS]**

d. Developer confirms and acknowledges that no Person representing Company made any oral, written or visual claim, presentation or representation to Developer that stated or suggested that Developer's Salon might attain any actual, projected or forecasted level of sales, income or profits. __________ **[DEVELOPER'S INITIALS]**

e. Developer confirms and acknowledges that no representation, warranty, guaranty or promise other than those expressly set forth in this Agreement was made by Company or any other Person to induce Developer to sign this Agreement. Developer recognizes that neither Company nor any other party can guarantee Developer's Business success or state the exact costs of opening and operating a Salon, and that such success and costs will depend primarily upon Developer's own efforts and Business ability. Developer also recognizes that any new Business venture is speculative. __________ **[DEVELOPER'S INITIALS]**

f. Developer acknowledges that no document that Section 18(b) requires will be binding on Company unless it is signed on Company's behalf by its authorized representative. __________ **[DEVELOPER'S INITIALS]**

g. Developer acknowledges and agrees that this Agreement creates an arm's length commercial relationship that cannot and will not be transformed into a fiduciary or other "special" relationship by course of dealing, by any special indulgences or benefits that Company bestows on Developer, or by inference from a party's conduct. __________ **[DEVELOPER'S INITIALS]**

h. Developer has acted honestly and faithfully during the sales process; (ii) Developer will actively market and promote the Salons; (iii) Developer will adhere to highest level of customer service; (iv) Company has the right to restrict sources of supplies; and (v) Developer received as one document at one time a copy of the form of this Agreement, the exhibits hereto, and the applicable complete Franchise Disclosure Document not less than fourteen (14) days prior to the earlier of: (i) the date on which this Agreement or any other agreement relating thereto was executed, and (ii) the payment of any consideration by or on behalf of Developer relating to this Agreement, and the franchise associated therewith (except, where applicable, any deposit permitted under applicable law).. __________ **[DEVELOPER'S INITIALS]**

i. Developer acknowledges that no past, present or future officer, director, employee, etc. of the Company shall be personally liable under this Agreement. __________ **[DEVELOPER'S INITIALS]**

j. Developer acknowledges that there may be multiple forms of Development Agreements in the franchise system, and that nothing in any other developer's Development Agreement confers any rights onto Developer. __________ **[DEVELOPER'S INITIALS]**

KLPS, LLC,	**[DEVELOPER ENTITY],**
a Texas Limited Liability Company	**a __________________________________**
By: ______________________________	By: ______________________________
Print Name: _______________________	Print Name: _______________________
Its: _______________________________	Its: _______________________________
Effective Date: ____________________	Date: _____________________________
"Company"	"Developer"

Notice Address:

5473 Blair Road, Ste 100, #907083
Dallas, Texas 75231-4227
PHONE (817) 416-7575
FAX (214) 594-7057
Attn. Jeff Helfgott

EXHIBIT A TO DEVELOPMENT AGREEMENT

DESCRIPTION OF NON-EXCLUSIVE DEVELOPMENT AREA

EXHIBIT B TO DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

SALON #	FRANCHISE AGREEMENT EXECUTION DATE	SCHEDULED OPENING DATE	REQUIRED CUMULATIVE # OF OPERATING SALONS ON SCHEDULED OPENING DATE	STATE AND, IF APPLICABLE, CITY, IN DEVELOPMENT AREA IN WHICH SALON MUST BE DEVELOPED

EXHIBIT C TO DEVELOPMENT AGREEMENT

CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE

THIS CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE (this "Agreement") is made as of the ____ day of ______________, 20__, is executed by ____________________________________ ("Individual," "me," or "I") for the benefit of KLPS, LLC, a Texas limited liability company ("Company"), and for ________________________, a/an ________________________________ ("Developer").

Developer is a developer of Company pursuant to a development agreement entered into by those parties concerning development of salon(s) operating, or to be operated, under the "Boardroom Salon for Men" name within the Development Area (the "Development Agreement") pursuant to franchise agreements (each a "Franchise Agreement") entered into by Company and Developer or a Developer Affiliate. The franchised business Company authorizes Developer or a Developer Affiliate to operate under the Franchise Agreement is known as the "Salon," which Salon is one among all salons that Company owns, operates, or franchises under the "Boardroom Salon for Men" name. I agree that, unless otherwise specified, all capitalized terms in this Agreement have those meanings ascribed to them in the Development Agreement or Franchise Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Developer, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity, Company's proprietary and confidential information relating to the development and operation of Salons, including the Confidential Information.

Furthermore, any and all information, knowledge, know-how, techniques and information which the entities mentioned above (or their officers, directors or managers) designate as confidential is considered, and hereby acknowledged by me, to be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication violates a similar confidentiality agreement), but in no event through any act of mine.

I specifically understand that, without limitation, all the above items, concepts, and/or examples contained in the preceding paragraph constitute Confidential Information of Company, and I will not divert any business to competitors of Developer and/or Company. I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or database, nor otherwise make them available to any unauthorized person.

I further agree that, during the term of my employment/service/association or ownership participation, I will not, anywhere in the world, directly or indirectly, have any controlling or non-controlling interest as an owner in, perform services as a director, officer, manager, employee, consultant, representative, or agent for, divert or attempt to divert any actual or potential business or client of Developer's Salons to, serve as the lessor or sublessor for, or loan any money or other thing of value to, a Competitive Business, any of which such prohibited behavior I understand and hereby explicitly acknowledge would or could be injurious to, or (in Company's sole judgment) have an adverse effect upon, Company's protectable interests in the Confidential Information, the Marks, or the goodwill and/or reputation of Salons generally. I agree that I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, manager, member, officer, employee, principal, agent, advisor, or consultant.

Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree:

(i) to return immediately to Company or Developer, as the case may be, all Confidential Information, and any material(s) containing a subset thereof, in my possession that was utilized, or to which I had access, during my employment, association, service or ownership participation; and

(ii) for a period of two (2) years, starting on the earlier of the effective date of termination or expiration of my employment/service/association or ownership participation, to refrain from directly or indirectly (such as through any one or more of my spouse, legally-recognized domestic partner, parents, children or sibling(s) (collectively, "Immediate Family")) having any controlling or non-controlling interest as an owner in, performing services as a director, officer, manager, employee, consultant, representative, or agent for, diverting or attempting to divert any actual or potential business or client of Developer's Salons to, serving as the lessor or sublessor for, or loaning any money or other thing of value to, a Competitive Business. This post-term non-compete applies in the DMA in which the Development Area is located, the Development Area and in each other DMA in which a Company-owned, affiliated owned or franchised Salons is then operating or under development and any development area of any other developer.

I acknowledge and understand that the provisions of this Agreement, including my representations, covenants, and warranties (as applicable) given hereunder, are necessary and integral to this Agreement and to Company's and Developer's interests under the Development Agreement, and are intended to:

(i) preclude not only direct competition, but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor;

(ii) bind any person or entity having any legal or beneficial interest in me, or traceable to, down or through me, including (without limitation) any of member of my Immediate Family, any direct or indirect beneficiary, any partner (general or limited) or proprietor of mine, and any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me; and

(iii) identify for me, toward the goal of preserving through this Agreement, Company's protectable legal interests in the System, clients of Salons, the Confidential Information, and the goodwill associated with the Marks.

I also expressly acknowledge my possession of skills and abilities of a general nature, and the opportunity for exploiting such skills in other ways than the operation or involvement in the activities of a Salon or a Competitive Business, so that enforcement of my covenants made in this Agreement will not deprive me of my personal goodwill or ability to earn a living after the effective date of expiration or termination of my relationship with Developer, Developer's Salons, or Salons generally. If I fail or refuse to abide by any of my foregoing obligations or promises made under this Agreement, and Company or Developer obtains enforcement in a judicial or arbitration proceeding, then my obligations and responsibilities specified under the breached covenant will be tolled during the period(s) of time that the covenant is breached and/or Company or Developer seeks to enforce it, and will continue for two (2) years starting from the effective date of the order enforcing the covenant.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Company and Developer, for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Company or Developer (or both), in any appropriate jurisdiction and venue (notwithstanding other references to resolution of actions exclusively in Company's home prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of Confidential Information under this Agreement). I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Company's Confidential Information. Further, I expressly agree that any claims I may have against Company will not constitute a defense to Company's enforcement of the covenants not to compete under this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Company in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all, or any portion of, this covenant not to use Confidential Information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Developer and/or Company is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Developer or Company on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the state of Texas without recourse to Texas (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of the state of Texas, and if the Salon is located outside of the state of Texas and the provision would be enforceable under the laws of the state in which the Salon is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the state of Texas or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement, any breach of this Agreement, and any and all relations and/or disputes between myself on the one hand, and Developer or Company on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in the U.S. District Court sitting nearest to Company's corporate headquarters (currently, Southlake, Texas). I agree that any dispute as to the aforementioned venue will be submitted to and resolved exclusively by such aforementioned court. Nonetheless, I agree that Developer or Company may enforce this Agreement and any awards in the courts of the state or states in which I am domiciled or Developer's Salons are located.

I IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ME, DEVELOPER OR COMPANY. I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

COMPANY:	**DEVELOPER:**
KLPS, LLC **a Texas Limited Liability Company**	____________________ a ____________________
By: ____________________	By: ____________________
Name: ____________________	Name: ____________________
Title: ____________________	Title: ____________________
Date: ____________________	Date: ____________________

RECIPIENT:

____

By: ____________________

Name: ____________________

Title: ____________________

Date: ____________________

EXHIBIT D TO DEVELOPMENT AGREEMENT

PERSONAL GUARANTY AND PRINCIPALS' UNDERTAKING

In consideration of, and as an inducement to, the execution of the Development Agreement dated as of _____________, including any appendices and amendments thereto (the "Agreement"), by and between KLPS, LLC ("Company")and ___________ ("Developer"), each of the undersigned Principals hereby personally and unconditionally: (1) guarantees to Company and its successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement, that Developer shall punctually pay and perform the agreements and covenants expressly provided by the terms of the Agreement; and (2) acknowledges that each is included in the term "Principal" as described in Section 2 of the Agreement and without limiting any guarantee of Developer's obligations under the Agreement, makes all of the covenants, representations, warranties and agreements of Principals set forth in the Agreement and is obligated to perform thereunder for so long as he or she qualifies as a Principal and thereafter to the extent expressly provided by the terms of the Agreement, including, but not limited to, the covenants, representations, warranties and agreements described in the following sections of the Agreement: Section 11 (regarding non-competition and confidentiality), 14 (regarding assignment) and 10 (regarding indemnification); and (3) represents that each and every representation of Developer made in connection with the Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned's execution of this Personal Guaranty and Undertaking.

Any capitalized terms used but not defined in this Personal Guaranty and Principals' Undertaking shall have the meaning set forth in the Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Company of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he or she may have to require that an action be brought against Developer or any other person as a condition of liability; (e) notice of any amendment to the Agreement; and (f) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his or her direct and immediate liability under this Personal Guaranty and Principals' Undertaking shall be joint and several; (ii) he or she shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses to do so punctually; (iii) such liability shall not be contingent or conditioned upon pursuit by Company of any remedies against Developer or any other person; and (iv) such liability shall not be diminished, relieved or otherwise effected by any extension of time, credit or other indulgence which Company may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty and Principals' Undertaking, which shall be continuing and irrevocable until satisfied in full.

Each of the undersigned agrees that the U.S. District Court for the Northern District of Texas, or if such court lacks jurisdiction, the state courts located in Dallas County, Texas shall be the venue and exclusive forum in which to adjudicate any case or controversy arising from or relating to this Agreement and this Personal Guaranty and Principals' Undertaking. Each of the undersigned irrevocably submits to the jurisdiction of such courts and waives any objections to either the jurisdiction of or venue in such courts. Each of the undersigned agrees that personal jurisdiction may be effected by service of process and that when so made shall be as if served personally. Each of the undersigned irrevocably waives, to the fullest extent the undersigned may lawfully do so, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding and agrees that service of process for purposes of any such suit, action or proceeding need not be personally served or served within the State of __________ but may be served with the same effect as if served within the State of __________ by certified mail or any other means permitted by law addressed to the undersigned at the address set forth herein. Nothing contained herein shall affect Company's rights to bring a suit, action or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought to enforce any judgment against one or more of the undersigned entered by a state or federal court.

Each of the undersigned further acknowledges and agrees as follows:

Each has read the terms and conditions of the Agreement and acknowledges that the execution of this Personal Guaranty and Principals' Undertaking is in partial consideration for, and a condition to the granting of the rights to the Marks and the System, and the Company would not have granted such rights without the execution of this Personal Guaranty and Principals' Undertaking by each of the undersigned;

This Personal Guaranty and Principals' Undertaking shall remain in force notwithstanding the death of the undersigned, and shall be binding on the undersigned's personal representatives; and

This Personal Guaranty and Principals' Undertaking shall continue and shall be enforceable notwithstanding any change in the name or the constitution of the Company or Developer.

Each of the undersigned represents and warrants that the following is a complete and accurate list of all Principals of Developer and a full description of the nature and extent of each Principal's Ownership Interest in Developer. Developer, and each Principal as to his Ownership Interest, represents and warrants that each Principal is the sole and exclusive legal and beneficial owner of his Ownership Interest in Developer, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Personal Guaranty and Principals' Undertaking.

[Signatures on Following Page]

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Agreement was executed.

OWNERSHIP INTEREST IN DEVELOPER:	**PRINCIPAL(S):**
__________________________________	__________________________________ (Signature)
	__________________________________ (Print Name)
__________________________________	__________________________________ (Signature)
	__________________________________ (Print Name)
__________________________________	__________________________________ (Signature)
	__________________________________ (Print Name)

EXHIBIT E TO DEVELOPMENT AGREEMENT

GENERAL RELEASE

This General Release (this "Release") is made and entered into effective as of ________, 20__ (the "Effective Date") by and among KLPS, LLC, A Texas Limited Liability Company ("Franchisor"), ___________ ("Developer"), and __________ ("Principals").

WHEREAS, Franchisor and Developer entered into a Development Agreement dated _____________ (the "Development Agreement") (each capitalized term used but not defined herein shall have the meaning assigned to that term in the Development Agreement), pursuant to which Developer was granted the right to develop multiple "Boardroom Salon for Men" Salons under the KLPS system and using certain KLPS marks to be located in the Development Area set out in Exhibit A (the "Development Area"); and

WHEREAS, Developer desires, and Franchisor has agreed, to renew the Development Agreement; and

WHEREAS, in connection with such renewal, Franchisor requires a general release; so

THEREFORE, for and in consideration of the mutual covenants set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

RELEASE

1. Developer. Developer and Principals, and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them, past or present, hereby unconditionally release, remise and forever discharge Franchisor, its predecessors, parents, subsidiaries, and affiliates and their respective officers, directors, shareholders, employees, past or present, successors, and assigns (collectively, the "Franchisor Released Parties"), from any and all claims, debts, liabilities, demands, obligations, actions, and causes of action, known or unknown, vicarious, derivative or direct, vested or contingent ("Claims"), which any of them may now have, have ever had, or may hereafter have by reason or any event, transaction, or circumstance, whether under federal, state or local law or otherwise arising out of or relating to the disclosure, application, negotiation, formation, execution or performance of the Development Agreement or arising out of or in any way relating to the Development Agreement from the beginning of time through the date of this Release.

2. Franchisor. Except as otherwise set forth in this Release, the Special Representations, Warranties and Covenants and the Personal Guaranty and Principal's Undertaking, Franchisor, for itself and its successors and assigns and all other persons acting on its behalf or claiming under it, hereby releases and forever discharges Developer and Principals, and their respective officers, directors, employees, successors, assigns, heirs and personal representatives from all Claims which Franchisor may have ever had, now has, or may hereafter have by reason of any event, transactions, or circumstances arising out of or relating to the performance of the Development Agreement, from the beginning of time through the date of this Release.

This Release is made in the State of Texas and its provisions shall be governed by and enforced and interpreted under the laws of that State, except that conflicts of law rules shall be excluded.

IN WITNESS WHEREOF, the parties have duly executed this Release on this ___ day of __________, 20___.

FRANCHISOR:	DEVELOPER:
KLPS, LLC a Texas Limited Liability Company	______________________________ [Name]
By: ______________________________ Name: Title:	______________________________ [Signature]
	DEVELOPER'S PRINCIPALS:
	______________________________ [Name]

EXHIBIT F TO DEVELOPMENT AGREEMENT

STATE SPECIFIC ADDENDA

[insert as applicable]

EXHIBIT C TO FDD

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

FOR

BOARDROOM SALON FOR MEN

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SUMMARY PAGE

	Term
Effective Date	
Franchisee Name	
Franchisee Notice Address	
Operating Manager	
Salon Business Address	
Scheduled Opening Date	On or before ______________________
Franchise Fee	_____ Fifty Thousand Dollars ($50,000)
	_____ [ ] Dollars ($[ ])
Successor Fee	Five Thousand Dollars ($5,000), unless Franchisee has more than three (3) Franchises in good standing and all are renewing, in which case the Successor Fee shall be Three Thousand Five Hundred Dollars ($3,500).
Transfer Fee	Ten Thousand Dollars ($10,000), except in the case of an Ownership Interest Transfer in accordance with **Section 13.f)i)** or (2), in which case the Transfer Fee shall be One Thousand Five Hundred Dollars ($1,500)
Royalty Rate	Six percent (6%) of the previous week's Gross Sales
National Advertising Fund Contribution or NAF Contribution	Up to three percent (3%) of the previous month's Gross Sales.
Grand Opening Advertising Expenditure:	Ten Thousand Dollars ($10,000) minimum spend
Local Advertising Expenditure	• In months 3-18 of the Salon's operation, minimum per month of One Thousand Five Hundred Dollars ($1,500). • From month 19 of the Salon's operation until the Salon ceases operations, the greater of three percent (3%) of the Salon's previous month's Gross Sales or $2,500.

	Term	
Local Advertising Cooperative Fund Contribution or LACF Contribution	A minimum of two percent (2%) of Gross Sales	
POS System License Fee	$650/month; but may be increased with ninety (90) days' notice up to the amount the approved supplier(s) charges	
Technology Fee	$100/month; but may be increased with ninety (90) days' notice up to the amount the approved supplier(s) charges.	
Term	Ten (10) years from the Effective Date	
Successor Term	Ten (10) years from the consecutive Term or Successor Term	
Site Selection Area	Exhibit B	
Protected Area	Exhibit C	
Insurance Requirements	Workers Compensation	Minimum amount mandated by the laws of the Franchisee's state. If Franchisee's state mandates participation in a state-administered insurance pool, the Franchisee must adopt and maintain a qualifying plan in compliance with such requirements.
	Employer's Liability	Coverage limits not less than Five Hundred Thousand Dollars ($500,000) per accident and Five Hundred Thousand Dollars ($500,000) for disease.
	Commercial General Liability	Business operations, personal injury, advertising injury, fire damage and medical expenses coverage, and Broad Form Contractual Liability coverage, written on an "occurrence" policy form with limits no less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) in the aggregate. Such insurance shall insure the contractual liability of Franchisee under this Franchise Agreement.
	Rental Premises Damage	Coverage limits no less than Fifty Thousand Dollars ($50,000).

	Term	
	Automobile Liability	Owned, leased, non-owned and hired automobile coverage, with limits for bodily injuries of One Million Dollars ($1,000,000) per person and $1,000,000 per accident, and property damage limits of One Million Dollars ($1,000,000) per occurrence
	Employment Practice Liability	No less than One Hundred Thousand Dollars ($100,000).
	Professional liability insurance	Coverage limits of no less than One Million Dollars ($1,000,000).
	Business Interruption Insurance	Coverage sufficient to compensate for up to twelve (12) months of actual sustained loss or loss income
	Cyber Liability Insurance	Either as part of umbrella coverage or as a standalone policy, with coverage limits of no less than One Hundred Thousand Dollars ($100,000).
	Excess Liability Umbrella Coverage	General liability and automobile liability coverage with coverage limits no less than One Million Dollars ($1,000,000) per occurrence and in the aggregate
	"All Risk" or "Special Form" Property Insurance	Theft and flood insurance (if applicable), covering: (a) the building, equipment and inventory of Franchisee's Salon, including plate glass coverage, on a one hundred percent (100%) repair or replacement value basis, and (b) Business Interruption/Business Income insurance of not less than Forty-Five Thousand Dollars ($45,000.00) per month for loss of income and other expenses with a limit of at least one (1) year of coverage

Salon No. _______________

FRANCHISE AGREEMENT

FOR

BOARDROOM SALON FOR MEN

THIS AGREEMENT is entered into by and between Company and the Franchisee and is effective as of the Effective Date.

RECITALS

Company has developed a System and has the right to license others to use the System for the establishment and operation of Salons. Franchisee desires to obtain the rights and franchise to operate a Salon. The parties have entered into this Agreement to evidence the terms and conditions of their relationship.

1. DEFINITIONS

The following terms are used in this Agreement ("Agreement") with the meanings assigned below:

(1) **Affiliate** means a Person that controls, is controlled by or is under common control with another Person, either by virtue of equity ownership, by contract or by other means.

(2) **Asset Transfer** means the voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of the Franchise, this Agreement or any interest in or right under this Agreement; of all or substantially all of the assets of Franchisee's Salon or in an interest therein, including (a) any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (b) any transfer upon Franchisee's death or the death of any of Franchisee's Principals by will, declaration of or transfer in trust or under the laws of intestate succession; or (c) any foreclosure upon Franchisee's Salon or the transfer, surrender or loss by Franchisee of possession, control or management of Franchisee's Salon.

(3) **Authorization Agreement for Pre-authorized Payments** means the authorization agreement for pre-authorized payments attached to this Agreement as Exhibit D.

(4) **Boardroom Salon for Men Salon** means a retail establishment that operates on a year-round basis at a fixed (permanent) location under the System and the "Boardroom Salon for Men" Mark pursuant to the terms of this Agreement.

(5) **Brand Damages** has the meaning assigned to in in **Section 16.a)** of this Agreement.

(6) **Business Entity** means a corporation, a general or limited partnership, a limited liability company or any other type of business entity.

(7) **Charter Documents** means a corporation's articles of incorporation, by-laws and shareholders agreement (if any); a partnership's partnership agreement and, in the case of a limited partnership, its articles of limited partnership; a limited liability company's articles of association and regulations or operating agreement; and comparable governing documents of any other type of business entity.

(8) **Company** means KLPS, LLC, a limited liability company formed under the laws of the state of Texas.

(9) **Competitive Business** means (a) any business which derives ten percent (10%) or more of its revenue from selling Salon-style products or services or similar salon services or products; or (b) any business granting franchises or licenses to others to operate such a business.

(10) **Computer System** means certain computer hardware and/or operating software (including point-of-sale equipment and software) that The Company designates from time to time to collect, compute, store and report data, including a Salon's Gross Sales, client information, operational information and other financial data, along with related software programs and peripheral equipment such as computers, scanners, credit card readers and printers.

(11) **Confidential Information** means Company's proprietary and confidential information relating to the development and operation of Salons, including: (a) the Standards, Trade Secrets, Operations Manual, training materials, any other proprietary materials and knowledge or experience in developing and operating Salons; (b) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Salons; (c) marketing, promotional and advertising research and programs for Salons; (d) the Computer System and any other computer software or similar technology which is proprietary to Company or the System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (e) knowledge of specifications for and suppliers of products and supplies, including supplier pricing and related terms; Methods of inventory control, storage, product handling, training and management relating to Salons; (f) knowledge of operating results and financial performance of Salons, other than Franchisee's Salon; (g) client solicitation, communication and retention programs, along with data and information used or generated in connection with those programs; Manager and team member recruiting, interviewing, orientation, training and evaluation policies and procedures; (h) our mission, business philosophy, personnel culture, management structure and training programs; (i) site selection criteria, general contractor and architect criteria and Trade Dress for Salons, and plans and specification for the development of Salons; (j) information (including earnings information) regarding Company's personnel and those of other franchisees and licensees of Company; (k) all data and other information generated by, or used in, the operation of a franchisee's Salon, including client names, addresses, phone numbers, pricing and other information supplied by any client (such as credit card information or personal information), and any other information contained at any time and from time to time in the Computer System or that visitors to the Salon (including the franchisee and its personnel) provide to the Salon Network Website; (l) future business plans relating to Salons and the Salon franchise opportunity, including expansion and development plans; and (m) all other information that Company provides Franchisee and designates proprietary or confidential.

(12) **Confidentiality Agreement and Covenant Not To Compete** means the confidentiality agreement and covenant not to compete attached to this Agreement as Exhibit F.

(13) **Control** or **Controlling Interest** means the possession, directly or indirectly, of the power to direct or cause the direction, of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

(14) **Copyrighted Materials** refers to and includes all versions, variations and adaptations of the following materials in tangible form, either produced by Company, produced on its behalf as works for hire, or derived from works produced by or on behalf of Company: (a) all manuals used in a Salon's development, operation and marketing activities, including but not limited to the Operations Manual, (b) training materials (including printed, audio, video or electronic materials), (c) Salon plans and specifications, (d) service menu content, designs and graphics, (e) product identification posters, photographs and graphics, (f) advertising and marketing materials, (g) labels, forms and reports provided by Company, (h) any computer software developed for use in the operation of Salons, (i) all Trade Dress and Trade Dress elements, and (j) any other materials protected by copyright law or marked or identified by Company as protected by copyright.

(15) **Dispute** means any claim, controversy or dispute that arises under or in relation to this Agreement or concerns the relationship created by this Agreement.

(16) **DMA** means designated area established for a Local Advertising Cooperative.

(17) **Dollars or $** means currency of the United States of America.

(18) **Effective Date** means the effective date of this Agreement, as indicated on the Summary Page.

(19) **Event of Force Majeure** means acts of God, strikes, war, riot, epidemic, fire or other natural catastrophe, terrorist acts or government actions resulting from terrorist acts, or other forces beyond Franchisee's or Company's control which, as applicable, materially and adversely affect the condition, use or operation of Franchisee's Salon or which effect Company's ability to perform its obligations under this Agreement.

(20) **Event of Default** means any breach of this Agreement, including without limitation, those breaches listed in **Section 15** of this Agreement.

(21) **Franchise** means the right to operate a Salon, as more fully described in this Agreement.

(22) **Franchisee** means the franchisee identified on the Summary Page.

(23) **Franchise Fee** means the franchise fee identified on the Summary Page.

(24) **General Manager** means an individual appointed by Franchisee to supervise and manage all aspects of Franchisee's Salon's day-to-day operations.

(25) **Grand Opening Advertising Expenditure** means the Grand Opening Advertising Expenditure identified on the Summary Page.

(26) **Gross Sales** includes all amounts invoiced and/or collected by Franchisee from all goods and services sold at, from, or relating to Franchisee's Salon, regardless of manner of payment, including payments by cash, check, credit card, debit card, on credit or via barter transaction. Gross Sales also includes all other revenues that Franchisee receives relating to Franchisee's Salon, including any advertising revenues, sponsorship fees or business interruption insurance proceeds. The full amount of the invoiced sale is included in Gross Sales at the time the order is placed, including amounts paid on credit and deposits on account that are applied at a later date (such as pre-paid items for services to be performed and membership/loyalty fees). For barter transactions, at the time the order is placed Franchisee must include in Gross Sales the full standard non-discounted price that Franchisee charges for the applicable good or service. With respect to discounted goods or services, Gross Sales includes the actual discounted price charged to the client provided that the discount is part of a national, regional or local promotion that Company has sponsored or endorsed or such other promotion that Company has approved in advance. If Franchisee sells the products and/or services in its Salon(s) at a discount that is not in accordance with a promotion or discount Company approves in writing, the full amount of the products and/or services sold will be included in Franchisee's Gross Sales. The following amounts are excluded from Gross Sales: (a) sales taxes Franchisee collects from clients and pay to the applicable taxing authority; and (b) tips and gratuities paid by clients. If Franchisee previously included any amount in Gross Sales that is subsequently refunded to a client (as part of a bona fide refund or discount) or written off as uncollectible, then Franchisee may adjust the Gross Sales for the Weekly Accounting Period in which the refund or write off takes place by deducting the amount of the refund or write off. Company may require that Franchisee provides Company with written documentation supporting the refund or write off. Instead of allowing Franchisee to deduct refunds and write offs from Gross Sales, Company may instead provide Franchisee with a "credit" against future Royalties in the amount of the refunds and write offs. If Franchisee does not strictly follow the policies in the Operations Manual regarding the determination and reporting of refunds, discounts and write offs, Franchisee will not be entitled to deduct these amounts from Gross Sales and Franchisee will not receive a credit against future Royalties. Company reserves the right to make reasonable adjustments to the calculation of Gross Sales from time to time to reflect changes to: (1) the programs, products or services offered under the System; (2) the Computer System utilized; (3) Company's policies regarding permissible discounts and/or exclusions from Gross Sales; or (4) Company's policies regarding refunds, write-offs, gift certificates or gift cards.

(27) **Local Advertising Expenditure** means the local advertising expenditure identified on the Summary Page.

(28) **Local Advertising Cooperative Fund** or **LACF** means the fund established by a cooperative advertising association ("Local Advertising Cooperative") in a DMA wherein are located Salons operated by at least two franchisees or some combination of franchisees and the Company. The Local Advertising Cooperative Fund is used solely for the purpose of jointly advertising and promoting the Salons comprising the Local Adverting Cooperative.

(29) **Local Advertising Cooperative Fund Contribution** or **LACF Contribution** means the local advertising cooperative fund contribution identified on the Summary Page.

(30) **Marks** means certain trademarks, service marks, and other commercial symbols Company and its affiliates use, promote and license in operating Salons, which have gained and will continue to gain public acceptance and goodwill, and certain other trademarks, service marks, and other commercial symbols Company and its affiliates may create, use, and license for Salons.

(31) **Monthly Accounting Period** means each monthly period as designated by Company from time to time to coincide with 12 accounting periods annually.

(32) **National Advertising Fund** or **NAF** means a separate and segregated advertising fund Company administers for the purpose of enhancing the goodwill and public image of the System through advertising and promotions.

(33) **National Advertising Fund Contribution** or **NAF Contribution** means the amount identified on the Summary Page.

(34) **Operating Manager** means the individual who has at least five percent (5%) Ownership Interest in Franchisee and who is responsible for the continuous supervision of the Salon and for whom Company and its staff may deal exclusively for purposes of administering and coordinating the Franchise relationship.

(35) **Operations Manual** means and collectively includes all manuals, policy statements, directives, bulletins and memoranda that contain prescribed or recommended Standards, procedures, policies and advice relating to a Salon's start-up, operation and management and to marketing the services and products offered by Salons. The Operations Manual discloses the principle elements of Company's proprietary System, and its contents are and shall remain Company's exclusive property.

(36) **Ownership Interest** means any direct or indirect, legal or beneficial ownership interest of any type, including but not limited to (a) in relation to a corporation, the ownership of shares in the corporation; (b) in relation to a partnership, the ownership of a general partner or limited partnership interest; (c) in relation to a limited liability company, the ownership of a membership interest; or (d) in relation to a trust, the ownership of the beneficial interest of such trust.

(37) **Ownership Interest Transfer** means the voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of any direct or indirect Ownership Interest in Franchisee or revenues or income of Franchisee's Salon including (a) any transfer, redemption or issuance of a legal or beneficial Ownership Interest in Franchisee or any Business Entity that has a Controlling Interest in Franchisee or of any interest convertible to or exchangeable for a legal or beneficial Ownership Interest in Franchisee or any Business Entity that has a Controlling Interest in Franchisee; (b) any merger or consolidation between Franchisee or any Business Entity that has a Controlling Interest in Franchisee and another Business Entity, whether or not Franchisee is the surviving Business Entity; (c) any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (d) any transfer upon Franchisee's death or the death of any of Franchisee's Principals by will, declaration of or transfer in trust or under the laws of intestate succession; or (e) any

foreclosure upon Franchisee's Salon or the transfer, surrender or loss by Franchisee of possession, control or management of Franchisee's Salon. No employee or independent contractor may hold any Ownership Interest in Franchisee's Salon other than an undivided interest in the Franchise as a whole, and then only in compliance with the provisions of **Section 13.**

(38) **Permanent Disability** means any physical, emotional or mental injury, illness or incapacity that would prevent a person from performing the obligations set forth in this Agreement or in the Personal Guaranty and Principals' Undertaking for at least ninety (90) consecutive days, and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is permanently disabled, the existence of permanent disability will be determined by a licensed practicing physician selected by Company, upon examination of the person; or if the person refuses to submit to an examination, then the person automatically will be considered permanently disabled as of the date of refusal. The costs of any such examination will be paid by Company.

(39) **Person** means an individual or a Business Entity.

(40) **Personal Guaranty and Principals' Undertaking** means the personal guaranty and principals' undertaking attached to this Agreement at Exhibit G.

(41) **Principal** means collectively or individually, all officers and directors of Franchisee or any Affiliate of Franchisee and Persons holding a direct or indirect Ownership Interest in Franchisee or in any Affiliate of Franchisee, in the Franchise, this Agreement or any interest in or right under this Agreement, all or substantially all of the assets of Franchisee's Salon or an interest therein or in the revenues or income thereof, as designated by Company.

(42) **Protected Area** means the designated area described in Exhibit C. The boundaries of the Protected Area are determined the Company, in its discretion, by considering various market factors including, population density and the urban, suburban or rural characteristics of the market

(43) **POS System License Fee** means the POS system license fee identified on the Summary Page.

(44) **Quality Reviews** means physical, on-site visits to a Salon during which Company's representatives conduct either (a) formal inspections to determine the degree to which Franchisee's Salon operation satisfies Company's Standards, including quality, service and cleanliness standards, or (b) informal reviews to evaluate the staff's compliance with Company's Standards.

(45) **Royalties** mean continuing royalties equal to the Royalty Rate.

(46) **Royalty Rate** means the royalty rate identified on the Summary Page.

(47) **Salon** means a retail establishment that operates on a year-round basis at a fixed (permanent) location under the "Boardroom Salon for Men" name and other Marks and the System.

(48) **Salon Business** means a business engaged primarily in providing hair and other grooming services that may include, but are not limited to, haircuts, coloring, shaves, facials, massages and waxings.

(49) **Salon Business Address** means the physical address of Franchisee's Salon described on the Summary Page.

(50) **Salon Intranet** means a web-based communications network that permits members of the Salon Network to communicate electronically with each other and through which Company may, at its option, make the Operations Manual accessible to franchisees and deliver training materials and official notices to franchisees. As of the date of this disclosure document, the Company has not developed a Salon Intranet.

(51) **Salon Network** means the entire chain of Salons located within and outside the United States, including franchised and company-operated Salons.

(52) **Salon Network Website** means an Internet website that Company developed and maintains to advertise and promote the Salon Network and the services and products that members of the Salon Network offer. Company also utilizes the website to advertise and promote the sale of Franchises for Salons, and combine, link or otherwise connect the website with a website(s) used to promote Salons located outside of the United States.

(53) **Scheduled Opening Date** means the date identified on the Summary Page.

(54) **Site Selection Addendum** means the site selection addendum attached to this Agreement as Exhibit A.

(55) **Site Selection Area** means the designated search area set out in Exhibit B where Franchisee's Salon will be located.

(56) **Standards** means the mandatory and suggested specifications, standards, operating procedures and rules that Company prescribes from time to time for the development and operation of a Salon and any other information Company provides to Franchisee during the Term relating to Franchisee's operation of Franchisee's Salon or to any other of Franchisee's obligations under this Agreement and related agreements.

(57) **Successor Fee** means the successor fee identified on the Summary Page.

(58) **Summary Page** means the pages that appear at the beginning of this Agreement that summarize certain key information concerning the parties' relationship and the terms of this Agreement.

(59) **System** means the business methods, designs, arrangements and Standards for developing and operating Salons, which are identified by the Marks, including those pertaining to site selection, construction, building design, signage and layouts, equipment, training, methods of inventory control and requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information technology, all of which Company may improve, further develop or otherwise modify from time to time.

(60) **Technology Fee** means the technology fee identified on the Summary Page.

(61) **Term** means the term identified on the Summary Page.

(62) **Trade Dress** means decorative, non-functional components of a Salon that provide the establishment a distinctive, memorable appearance, including but not limited to the layout of entry, lounge and styling areas, wood wall paneling, reception desk, cabinets, lounge furniture, decorative light fixtures, stain and paint colors and wood flooring.

(63) **Trade Secrets** means the components of the System, the contents of the Operations Manual and of all employee training materials and computer programs developed by Company or in accordance with its Standards, Confidential Information and any other confidential information that Company imparts to Franchisee with respect to a Salon's operation or management, whether through the Operations Manual or otherwise.

(64) **Transfer** means an Asset Transfer and an Ownership Interest Transfer.

(65) **Transfer Fee** means the transfer fee identified on the Summary Page.

(66) **Weekly Accounting Period** means each weekly period as designated by Company from time to time to coincide with 52 accounting periods annually.

2. GRANT OF FRANCHISE

a) Subject to the terms, conditions and limitations of this Agreement, Company grants Franchisee a Franchise to operate one Salon at the Salon Business Address shown on the Summary Page. Franchisee's use of any of the Marks or any element of the System in the operation of a business at any other address or in any other channel of distribution without Company's express prior written authorization will constitute willful infringement of Company's rights in the Marks and the System

b) The Franchise includes the following rights and licenses:

c) Authorization to operate Franchisee's Salon under the Marks and in accordance with the System. Franchisee shall acquire no rights or authority under this Agreement or as an element of the Franchise:

i) To sell any product or service to any wholesale client; or

ii) To sell any product or service from catalogues, an Internet website, from a location other than the Salon Business Address or other distribution channels without Company's express prior written permission.

d) Except as limited below, as long as Franchisee, its Affiliates and its Principals are in full compliance with this Agreement and all other agreements between Franchisee, its Affiliates and its Principals and Company, then Company and its Affiliates will not operate or grant a franchise for the operation of a Salon at a location in the Protected Area during the Term. Otherwise, Company and its Affiliates retain all rights with respect to Salons, the Marks, the sale of identical, similar or dissimilar products and services, and any other activities Company deems appropriate whenever and wherever Company desires, including, but not limited to:

i) the right to operate, and to grant others the right to operate, Salons located anywhere outside the Protected Area under any terms and conditions Company deems appropriate and regardless of proximity to Franchisee's Salon;

ii) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering similar or dissimilar products and services through similar or alternative channels of distribution, at locations inside or outside the Protected Area under trademarks or service marks other than the Marks and on any terms and conditions Company deems appropriate;

iii) the right to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with those products and services provided by Salons, whether identified by the Marks or other trademarks or service marks, through alternative distribution channels including, without limitation, the Internet or similar electronic media and direct-order techniques, any other form of electronic commerce, catalogues, telemarketing campaigns, supermarkets, department stores and convenience stores, both inside and outside the Protected Area and on any terms and conditions Company deems appropriate;

iv) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Protected Area under the Marks and on any terms and conditions Company deems appropriate;

v) the right to operate and grant others the right to operate Salons at "Non-Traditional Sites" within and outside the Protected Area on any terms and conditions Company deems appropriate;

vi) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Salons, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchise owners or licensees of these businesses) are located or operating (including in the Protected Area); and

vii) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Salons, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Protected Area.

e) If Company acquires or is acquired by (regardless of the form of the transaction) a Salon Business which operates or licenses others to operate premises within the Protected Area:

i) Franchisee understands and acknowledges that Company or an Affiliate will have the right to continue to operate the Salon Business acquired by Company, notwithstanding that all or any part of such Salon Business is located within the Protected Area, so long as such part of the Salon Business located in the Protected Area is identified by the trademarks under which it was identified prior to its acquisition by Company, or under any other trademark other than the Marks.

ii) If Company elects to convert that part of the Salon Business located in the Protected Area to a Salon, Company agrees to first offer to Franchisee the right to purchase that part of the Salon Business located within the Protected Area. The price at which such part of the Salon Business will be offered to Franchisee will be the fully allocated cost of acquisition of the Salon Business by Company, including that part of the direct and indirect costs and liabilities incurred or assumed by Company in making such acquisition allocable to that portion of the Salon Business to be acquired by Franchisee, whether paid or owed to the seller of part of the Salon Business, Company, its Affiliates or third parties, and other expenses allocable to such part of the Salon Business (including losses), plus interest at Company's cost of money on the balance of such amounts from time to time.

iii) If the part of the Salon Business acquired by Company that is located in the Protected Area is a franchisee of such Salon Business, Company agrees to operate such part of the Salon Business under the trademarks with which it was associated prior to the acquisition. If Company thereafter acquires ownership of the business of such franchisee, Company will give Franchisee the first right to purchase such business and operate it as a franchised Salon for the price paid therefore by Company, as described in Subparagraph (2) above.

iv) If Franchisee elects to purchase that part of the Salon Business located within the Protected Area , Franchisee agrees to either operate such part of the Salon Business located within the Protected Area as a franchised Salon; or close such part of the Salon Business located within the Protected Area , provided that Franchisee may not, at any time, operate a Salon Business at such location other than a Salon pursuant to a franchise agreement with Company.

v) If Franchisee elects not to purchase such part of the Salon Business, Franchisee acknowledges and agrees that Company will thereafter have to the right to operate such part of the Salon Business as a Salon.

vi) Franchisee further agrees that Company's obligation to sell to Franchisee the part of the Salon Business acquired by Company that is located within the Protected Area is subject to Franchisee's agreement to either execute, upon acquisition thereof, Company's then-current form of franchise agreement for such Salon Business and to convert the part of the Salon Business acquired by Franchisee to a Salon as soon as practicable thereafter in accordance with Company's standards and specifications; or close such part of the Salon Business within sixty (60) days after the Franchisee acquired title to such part of the Salon Business.

vii) Franchisee will have ninety (90) days within which to accept or reject any of the above-described offers from Company. If Franchisee rejects or fails to timely accept Company's offer to sell any such part of the Salon Business located within the Protected

Area to Franchisee, Company may convert such part of the Salon Business to a Salon to be operated by Company, one of its Affiliates or another franchisee of Company.

viii) Notwithstanding anything to the contrary contained in this **Section 2.d),** Franchisee acknowledges and agrees that Company is not obligated to make any of the above described options or offers available to Franchisee if Franchisee is not in substantial compliance with the terms of this Agreement or under any other Salon franchise agreement to which Franchisee, or its Affiliate is a party.

ix) If Franchisee transfers the franchise for any Salon(s), Company may enter into a franchise agreement or development agreement with the transferee and may permit the transferee to relocate Franchisee's Salon(s) inside the Protected Area or grant all or a portion of the Protected Area to the transferee in accordance with the provisions of Company's then current Development Agreement or Franchise Agreement.

x) Franchisee acknowledges and agrees that Company has no express obligation or implied duty to insulate or protect Franchisee's revenues from erosion as the result of any Salon competition with other Salons, in the ways and to the extent this **Section 2** provides or contemplates. Franchisee expressly waives and relinquishes any right to assert any claim against Company based on the existence, actual or arguable, of any such obligation or duty.

3. BUSINESS ENTITY REQUIREMENTS

If Franchisee is a Business Entity, the following requirements apply:

a) Franchisee must be newly organized and its Charter Documents must provide that Franchisee's purposes and activities are restricted exclusively to operating the Salon franchised hereunder.

b) True, complete and duly authenticated copies of Franchisee's Charter Documents and of a resolution of Franchisee's board of directors, general partner or other managing body authorizing Franchisee to enter into and perform this Agreement must be furnished to Company prior to the execution of this Agreement.

c) Franchisee's Charter Documents shall impose Transfer restrictions that give effect to **Section 13.a),** and each certificate representing an ownership interest in Franchisee shall contain or have conspicuously noted upon its face a statement in a form satisfactory to Company to the effect that any assignment or Transfer of the certificate is subject to all restrictions this Agreement imposes on Transfers.

d) Franchisee shall maintain a list of all record and beneficial owners of Ownership Interests in Franchisee and shall furnish a current version of the list to Company between December 15th and 31st of each year and upon request.

4. PRIMARY FEES

a) In consideration of Company's granting the Franchise, Franchisee must pay Company or its designee, the Franchise Fee immediately upon execution of this Agreement. The Franchise Fee is fully-earned upon receipt and is not refundable under any circumstances.

b) For each Weekly Accounting Period, Franchisee agrees to pay Company or its designee the Royalties in consideration for Franchisee's continuing use of the Marks and the System.

c) For each Monthly Accounting Period, Franchisee must pay Company or its designee the National Advertising Fund Contributions for the purposes of enhancing the goodwill and public image of the System through advertising and promotions.

d) Franchisee shall pay Company or its designee the Technology Fee in the amount specified on the Summary Page, payable by automatic debit of Franchisee's account on the twentieth (20th) of each calendar month. Company may increase the Technology Fee with ninety (90) days' notice up to the amount the approved supplier charges for such technology.

e) Franchisee shall pay Company or its designee the POS System License Fee in the amount specified on the Summary Page, payable by automatic debit of Franchisee's account on the tenth (10th) of each calendar month. Company may increase the POS System License Fee with ninety (90) days' notice up to the amount the approved supplier charges for such technology.

f) If Company provides additional training or additional support to Franchisee, Franchisee shall pay Company its per diem fee in the amount of $400 and any travel and living expenses incurred by Company to conduct such additional training.

g) Franchisee shall pay the then current conference fee for each of Franchisee's attendees to attend Company's conference, seminars and conventions ("Conference Fee"). The Conference Fee will not exceed $1,000 per attendee.

h) Franchisee shall pay the site selection service fee ("Site Selection Service Fee") to Company or its approved supplier if required by Company.

i) Franchisee shall pay the construction/build out document review fee ("Construction/Build Out Document Review Fee") if required by Company for review of construction buildout documents.

j) Royalties due under this Agreement will be payable by automatic debit of Franchisee's account on the Monday following the end of the Weekly Accounting Period (presently Sunday through and including Saturday). NAF Contributions and other payments will be payable by automatic debit of Franchisee's account on the Monday following the end of the Monthly Accounting Period (presently the first day of each calendar month through the last day of each calendar month). Franchisee will authorize Company and its bank to debit Franchisee's account directly for the payment of all fees, including, but not limited to the Royalties, NAF Contributions, Local Advertising Cooperative Fund Contributions, Technology Fees, POS System License Fee, Purchase Orders and other amounts due hereunder by signing and delivering the Authorization

Agreement for Pre-authorized Payments attached to this Agreement at Exhibit D. Franchisee shall at all times maintain a balance of not less than Ten Thousand Dollars ($10,000) in such account. All other payments will be due upon demand. By notice in writing to Franchisee, Company may from time to time change the Weekly Accounting Period, Monthly Accounting period, payment interval, the payment date, or the manner of payment.

k) By noon (Central Standard Time) on the Monday of each week, Franchisee must report to Company Gross Sales for the immediately preceding week (Sunday through, and including, Saturday) in accordance with **Section 8.x)**. If Franchisee properly calculates and reports Gross Sales by the deadline, Company will calculate Franchisee's Royalties and other periodic payments based on Gross Sales and draft Franchisee's account based on the amount Franchisee reported in accordance with **Section 4.j).** If Franchisee fails to report Gross Sales for any Weekly Accounting Period by the deadline, Company will calculate Franchisee's Royalties and other periodic payments based on Gross Sales on the basis of two hundred percent (200%) of Gross Sales for the last Weekly Accounting Period in which Franchisee reported Gross Sales and will draft Franchisee's account accordingly in accordance with **Section 4.j)**. Adjustments in the Royalties and other payments actually due will be calculated and settled within ten (10) days after Franchisee furnishes the required Gross Sales information.

l) Despite any designation Franchisee makes, Company may apply any of Franchisee's payments to any of Franchisee's past due indebtedness to Company. Company may set off any amounts Franchisee or Franchisee's owners owe Company or Company's Affiliates against any amounts Company or Company's Affiliates owe Franchisee or Franchisee's owners. Franchisee will not be entitled to withhold payment of Royalties or other amounts due to Company hereunder on account of Company's breach or alleged breach of its obligations under this Agreement; Company's performance under this Agreement constitutes no part of the consideration for Franchisee's obligation to pay Royalties.

m) If Franchisee fails to make any Royalty, Technology Fee, National Advertising Fund Contribution, trade account or other payment to Company or its designee by the date on which such payment is due, the amount payable will bear interest from the date it became due through the date of payment at the lesser of (i) five percent (5%) in excess of the prime commercial rate of interest reported in the Wall Street Journal (Southwestern edition), adjustable daily, or (ii) the highest lawful rate of interest permitted by applicable state and federal law, and Franchisee shall pay to Company a late fee of U.S. Fifty Dollars ($50) per day for each day the respective payment remains unpaid. Nothing in this Agreement shall obligate Franchisee or any guarantor of Franchisee's obligations to pay, or entitle Company or its designee to collect, interest in excess of the maximum rate applicable law permits. If, for any reason, Company or its designee charges or receives interest in excess of the maximum rate permitted by applicable law, the excess shall be applied as a payment against the principal amount of Franchisee's other obligations under this Agreement. If no other obligations are due, Company or its designee shall promptly refund the excess payment to the party that paid it.

5. MODIFICATION OF FRANCHISE, TRADE DRESS AND EQUIPMENT STANDARDS

a) Company reserves the right to modify the System and Marks from time to time, including, without limitation, the right to (1) add new and different items to the list of authorized Salon services and products, (2) withdraw items from the list of authorized Salon services and products, or to change their names and image, (3) change the Trade Dress, Standards for equipment and fixtures for Salons, (4) add or change the Standards for client services, (5) abandon the use of equipment, fixtures and merchandising displays for any item that Company withdraws from the list of authorized Salon services and products, and (6) require the use of new or different point-of –sale system, electronic data processing and communications equipment and facilities. Franchisee shall promptly comply with and adopt, at its own expense, all such modifications.

b) If the addition of a service or product to the authorized service and product list would not require the installation of new fixtures or equipment (other than items Company classifies as smallwares), Company may instruct Franchisee to begin offering the new service or product as of a date specified in a supplement to the Operations Manual or other written instructions delivered to Franchisee. Similarly, if the deletion of a service or product from the authorized Salon service and product list would not require the removal of fixtures or equipment (other than items Company classifies as smallwares), Company may direct Franchisee to cease offering the service or product as of a date specified in a supplement to the Operations Manual or other written instructions delivered to Franchisee. Franchisee will comply with Company's instructions as of the date Company specifies, which need not be more than thirty (30) days after Company distributes the Operations Manual supplement or other written instructions.

c) If Company abandons or adopts changes in the Standards that necessitate the addition or removal of furniture, fixtures, equipment, signs or Trade Dress items, Company may instruct Franchisee to adapt Franchisee's Salon to the Standards through a supplement to the Operations Manual or other written instructions delivered to Franchisee. Company, in consultation with Franchisee, will establish a schedule for Franchisee to implement such changes that will depend, among other factors, on Franchisee's Salon's size, age, and the amount Franchisee has spent in recent periods to refurbish and upgrade Franchisee's Salon. Franchisee will remove from Franchisee's Salon any items Company designates as obsolete and will purchase and/or lease and install any different or additional items Company specifies as meeting its new Standards, all in accordance with the schedule Company establishes for Franchisee's Salon. Franchisee will not be required to spend more than the greater of twenty-five percent (25%) of its trailing twelve (12) months' Gross Sales and Seventy-Five Thousand Dollars ($75,000) during any one ten (10) year period on all combined renovation or other changes Company requires in connection with changes to the Standards pursuant to this **Section 5.c)**.

d) If Company allows Franchisee's Salon to participate in any new service or product test; Franchisee will participate in the test in accordance with Company's Standards and will discontinue offering any service or product that Company decides not to add permanently to the authorized Salon service and product list.

6. COMPANY SERVICES AND ASSISTANCE

a) **Development Stage Assistance**. Company (or, notwithstanding the following, its designee) will provide the following services and assistance to Franchisee before Franchisee opens Franchisee's Salon:

i) Company will provide concept plans and advise Franchisee regarding the layout and design of the Salon, including location of walls, styling stations, cabinets, shampoo stations, equipment and fixtures within two weeks following the lease of the premises and delivery of the floor plan to the Company. The costs of leasehold improvements, construction, architectural and/or engineering services, signs, equipment, furniture and fixtures for finishing out the Salon are Franchisee's responsibility. Company will also provide Franchisee's architect or general contractor information about the sequence of events and procedures that must be followed in building out and equipping a Salon.

ii) On the Effective Date, Company will provide Franchisee with access to one copy of the Operations Manual. The Operations Manual could include electronic media and/or written materials.

iii) Company may approve suppliers and distributors of certain products and services (including architectural and construction services) that meet Company's reasonable standards and requirements. If Company does so, Franchisee agrees to purchase such products and services only from distributors and other suppliers Company has approved, including or limited to Company or its affiliates. Company may limit the number of approved distributors or suppliers with whom Franchisee may deal, designate sources that Franchisee must use, and/or refuse any of Franchisee's requests for any reason, including that Company has already designated an exclusive source (which might be Company or its affiliate) for a particular item or service. Company may charge Franchisee a testing fee to test and inspect any suppliers Franchisee requests to use in lieu of Company's approved suppliers.

iv) Company will furnish Franchisee lists of the Standards for the fixtures and equipment that Franchisee must install in Franchisee's Salon and of the furniture, inventory, supplies, paper goods and smallwares, including any minimum purchase requirements with respect to those items, needed to stock and operate Franchisee's Salon. Franchisee may request changes to these lists in writing and such changes may only be implemented if Company's CEO or other designated representative approves the changes, which approval may be withheld for any or no reason, in writing.

b) **Initial Training Program**. Company will train Franchisee (or, if Franchisee is an entity, Franchisee's Managing Owner) and the General Manager on the material aspects of operating the Salon (the "Initial Training Program") in accordance with the following:

(1) Franchisee or its Managing Owner and the General Manager must complete, to Company's satisfaction, the guided Operations Manual self-study program before beginning the Initial Training Program.

(2) Franchisee or its Managing Owner and the General Manager must complete the Initial Training Program (excluding the on-site support phase described below) to Company's satisfaction at least ninety (90) days before the Salon opens.

(3) Company will provide the Initial Training Program at a designated training facility of Company's choice and/or at an operating Salon, except for the on-site support phase around opening that Company will provide at the Franchisee's Salon premises (as provided below).

(4) Company will provide the Initial Training Program for no additional fee for Franchisee (or, if Franchisee is an entity, Franchisee's Managing Owner) and initial General Manager. Additional people beyond these two (2) attendees may attend the Initial Training Program (subject to Company's capacity and ability to accommodate additional persons in the training session) if Franchisee pays Company's then current training charge for each additional person. In addition to any Initial Training Program fees, Franchisee also agrees to pay for all travel and living expenses that Franchisee (or, if Franchisee is an entity, Franchisee's Managing Owner) and any of Franchisee's personnel incur, all accrued wages, and related workers' compensation insurance while these persons train at a designated training facility of Company's choice and/or at an operating Salon.

(5) Franchisee (or, if Franchisee is an entity, Franchisee's Managing Owner) and the General Manager must satisfactorily complete the Initial Training Program. If Company determines that Franchisee (or, if Franchisee is an entity, Franchisee's Managing Owner) and the General Manager cannot complete the Initial Training Program to Company's satisfaction, Franchisee (or, if Franchisee is an entity, Franchisee's Managing Owner) and the General Manager must retake the next Initial Training Program Company offers and complete the Initial Training Program to the Company's satisfaction or the Company may terminate this Agreement.

(6) If the Franchisee's Salon is the first or second Salon developed by Franchisee, then when the Salon is preparing to open for business, Company will, at Company's own cost, send at least one (1) of its representatives to the Salon for up to five (5) total days, during the hours Company determines in its sole judgment, to provide on-site support in connection with pre-opening and opening activities. Company reserves the right to provide more representatives, or more days of on-site support, at the Franchisee's Salon premises during this period as Company deems necessary. For avoidance of doubt, Company solely determines the timing, scheduling and staffing of on-site support Company provides according to this subparagraph, including the calendar dates, times of Company's support, and whether Company provides these days consecutively or intermittently. Franchisee must successfully complete all activities of this on-site support period to Company's satisfaction. If Franchisee requests, and Company agrees to provide, additional or special guidance, assistance, or training during this on-site support period, then Franchisee agrees to pay Company's then applicable charges, including Company's personnels' per diem charges and travel and living expenses. Notwithstanding anything herein to the

contrary, Company is not required to provide the on-site support to a transferee of a Salon.

c) **Operational Assistance**. Company (or, notwithstanding the following, its designee) will provide the following services and assistance to Franchisee after Franchisee's Salon opens.

i) Company will provide such advice and assistance to Franchisee as Company deems advisable in operating the Salon and in planning publicity and promotions for Franchisee's Salon's promotion, including broadcast (radio) and print media and display advertising.

ii) Company will make its staff accessible to Franchisee, or the Managing Owner and General Manager, to the extent Company deems advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication. Company will occasionally visit Franchisee's Salon to conduct Quality Reviews and to consult with the Franchisee or the Managing Owner and the General Manager regarding Standards compliance but will not provide routine field supervision.

iii) Company will provide Franchisee with additions and supplements to the Operations Manual as they become available, and will disclose to Franchisee additional Trade Secrets, if any, Company develops that relate to the operation of Salons. Franchisee and the Principals acknowledge and agree that the version of the Operations Manual on file in Company's offices constitutes the standard, official version for purposes of resolving any question or dispute concerning the Operations Manual's contents.

iv) Company may require Franchisee (or, if Franchisee is an entity, Franchisee's Managing Owner) and the General Manager and/or other previously trained and experienced employees to attend and complete satisfactorily various training courses that Company periodically chooses to provide either online or in-person at the times and locations that Company designates. Company may charge reasonable registration or similar fees for these courses. Besides attending these courses, Franchisee agrees to attend all required conventions, seminars and other similar functions of all Salon franchisees at locations Company designates, if Company organizes and plans (at Company's option) such a convention, seminar or other similar function. Franchisee agrees to pay all costs to attend these online or in-person training courses, conventions, seminars and other similar functions, including the Convention Fee.

v) Company may require that any General Managers, Managing Owners and other members of Franchisee's personnel that Franchisee hires or appoints after the Salon opens for business satisfactorily complete the Initial Training Program and ongoing training programs within thirty (30) days of the date on which Franchisee hires or appoints such individual. Company may charge its then current fees for training Franchisee's personnel. Franchisee agrees to pay all travel and living expenses which Franchisee and its personnel incur during all training courses and programs.

vi) Company reserves the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices

Franchisee may charge for products and services. These rights may include (without limitation) prescribing the maximum and/or minimum retail prices which Franchisee may charge clients for the products and/or services offered by Franchisee's Salon; recommending retail prices; advertising specific retail prices for some or all products or services sold at Franchisee's Salon; requiring Franchisee to participate in marketing, promotional and related campaigns which may directly or indirectly impact Franchisee's retail prices; and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which Franchisee's Salon may charge the public for the products and services it offers. Company may engage in any such activity either periodically or throughout the Term. Further, Company may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. Franchisee acknowledges that the prices Company prescribes or suggests may or may not optimize the revenues or profitability of Franchisee's Salon and Franchisee irrevocably waives any and all claims arising from the establishment or suggestion of Franchisee's Salon's retail prices.

7. <u>SITE SELECTION</u>

If Franchisee has not selected and Company accepted the Salon Business Address, Franchisee shall execute and comply with the Site Selection Addendum attached as Exhibit A. The site for the Franchisee's Salon will be located within the Site Selection Area attached as Exhibit B. The Site Selection Area is only intended to be a search area for Franchisee to find the site. The Site Selection Area is non-exclusive.

8. <u>BUILD-OUT, RELOCATION AND OPERATIONS</u>

In connection with the build-out and operation of Franchisee's Salon, Franchisee agrees to fulfill the requirements, to perform the obligations and to observe the restrictions stated in this **Section 8.**

a) Within ninety (90) days after the Effective Date, Franchisee must locate and furnish Company the name of an experienced architect who has designed at least two full-service Salons or similar retail establishments and the names of at least three experienced general contractors that will bid on the build-out of the Salon. The architect and contractors must each furnish Company a statement of their qualifications, including at least five client references, and a copy of the contracts the contractor and architect each propose to sign with Franchisee. Company will have 10 calendar days after it receives these documents to approve or disapprove such architect and contractors. Franchisee shall not employ an architect or general contractor unless such architect and contractor are first approved in writing by Company. If Franchisee decides not to hire a particular architect or contractor who has been submitted to and approved by Company or if Company does not approve the architect or contractor submitted by Franchisee, Franchisee will have an additional fifteen (15) days to locate another architect and/or general contractor and to submit the new candidate to Company for its approval.

b) Within thirty (30) days after Franchisee signs a lease for its accepted location, Franchisee must submit for Company approval a complete set of architectural and MEP (construction/build-out) documents for Franchisee's Salon, including mechanical, electrical and plumbing specifications. For the first two sets of construction/build-out documents which Franchisee submits to Company for approval, Company shall not impose a review fee. For each additional set of construction/build-out documents submitted to Company (including each review of modifications to any set of construction/build-out documents previously submitted to Company for its approval), Franchisee shall reimburse Company for its costs and expenses associated with such review. Franchisee must base the documents on the Company's required design layout, Standards and Trade Dress package.

c) Franchisee will construct, finish out, equip, furnish and decorate Franchisee's Salon in compliance with Company's Standards, including those related to equipment, Trade Dress, furniture and fixtures, Computer System, signage and artwork and the construction documents approved by Company. After Franchisee's Salon opens, Franchisee will not alter its fixtures, equipment, signs or Trade Dress in any fashion without Company's express prior written permission.

d) Franchisee will display at such location on Franchisee's Salon premises as Company designates, a placard of such size as Company prescribes containing the following statement: "This Salon is owned and operated by a franchisee under a license from "KLPS, LLC." Franchisee shall never make a statement or representation to any Person that is contrary to or inconsistent with **Section 20** of this Agreement.

e) Franchisee's Salon must at all times be under the full-time direct, on-premises supervision of Franchisee or the General Manager, who will be an individual Franchisee will recruit and hire who must satisfy Company's Standards for eligibility as stated in the Operations Manual. Company reserves the right to approve or disapprove of any General Manager Franchisee appoints. If Company disapproves of any General Manager Franchisee proposes, Franchisee must promptly appoint a replacement General Manager satisfactory to Company. If Franchisee's relationship with a General Manager terminates for any reason, then Franchisee must promptly appoint a replacement General Manager that meets Company's approval. Even if Franchisee appoints a General Manager for day-to-day operations, Franchisee must remain active in overseeing the Studio's ongoing business activities. If Franchisee owns more than one Studio, then each such Studio must be under the full-time, direct on-premises supervision of a General Manager Company has approved and the supervision of Franchisee.

f) Franchisee will send the General Manager or a district manager or multi-unit supervisor approved by Company (in the event Franchisee and its Affiliates, if any, operate more than one Salon) to the Initial Training Program described in **Section 6.b)**. Franchisee and the General Manager must both complete Company's Initial Training Program with a passing grade before Franchisee's Salon may open for business.

g) Intentionally omitted.

h) Franchisee will open Franchisee's Salon for business not later than the Scheduled Opening Date and will operate it continuously throughout the entire Term solely under the Marks and System and in accordance with the Operations Manual. Franchisee may apply for one (but only one) extension, unless otherwise agreed to by Company, of the Scheduled Opening Date. If the reason for the extension is an Event of Force Majeure, the extension shall be for a period of not more than one hundred and eighty (180) days. If the reason for the extension is any reason other than Force Majeure, the extension shall be for a period of not more than forty-five (45) days. To obtain an extension, Franchisee must request it in writing not later than thirty (30) days before the Scheduled Opening Date and pay an extension fee of Five Thousand Dollars ($5,000) for the first extension and $10,000 for the second extension to the Scheduled Opening Date (the "Extension Fee"). Company will grant the extension if Franchisee has made a good faith effort to comply with the requirements of **Sections 7** and **8** but has experienced delays beyond Franchisee's reasonable control, has submitted the required request, and paid the Extension Fee.

i) If the lease for Franchisee's Salon expires or is terminated before the end of the Term, Franchisee may move Franchisee's Salon to another location chosen in accordance with Company's site selection procedure. The new location (i) must be in the original Salon's general Protected Area (as determined by Company), and (ii) may in no case infringe upon a franchise agreement or other agreement applicable to another Salon. When Company accepts the location for the new Salon, Company will prepare a new Exhibit C to this Agreement that describes the new Salon's Protected Area. The new Exhibit C will replace the Exhibit C attached to this Agreement for all purposes of this Agreement, including that of identifying the Protected Area.

j) If Franchisee loses possession of the original Salon's premises because the lease expired by its terms, or on account of condemnation or eminent domain proceedings, Franchisee must initiate the relocation procedure in time to lease, build-out and open the new Salon for business within three hundred and sixty-five (365) days after the original Salon closes. If Franchisee's lease is terminated on account of a fire or other casualty, Franchisee must initiate the relocation procedure in time to lease, build-out and open the new Salon for business within three hundred and sixty-five (365) days after the lease for the original Salon terminates.

k) Franchisee must (i) comply with and adhere to the policies and procedures set forth in the Operations Manual, as revised and supplemented from time to time, (ii) follow Company procedures in the delivery of salon services and in ordering, storing, displaying and tracing products and supplies; (iii) purchase from a source Company designates and exclusively use the products and all other proprietary items Franchisee's Salon offers; (v) purchase inventory and supplies only from suppliers Company designates or approves from time to time; and (vi) maintain all equipment, signage, decorations, fixtures, furnishings and leasehold improvements used in connection with Franchisee's Salon in good order and repair and to cause the same to be promptly replaced as they become worn, damaged, obsolete, out of style, mechanically impaired, or as Company requires, and when offered or applicable, enter into preventative maintenance programs as further described in the Operations Manual.

l) Franchisee will provide appropriate training, supervision and security for all personnel employed in Franchisee's Salon, maintain standards of prompt and courteous client service, and instruct all employees of Franchisee's Salon in the proper use and display of the Marks and the confidential handling of the Trade Secrets and the Operations Manual, as stated in **Section 12.**

m) Franchisee will ensure that all Franchisee's Salon's employees follow Company's grooming and dress code and wear the uniform items developed or approved by Company, or other dress codes approved by Company.

n) Franchisee will offer all services, products and merchandise set forth in Company's Operation's Manual, as revised from time to time, and will not offer any services, products, or merchandise that is not permitted by Company's Operations Manual, as revised from time to time, without Company's prior written consent.

o) Franchisee will imprint the Marks on all aprons, capes, bags and other materials, products and supplies used in Franchisee's Salon in accordance with instructions in the Operations Manual, and will purchase items imprinted with the Marks only from suppliers Company designates or approves.

p) Franchisee will display in Franchisee's Salon all (1) product identification materials, (2) point-of-purchase promotional materials, (3) promotional memorabilia, merchandise and prizes, and (4) other advertising and marketing materials Company provides to Franchisee pursuant to **Section 9.b)** for use by Salons.

q) Franchisee will fully participate in, and comply with the requirements of, all mandatory gift, membership, loyalty, affinity and other promotional programs and/or platforms which Company may establish from time to time, which may include a requirement for Franchisee to use a gift, membership or loyalty card processing company designated by the Company in its sole discretion. This participation includes, but is not limited to, limited time offers, campaigns, special offers or coupons that Company distributes nationally or locally by e-mail, SMS, the Salon Network Website, electronically, online, social networking sites, direct mail, or other method of distribution. Franchisee must issue, honor, redeem and follow Company's guidelines on the acceptance and redemption of gift certificates, gift, membership, referral and loyalty cards, rewards coupons, membership and loyalty offers and other promotional programs Company provides in its Operations Manual or otherwise in writing. Company may keep any monies that are not used by clients to the extent allowed by applicable law. Franchisee will comply with Company's gift card redemption policy and membership credit redemption policy, which may include paying the franchisee who redeemed the gift card or who provided membership services a percentage of the gift card proceeds and/or membership credits pursuant to the policies set out in the Operations Manual.

r) Franchisee will follow Company procedures in maintaining and cleaning Franchisee's Salon's equipment and fixtures, and will maintain Franchisee's Salon premises, including all interior and exterior areas, in a safe and sanitary condition at all times.

s) Franchisee will maintain the physical appearance and integrity of Franchisee's Salon in accordance with the Standards stated in the Operations Manual.

t) Franchisee will permit Company representatives to conduct unannounced Quality Reviews of Franchisee's Salon at any time during normal business hours. Franchisee will promptly correct any condition noted as "unsatisfactory" or "needs improvement" in a Quality or staff evaluation report.

u) Franchisee will maintain Salon business hours and days of operation in accordance with the Standards, unless Company grants a written exception.

v) Franchisee will comply strictly with all federal, state and local laws and government regulations applicable to Franchisee's Salon, including those relating to cosmetology and barber regulation, taxation, employment and promotion practices, employee wages, child and immigrant labor, disabled persons, workers' compensation, environmental, truth-in-advertising, occupational safety and health, and sanitation.

w) Franchisee will (i) adopt and follow Company's fiscal year for accounting purposes, (ii) adopt and follow the accounting principles, policies and practices Company prescribes, including use of Company's standard chart of accounts, (iii) acquire, install and use for all transactions the Computer System Company designates from time to time in the Operations Manual, which Company may (a) require support participation in Company's gift, membership, loyalty, affinity and other promotional programs and/or platforms and (b) in light of technological developments or other requirements, update or modify the specifications and components of, which updates or modifications may make it necessary for Franchisee to purchase, lease, and/or license updated computer hardware and/or software and obtain additional service and support for the Computer System, which future costs of the Computer System or required service or support Franchisee is solely responsible for, and Company has no obligation to reimburse Franchisee for any such Computer System costs, (iv) obtain merchant processing and credit card processing services from a provider Company approves, which approval may be granted, withheld or withdrawn by Company in its sole discretion, (v) install and maintain a high speed internet connection with a static IP address that ensures reliable, secure communication between Franchisee's Computer System and Company's computer system, and grant to Company unrestricted, remote access to the system. If Franchisee allows clients and employees to use the internet at Franchisee's Salon for browsing from their personal devices, to limit the chances of service degradation due to network congestion, Company recommends the creation of two separate networks, one for personal use by clients and employees of Franchisee, and one for the POS with an internet speed of at least 15-30 Mbps (Download) and 5-10 Mbps (Upload).

x) Franchisee will accurately calculate and report Gross Sales to Company at the times and through the procedures Company from time to time specifies (which may include a web-based reporting system and a daily reporting requirement). Franchisee acknowledges that all Gross Sales data, client information, and other operational and financial information collected via the Computer System will be stored in a secure cloud environment. Company shall retain independent unlimited access to all such data without contractual limitation. Franchisee agrees to maintain continual data network access to Franchisee's Salon's Computer System, including, but not limited to POS software, for use by Company.

y) Franchisee is solely responsible for the payment of all taxes owed by Franchisee and the preparation of all tax returns required to be filed by Franchisee. At Company's request, Franchisee will furnish Company copies of all federal and state income and sales tax returns filed by Franchisee with respect to Franchisee's Salon's income or sales.

z) Franchisee will permit Company, at any time during the Term and for three years after this Agreement expires or terminates, to conduct special audits of Franchisee's books and records relating to Franchisee's Salon's operation. To assist Company in planning and conducting its audit program, Franchisee expressly authorizes Company to obtain from any vendor with which Franchisee does business copies of invoices and other sales data related to Franchisee's account with the vendor. If an audit establishes that Franchisee's Royalty, NAF Contribution, and/or reports or profit and loss statements have understated Gross Sales for any fiscal year by more than two percent (2%), Franchisee shall pay the audit's cost, including the travel, lodging and meal expenses of the individuals who conduct the audit. Otherwise, Company will bear the audit's entire cost. Franchisee shall promptly pay Company any Royalty and NAF Contribution deficiencies established by an audit, together with interest as provided in **Section 4.m)**.

aa) Franchisee will maintain complete and accurate books and records relating to the operation of Franchisee's Salon in accordance with **Sections 8.w)** and **8.x)** permit Company representatives to inspect such books and records and, within forty-five (45) days after the end of each fiscal year of Franchisee's Salon, submit to Company a balance sheet, income statement and statement of cash flow for the year then ended. These financial statements shall be prepared and signed by the Franchisee. Company may, in its discretion, require that the financial statements be audited. If Franchisee is at any time required to furnish any lender, lessor, government agency or other Person audited financial statements with respect to Franchisee's Salon, Franchisee shall concurrently furnish Company a copy of such audited financial statements. In addition to the annual reports required above, no later than the last business day of the month following the close of each fiscal quarter (other than the fourth fiscal quarter), Franchisee shall deliver to Company an un-audited balance sheet as of the end of such fiscal quarter and an income statement for such fiscal quarter.

bb) Franchisee will carry continuously during the Term insurance of the types, in the amounts and with the coverage specified from time to time in the Operations Manual. Until the Operations Manual specifies otherwise, Franchisee will carry insurance with the policy limits specified on the Summary Page. Each policy must (1) be primary and non-contributory; (2) be issued by an insurance company(ies) with a rating of not less than "A+" in the current Best Insurance Guide or approved by Company; (3) name Company and such Affiliates of Company as Company may request as "additional insureds" and shall contain an "Additional Insured-Designated Person or Organization" endorsement (or equivalent), except for workers' compensation insurance only, without any qualifying language; (4) provide that the insurance cannot be canceled or non-renewed, except upon thirty (30) days advance written notice to Company; and (5) contain a waiver of subrogation rights of the insurer(s) against Company, which waiver shall be effective regardless of whether any loss is caused by the act, omission or negligence of Company, and; (6) shall contain a "Waiver of Transfer Rights of Recovery Against Others" endorsement (or its equivalent).

cc) Franchisee shall furnish Company certificates of insurance, all insurance policy endorsements and a copy of the insurance policy(ies), if requested by Company to prove that such insurance coverage is in effect, both prior to the opening of Franchisee's Salon and thereafter, as requested by Company. Renewal insurance certificates of insurance shall be delivered to Company thirty (30) days prior to the expiration date of each insurance policy. All deductible amounts on all insurance policies required hereunder shall be disclosed in writing to and approved in advance by Company and noted on the applicable insurance certificate. If Franchisee fails to maintain the required insurance, Company may, but will not be obligated to, obtain coverage on Franchisee's behalf and charge the cost to Franchisee. Franchisee agrees to reimburse Company for the premium costs it incurs to provide such coverage, plus interest as provided in **Section 8.cc)**, within ten (10) days after Company submits a statement for its costs. Franchisee's non-compliance with the insurance provisions herein shall be deemed a material breach of this Agreement.

dd) Franchisee and each Principal will indemnify, hold harmless and timely defend Company, Company's Affiliates and their respective officers, directors, shareholders, partners, employees, agents, successors and assigns (collectively, "Indemnified Parties") from and against any and all claims, demands, legal proceedings, administrative inquiries, investigations and proceedings, damages, losses, judgments, settlements, fines, penalties, remedial actions, costs and expenses (including attorneys' fees) asserted against, incurred or sustained by any Indemnified Party, whether or not separately insured, that arise out of any acts, errors, or omissions of Franchisee, the Principals, Franchisee's Affiliates, independent contractors, and employees of Franchisee and Franchisee's Affiliates and any such other third parties without limitation and without regard to the cause or causes of the acts, errors, or omissions or the negligence (whether that negligence is sole, joint, or concurrent, and whether active or passive) or strict liability of Company or any other party or parties arising in connection therewith, including but not limited to Franchisee's operation of Franchisee's Salon or use of any Internet site or Intranet network Company develops or acts or claims arising from this Agreement.

ee) Company may elect (but under no circumstance will be obligated) to undertake or assume the defense of any such claim, demand, inquiry, investigation or proceeding (an "Indemnified Matter"), and to conduct and supervise all settlement negotiations related to any Indemnified Matter. However, Franchisee will pay the legal fees and other expenses Company incurs in connection with the investigation, defense and settlement of any Indemnified Matter Company undertakes to defend or assume. Company's election to undertake or assume the defense or settlement of an Indemnified Matter will in no way or circumstance extinguish or diminish Franchisee's obligation to indemnify and hold the Indemnified Parties harmless.

9. ADVERTISING AND PROMOTIONS

a) **Grand Opening Advertising.** Franchisee shall expend the Grand Opening Advertising Expenditure during the sixty (60) days prior to the Scheduled Opening Date and for the sixty (60) days following the commencement of operations of Franchisee's Salon for an initial opening advertising and promotion program to be conducted in accordance with the Company's Standards. Franchisee must spend at least fifty percent (50%) of the Grand Opening Advertising Expenditure on paid media advertising. Franchisee shall submit the grand opening advertising budget to Company for approval at least thirty (30) days prior to expending the Grand Opening Advertising Expenditure. The Grand Opening Advertising Expenditure shall be paid directly to the applicable service providers and not to Company. Franchisee shall submit proof of the Grand Opening Advertising Expenditure upon Company's request.

b) **Local Advertising**

i) During the third and each subsequent month of the Salon's operation, Franchisee agrees to spend the Local Advertising Expenditure to advertise and promote the Salon locally. Within thirty (30) days after the end of each month in which Franchisee must spend the Local Advertising Expenditure, Franchisee shall submit a Local Marketing ("LM") Report to Company on a form Company provides accounting for the Local

Advertising Expenditure Franchisee spent during the preceding month. Upon Company's request, Franchisee shall also submit documents substantiating that Franchisee incurred and paid particular expenditures during the month. If Franchisee fails to submit a LM Report and/or any supporting documents when due or if any LM Report and/or supporting documents show that Franchisee did not spend the required Local Advertising Expenditure on approved local advertising and promotions, Company may, in its sole judgment, require Franchisee to pay Company (or its designee) the full Local Advertising Expenditure in the method and at the times Company designates and Company or its designee will perform LM on Franchisee's behalf for the remainder of the Term.

ii) Local advertising and promotion must follow Company's guidelines. All advertising and promotional materials that Franchisee develops for the Salon must contain notices of the Salon Network Website's domain name in the manner the Company designates. Franchisee may not develop, maintain, or authorize any website that mentions or describes Franchisee or the Salon or displays any of the Marks without Company's prior written approval. Franchisee agrees that its advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to the highest standards of ethical advertising and marketing, the advertising and marketing policies that the Company prescribes at any time and from time to time, and all applicable federal regulations, including those enforced by the Federal Trade Commission and the Federal Communications Commission.

iii) Franchisee agrees to participate in all system-wide promotions Company originates and pay to Company such portion of the Local Advertising Expenditure Company designates for participation in such promotions. Franchisee also agrees to participate in all system-wide advertising campaigns Company creates. Should Franchisee create its own local advertising and promotions, as provided in **Section 9.b)ii)** Company reserves the right to approve in advance of use by Franchisee any graphic materials or commercials developed by Franchisee and the media in which they are placed.

c) **Local Advertising Cooperatives**

i) If two or more Salons, including Franchisee's Salon are located in a DMA designated by Company, Company has the right to require, in its sole discretion, that Franchisee's Salon(s) participate in a Local Advertising Cooperative for the purpose of jointly advertising and promoting their Salons located in the DMA.

ii) If, in connection with a Local Advertising Cooperative's formation or functioning, its members are unable to reach agreement with respect to any issue concerning organization, administration, contribution waivers or exceptions, budget or other matters that the members cannot resolve within forty-five (45) days, the issue will be referred to Company for resolution. Company's decision with respect to the issue's resolution will be binding on all members of the Local Advertising Cooperative. In addition, Company reserves the right to review each Local Advertising Cooperative's contribution rate on a quarterly basis and to disapprove a rate of less than two percent (2%) of Gross Sales. Any LACF Contributions Franchisee makes will count toward the Local Advertising Expenditure Franchisee is required to spend to promote the Salon.

iii) Franchisee agrees (a) to join, (at the later of execution of this Agreement or formation of a LAC for the DMA in which Franchisee's Salon is located) participate in, and actively support any LAC established in Franchisee's Salon's DMA, and (b) to make contributions to each LAC on the payment schedule adopted by the LAC's members and at the contribution rate approved by Company.

d) **National Advertising Fund**

i) Franchisee agrees to contribute (by automatic debit) the National Advertising Fund Contributions to the NAF in accordance with **Section 4.c)**.

ii) Company will use the NAF (a) to create advertising and marketing materials relating to the System and the services and products Salon's sell, including for local marketing described in **Section 9.b)** herein, (b) to arrange for, place and run advertisements, commercials and promotional materials in local, regional and national media, (c) to pay for public relations services and projects (including sponsorships) intended to enhance the brand, goodwill and public image of the System, (d) to conduct market research, studies, focus groups and advertising tracking studies, (e) to develop and maintain an Internet website (which may include applications and social media marketing efforts), (f) to pay the costs of Company's administration of any gift, membership, and loyalty card and gift, membership, loyalty, affinity and other promotional program, (g) website development and maintenance and social media; and (h) to reimburse Company or its Affiliates (based on allocations calculated by Company's management) for salaries and other overhead expenses that are directly related to projects of a character described in clauses (i), (ii), (iii) and (iv) depending on markets and population.

iii) Company may provide Franchisee with specimens or proofs of media commercials, advertisements and promotional material (including point-of-purchase materials) funded from the NAF. Franchisee acknowledges that additional copies of such materials shall be at Franchisee's sole expense. If Company provides customized copies, it may charge Franchisee a customization fee. In all cases, Franchisee must pay to reproduce, place and run any of these materials in any local advertising campaign that Franchisee pursues independently of the NAF.

iv) Company reserves the right to allocate NAF Contributions to various permitted uses as it sees fit. Company does not guarantee that advertising expenditures from the NAF will benefit Franchisee or any other franchisee or licensee directly or on a pro-rata basis.

v) The NAF Contribution may be increased by Company, no more than once every twelve (12) months. Company shall give Franchisee at least two (2) months' notice of any increase in the NAF Contribution. During the Term, Company may increase the NAF Contribution to a maximum of three percent (3%) of Gross Sales. Any increase in the NAF Contribution will constitute an amendment to this Agreement and will be binding on Franchisee immediately without the need for a signed amendment.

vi) Company reserves the right to structure the NAF's organization and administration in ways that, in Company's judgment, most effectively and efficiently accomplish the NAF'S objectives. Company does not have the NAF audited, so audited financial statements are not available.

vii) NAF may be terminated at any time by Company, in its sole discretion. In the event that the NAF is terminated, any remaining balance in the NAF will be expended as provided for in **Section 9.d)ii)** or returned to Franchisee on a pro-rata basis, in Company's sole determination.

viii) Company assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to the NAF or any advertising account. Company will not be liable for any act or omission with respect to the NAF, including but not limited to, maintaining, directing or administering the NAF or any other advertising account. No action taken by Company will diminish Franchisee obligation to pay the NAF Contribution. Franchisee and Company agree that their rights and obligations with respect to the NAF and all related matters are governed solely by this Agreement and neither this Agreement or the NAF creates a trust, fiduciary relationship, or similar arrangement.

10. CONCERNING THE INTERNET

a) **The Salon Network Website**

i) Company has established and plans to maintain the Salon Network Website to provide information about the Franchise and the products and services that Salons offer. Company will have control over the Salon Network Website's design and contents. Company will have no obligation to maintain the Salon Network Website indefinitely and may dismantle it at any time without liability to Franchisee.

ii) The Salon Network Website presently includes a series of interior pages that identify participating Salons by address and telephone number. At Franchisee's request and upon Franchisee's execution of a terms of use agreement in a form provided by Company, Company may, technology permitting, include at the Salon Network Website one or a series of interior pages dedicated to information about Franchisee's Salon. Franchisee may propose the content of the page(s), but such content must be developed by Company or its webmaster at Franchisee's expense, with a template that Company provides and will be subject to Company approval prior to posting as to form, content and programming quality. Franchisee will not have the capability to modify its page(s) except in coordination with Company's webmaster and in compliance with the Standards.

iii) If Franchisee defaults under this Agreement of fails to pay when due amounts payable to Company or its Affiliates, Company may remove information about Franchisee's Salon from the Salon Network Website until such time as Franchisee pays its outstanding obligation in full or cures such default as provided in **Section 14**, if applicable.

iv) Franchisee will have no right, license or authority to use any of the Marks on or in connection with the Internet, except as stated in and permitted by this **Section 10**.

b) **The Intranet for the Salon Network**

i) Company may, at its option, establish and maintain a so-called intranet through which members of the Salon Network may communicate with each other and through which Company may disseminate updates and supplements to the Operations Manual, Confidential Information and other directives and instructions to franchisees (the "Intranet"). Company will have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without liability to Franchisee.

ii) Company will establish policies and procedures for the Intranet's use. These policies, procedures and other terms of use will address issues such as (a) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications; (b) restrictions on communications between or among franchisees that endorse or encourage breach of any franchisee's Franchise Agreement; (c) confidential treatment of materials that Company transmits via the Intranet; (d) password protocols and other security precautions; (e) grounds and procedures for Company's suspending or revoking a Franchisee's access to the Intranet; and (f) a privacy policy governing Company's access to and use of electronic communications that franchisees post on the Intranet. Company expects to adopt and adhere to a privacy policy. However, Franchisee acknowledges that, as administrator of the Intranet, Company can technically access and view any communication that anyone posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Company's property, free of any claims of privacy or privilege that Franchisee or any other Person may assert.

iii) Upon receipt of notice from Company that the Intranet has become operational, Franchisee agrees to purchase and install all necessary additions to Franchisee's Salon's Computer System and to establish and continually maintain electronic connection with the Intranet that allows Company to send messages to and receive messages from Franchisee. Franchisee's obligation to maintain connection with the Intranet will continue until the Franchise Agreement's expiration or termination (or, if earlier, until Company dismantles the facility).

iv) If Franchisee fails to pay when due any amount payable to Company or its Affiliates under the Franchise Agreement, or if Franchisee fails to comply with any policy or procedure governing the Intranet or otherwise fails to comply with any other provision of this Agreement, Company may remove information about Franchisee's Salon from the Salon Network Website and may temporarily suspend Franchisee's access to any chat room, bulletin board, list serve or similar feature the Intranet includes until such time as Franchisee pays its outstanding obligation in full or cures such default as provided in **Section 14**, if applicable.

c) The Franchisee and its owners, General Manager, Managing Owner, employees and agents will not have the right to use any of the Marks or other intellectual property of the Company on any social network, social media or online community on the Internet or any other online, digital or electronic medium including, but not limited to, any "**blog**," YouTube, Facebook, Instagram, MySpace, Wikipedia, professional networks like Linked-In, live-blogging tools like X (f/n/a

Twitter), virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools ("**Social Media**"), except with the prior written approval of the Company. The Franchisee, its owners, General Manager, Operating Manager employees and agents will comply with all of the Company's policies, standards and procedures for use of any Social Media that in any way references the Marks or involves the Salon. Franchisee acknowledges and agrees that all social media sites (e.g., Facebook, Instagram, X (f/n/a Twitter), etc.) will be owned, created and managed by Company. Franchisee further acknowledges and agrees that Franchisee and its owners, General Manager, Operating Manager, employees and agents do not have the right to create Internet pages or engage in any other social media communications at the local level.

11. TERM AND SUCCESSOR AGREEMENTS

a) The Franchise will continue for the Term, subject to earlier termination in accordance with **Sections 14** and **15**.

b) Franchisee will have the right, but not the obligation, to enter into successor franchise agreements for additional consecutive Successor Terms following the Term. The duration of each Successor Term will be ten (10) years, provided that Franchisee has complied with the conditions and procedures for renewal in this **Section 11.b)** in connection with the first Successor Term, and that Franchisee complies in the future with the conditions and procedures for renewal in the successor franchise agreement (as applicable) with respect to the possible second and subsequent Successor Terms. If, upon the expiration of the Term, Franchisee is in compliance with Franchisee's agreements and obligations under this Agreement, Franchisee shall have the option to enter into a successor franchise agreement for a first Successor Term of 10 years by (1) notifying Company of Franchisee's intention to enter into such successor franchise agreement not later than one hundred and fifty (150) days before this Agreement's scheduled expiration date, (2) signing Company's then-current successor form of Franchise Agreement (which will define Franchisee's subsequent successor rights and the terms of which may be materially different from this Agreement, including new and higher fees), (3) executing a release of all claims against Company, its Affiliates, and their respective officers, directors, shareholders, partners and employees, (4) not later than two hundred and seventy (270) days before this Agreement's scheduled expiration date, completing the remodeling, refurbishing and modernizing of Franchisee's Salon's interior and exterior, including its furniture, fixtures, signs, equipment, Computer System and Trade Dress, to conform to the Standards Company then stipulates, (5) paying the Successor Fee, and (6) completing to Company's satisfaction such additional training of Franchisee and its employees as Company deems necessary.

c) Franchisee's failure or refusal to comply with any of the conditions to execute a successor franchise agreement stated in **Section 11.b)** will be interpreted as a conclusive, irrevocable election on Franchisee's part not to enter into a successor franchise agreement.

d) The relationship between Company and Franchisee during the successive periods will be governed by the provisions of Company's then current successor franchise agreement, including those pertaining to royalties, advertising, competitive protection and Standards. Whether or not Franchisee actually signs a then current successor franchise agreement, Franchisee will be conclusively presumed to have assented to and to have agreed to be bound by its terms by continuing to operate Franchisee's Salon for one (1) day past the Term's expiration date.

e) If Franchisee does not qualify to enter into a successor franchise agreement, or elects not to do so, immediately after expiration of the Term, Franchisee must comply with the requirements of **Section 15.a)** and Company will have the rights and remedies provided in **Sections 15.a)** through **15.l).**

12. USE OF INTELLECTUAL PROPERTY

a) **Marks and Copyrighted Materials.** Franchisee acknowledges that Company is authorized by law to prevent the unauthorized use of the Marks, to control the quality of goods and services associated with the Marks, and to control the copying and distribution of the Copyrighted Materials. Recognizing the importance to Company and other members of the Salon Network of the protection and preservation of the Marks and Copyrighted Materials, Franchisee agrees to perform and abide by the following provisions:

i) Franchisee acknowledges that Company is the lawful and rightful owner of each and all of the Marks and the Copyrighted Materials, that Company has, by this Franchise Agreement, licensed the Marks to Franchisee to use the Marks and Copyrighted Materials in accordance with this Agreement, that Franchisee's interest in the Marks and the Copyrighted Materials is solely that of a franchisee and that all uses of the Marks and the Copyrighted Materials by Franchisee will inure to the benefit of Company for purposes of trademark and copyright law. Franchisee unconditionally disclaims any ownership interest in any of the Marks and the Copyrighted Materials.

ii) Franchisee shall not use any Marks, or any abbreviation, acronym or variation of them as part of its name or as part of the name of any Business Entity in which Franchisee owns or holds an interest. However, Franchisee may, if required by law, file an assumed name or fictitious name certificate to the effect that Franchisee is operating Franchisee's Salon under a trade name that includes the "The Boardroom Salon for Men" trademark or service mark.

iii) Franchisee shall not use any of the Marks or the Copyrighted Materials in connection with the advertisement, promotion, sale or distribution of any products not listed in Company's authorized Salon product list, or of any service not customarily offered by Salons. Specifically, Franchisee shall not use menus, guest receipts, labels or other materials bearing the "The Boardroom Salon for Men" trademark, service mark or logo to advertise, promote, sell or distribute any unapproved product or service.

iv) Franchisee shall not copy, distribute or otherwise disseminate any of the Copyrighted Materials in violation of the restrictions and limitations imposed by this Agreement.

v) Franchisee shall not use any of the Marks or the Copyrighted Materials in connection with the development or operation of any Salon (except Franchisee's Salon) until Company and Franchisee have both signed a Franchise Agreement for the Salon.

vi) Franchisee shall (a) adopt and use all additional trade names, trademarks, brand names, copyrighted materials, slogans, commercial symbols and logos Company develops from time to time, (b) use all the Marks in the precise form Company prescribes, and (c) observe Company directions regarding the use, copying and distribution of the Copyrighted Materials, the presentation of the Marks and the manner of the Marks' display and use. Franchisee shall promptly abandon and discontinue the use of any Mark or Copyrighted Materials that Company judges to be obsolete or no longer characteristic of the image Salons should project. Franchisee shall submit to Company all paper goods including, but not limited to business cards, business forms of all types, employee solicitation materials, employee applications, advertisements, contracts and promotional materials not furnished by Company for its approval prior to use and shall use no such item unless and until Company provides its approval thereof.

vii) Franchisee shall not use any of the Marks on any goods and/or for any services other than in compliance with the Standards, and with such other quality control measures that Company may adopt to promote and defend the goodwill associated with the Marks.

viii) Franchisee shall not knowingly permit, and shall promptly report to Company, any apparently unauthorized use of a Mark and any apparently unauthorized use or copying of any Copyrighted Materials by any Person, or the use by any Person of a trade name, trademark, service mark or symbol that might be construed as an infringement of any Mark or as unfair competition or passing-off at common law, and shall actively cooperate with the Company in the investigation of infringement claims and in discovery and trial proceedings related to infringement actions. Company reserves the right to make the final determination of infringement or other unlawful use, to conduct all legal proceedings relating to the Marks and the Copyrighted Materials, and to compromise or settle all infringement claims.

ix) At no time shall Franchisee make any written or oral admission that a Mark or any of Company's copyrights is in any way invalid or infringes the rights of any Person or is open to any other form of attack but shall promptly notify Company of any allegation of invalidity or infringement of which Franchisee becomes aware. Company intends to defend its rights in the Marks and the Copyrighted Materials vigorously but does not warrant to Franchisee that Company's ownership of any of them is incontestable or that they do not infringe or conflict with the rights of any third party.

x) Upon the expiration or termination of the Franchise, Franchisee shall immediately discontinue all further uses of the Marks and Copyrighted Materials and shall take appropriate action to remove the Marks from the premises in which Franchisee's Salon is located, to cancel any advertising relating to Franchisee's use of the Marks or the Copyrighted Materials, including yellow pages listings, and to cancel or withdraw any assumed or fictitious name filings covering Franchisee's use of Company's trade name. Franchisee acknowledges and agrees that failure or refusal to comply with these requirements will constitute willful trademark and copyright infringement.

b) **Confidential Information.** Company possesses (and will continue to develop and acquire) Confidential Information. Franchisee acknowledges and agrees that it will not acquire any interest in Confidential Information, other than the right to use it as Company specifies in operating Franchisee's Salon during the Term and any successor term, and that Confidential

Information is proprietary, includes Company's Trade Secrets, and is disclosed to Franchisee only on the condition that Franchisee agrees, and Franchisee in fact does agree, that Franchisee:

i) will not use Confidential Information in any other business or capacity;

ii) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the Term and any successor term and then thereafter for as long as the item is not generally known in the salon industry;

iii) will not sell, trade or otherwise profit in any way from the Confidential Information (including by selling or assigning any client names, addresses, phone numbers, e-mail contact information, or related data), except using methods that Company may have authorized or approved in its sole judgment;

iv) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;

v) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Salon personnel and others and using confidentiality agreements and covenants not to compete with those having access to Confidential Information. Company has the right to regulate the form of agreements that Franchisee uses and to be a third-party beneficiary of those agreements with independent enforcement rights. The current form of Confidentiality Agreement and Covenant Not To Compete is attached as Exhibit F;

vi) will notify Company within twenty-four (24) hours of any unauthorized use or disclosure of Confidential Information (whether by Franchisee or any Salon employees or personnel), or if Franchisee becomes the subject of any governmental, regulatory, or other enforcement or private proceeding relating to Franchisee's data handling practices of Confidential Information; and

vii) will comply with all applicable laws with respect to Confidential Information, including standards established by PCI-DSS to protect the security of credit card information, will comply with Company's data privacy, data processing and security requirements as set forth in the Operations Manual from time to time, and will exert commercially reasonable efforts to prevent the unauthorized use, dissemination, or publication of Confidential Information, subject in all instances to applicable laws.

c) Confidential Information does not include information, knowledge, or know-how which Franchisee can demonstrate lawfully came to Franchisee's attention before Company provided it to Franchisee directly or indirectly; which, at the time Company disclosed it to Franchisee, already had lawfully become generally known in the salon industry through publication or communication by others (without violating an obligation to Company); or which, after Company discloses it to Franchisee, lawfully becomes generally known in the salon industry through publication or communication by others (without violating an obligation to Company). However, if Company includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

d) All ideas, concepts, techniques, or materials relating to a Salon, whether or not protectable intellectual property and whether created by or for Franchisee or Franchisee's owners or employees, must be promptly disclosed to Company and will be deemed to be Company's sole and exclusive property, part of the System, and works made-for-hire for Company. To the extent that any item does not qualify as a "work made-for-hire" for Company, by this paragraph Franchisee hereby assigns ownership of that item, and all related rights to that item, to Company, hereby waives all moral rights in that item, and hereby agrees to take whatever action (including signing assignment or other documents) Company requests to evidence Company's ownership or to help Company obtain intellectual property rights in the item (including signing assignment or other documents, and causing Franchisee's owners, employees and contractors to do the same). Franchisee may not use any such idea, concept, technique or material in connection with the Salon without Company's prior approval.

e) **Internet Domain Name and Intranet Network**.

i) Franchisee and the Principals acknowledge that Company is the lawful, rightful and sole owner of the www.theboardroomsalon.com, www.boardroomsalon.com and www.boardroomstylinglounge.com domain names (the "Domain Names") and unconditionally disclaim any ownership interest in that phrase or any colorably similar Internet domain name. Franchisee and the Principals agree not to register any Internet domain name in any class or category that contains the words "The Boardroom", "The Boardroom Salon for Men", or any abbreviation, acronym or variation of those words.

ii) If and when Company develops an Intranet network through which Company and its franchisees can communicate by e-mail or similar electronic means, Franchisee and the Principals agree to use the facilities of the Intranet in strict compliance with the standards, protocols and restrictions Company includes in the Operations Manual. Franchisee and the Principals especially recognize the crucial importance of a user's not transmitting Confidential Information, documents or data via the Intranet without first encrypting the transmission with the encryption program Company adopts. Franchisee and the Principals also recognize the importance of a user's refraining from making derogatory, defamatory or libelous statements in an Intranet transmission.

13. TRANSFERS

a) **Limitations on Transfer.** Franchisee acknowledges that the integrity of the Franchise and the stability of the Salon Network depend on the business qualifications, financial capabilities, honesty and integrity of Company's franchisees. Franchisee further acknowledges that Company's lack of opportunity to evaluate and approve each potential franchisee's qualifications and the terms of each proposed Transfer could irreparably damage the System. Consequently, Franchisee agrees not to effectuate a Transfer, except as permitted by **Section 13.f)iii)**, and in any such case, without Company's prior written consent. Any Transfer or attempted Transfer lacking Company's prior written consent or that otherwise violates the restrictions in this **Section 13** will be ineffective against Company and will constitute a default under **Section 14.b)xix)**.

b) **Conditions to Voluntary Transfer of Rights.** Neither Franchisee nor any Principal shall effectuate an Asset Transfer before Franchisee's Salon opens for business under any circumstances. After Franchisee's Salon opens for business, any Asset Transfer will be subject to Company's prior written consent, which will be conditioned on the following:

i) At the time of Asset Transfer, Franchisee is in compliance with Franchisee's obligations under this Agreement and all other agreements between Franchisee and Company, including payment of all monetary obligations due Company.

ii) The proposed Asset Transfer involves the complete disposition of the Franchise, and Franchisee relinquishes the Franchise and related rights under this Agreement in writing.

iii) Franchisee returns the Operations Manual and all Copyrighted Materials to Company.

iv) The transferee meets Company's criteria for qualifying as a new franchisee.

v) Franchisee furnishes Company a copy of the contract of sale, including price and payment terms, and Company determines that the transferee will be able to satisfy any debt obligations to Franchisee and still derive a reasonable profit from Franchisee's Salon's operation.

vi) The transferee provides Company pro forma profit and loss and cash flow projections for the twenty-four (24) months following the Asset Transfer (including provision for principal and interest on any obligations payments to Franchisee). These projections must demonstrate to Company's satisfaction that the transferee can operate Franchisee's Salon without experiencing a loss or negative cash flow. If these projections indicate that the transferee may experience a loss or negative cash flow, but Franchisee and the transferee prevail upon Company to approve the Asset Transfer nonetheless, the transferee must, at Company's option, waive any claims against Company related to Company's approval of an economically questionable transaction.

vii) The transferee executes then current forms of Franchise Agreement (which will limit the term of the transferee's Franchise to the unexpired Term of Franchisee's Franchise and which will supersede the terms of this Agreement), Authorization Agreement for Pre-authorized Payments, and other collateral agreements Company may then require.

viii) (a) Franchisee has corrected any existing deficiencies of the Salon of which Company has notified Franchisee on a punch list or in other communications, and/or (b) the transferee agrees (if the transfer is of this Agreement) to upgrade, remodel, expand and/or remodel Franchisee's Salon to add or replace services, equipment, assets and/or products in accordance with Company's then-current Standards for new Salons within the time period Company specified following the effective date of the transfer (Company will advise the transferee before the effective date of the transfer of the specific actions that the transferee must take and the time period within which such actions must be taken).

ix) The transferee provides Company a waiver and release with respect to liability for any financial data, earnings claims, representations and other information Franchisee or its representatives provided the transferee.

x) Each Principal executes a Personal Guaranty and Principals' Undertaking.

xi) The transferee and the transferee's General Manager satisfactorily complete Company's Initial Training Program.

xii) Franchisee's lessor consents in writing to the transfer of the lease or sublease of Franchisee's Salon premises to the transferee (or, if Company is subleasing Franchisee's Salon premises to Franchisee under a sublease, the master lessor consents in writing to the transfer of the sublease to the transferee and the transferee agrees in writing to assume Franchisee's obligations under the sublease).

xiii) If Franchisee or Franchisee's owners finance any part of the purchase price, Franchisee and/or Franchisee's owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Salon are subordinate to the transferee's obligation to pay Royalties, National Advertising Fund Contributions, and other amounts due to Company, Company's Affiliates, and third-party vendors and otherwise to comply with this Agreement.

xiv) Company receives a Transfer Fee and, if applicable, a Salon Resale Assistance Fee in accordance with **Section 13.i)**.

xv) Franchisee and each of its Principals must provide to Company an unconditional, general release of all claims it may have against Company, its Affiliates, and their respective officers, directors, shareholders, partners and employees.

c) **Involuntary Asset Transfers.** No involuntary Asset Transfer or partitioning of Franchisee's or the Principals' interest in the Franchise or under this Agreement, whether in connection with a bankruptcy, foreclosure, divorce or other proceeding, will be effective against Company unless (1) and until the transferee furnishes Company a signed guaranty under which the transferee agrees to be jointly and severally liable for the payment of Franchisee's monetary obligations under this Agreement, whether or not such obligations are then delinquent, (2) and until the transferee agrees in writing to be personally bound by the confidentiality provisions and restrictive covenants in this Agreement, and (3) the Asset Transfer encompasses Franchisee's and the Principals' total interest in the Franchise and under this Agreement, irrevocably designates and appoints Franchisee to be the transferee's agent and attorney-in-fact with whom Company may deal for all purposes expressed in or contemplated by this Agreement.

d) **Conditions to Ownership Interest Transfer.** Neither Franchisee nor any Principal shall effectuate an Ownership Interest Transfer before Franchisee's Salon opens for business under any circumstances. After Franchisee's Salon opens for business, any Ownership Transfer will be subject to Company's prior written consent, which will be conditioned on the following:

i) At the time of the Ownership Interest Transfer, Franchisee is in compliance with its obligations under this Agreement, including payment of all monetary obligations due Company.

ii) Each principal of proposed transferee meets Company's criteria for qualifying as a new franchisee and delivers a signed Personal Guaranty and Principals' Undertaking.

iii) If the Ownership Interest Transfer involves Control of the Ownership Interests in Franchisee, the transferees comply with **Sections 13.b)v), 13.b)vi), 13.b)viii), 13.b)ix), 13.b)x), 13.b)xii),** and **13.b)xiv)**.

iv) If Company agrees to release Franchisee from further liability under this Agreement or its Principals from further liability under a Personal Guaranty and Principals' Undertaking, Franchisee and each of its Principals must also give Company an unconditional, general release of all claims they may have against Company, its Affiliates, and their respective officers, directors, shareholders, partners and employees.

e) **Waiver of Interference Claims.** Franchisee acknowledges that Company has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Franchisee. Franchisee also acknowledges that Company's contact with potential transferees for the purpose of protecting its business interests will not constitute improper or unlawful conduct. Franchisee expressly authorizes Company to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable transactions. Franchisee waives any claim that action Company takes in relation to a proposed transfer to protect its business interests constitutes tortious interference with contractual or business relationships.

f) **Special Transfers**

i) If Franchisee is an individual or partnership who at any time advises Company that Franchisee wants to assign the Franchise to a corporation or limited liability company in which Franchisee will own one hundred percent (100%) of the Ownership Interest (and, in the case of a partnership, with share ownership in the corporation or limited liability company apportioned substantially the same as were the partnership interests), Franchisee must pay the applicable Transfer Fee and Company will consent to the assignment and waive its right of first refusal under **Section 13.g)** upon its receipt of such documentation and information concerning the corporation or limited liability company and its Principals as Company may request. The required documentation will include, without limitation, (a) a certified list of the corporation's Principals (designating the amount and percentage of stock or units of beneficial ownership each Principal owns), (b) a Personal Guaranty and Principals' Undertaking signed by each Principal, and (c) an express assumption by the corporation or limited liability company of Franchisee's obligations under this Agreement.

ii) If Franchisee is a Business Entity and Franchisee pays the applicable Transfer Fee, Company will consent to Ownership Interest Transfers among Franchisee's original Principals and waive its right of first refusal under **Section 13.g)** upon its receipt of such documentation and information concerning Ownership Interest Transfer and the resulting ownership of Franchisee as Company may request. The required documentation will include, without limitation, a Personal Guaranty and Principals' Undertaking signed by each Principal not having previously executed such documents.

iii) Franchisee may grant a security interest in this Agreement or the Franchise to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of Franchisee's Salon's operations and may not under any circumstances entitle or permit the secured party to take possession of or operate Franchisee's Salon or to Transfer Franchisee's interest in the Franchise without Company's express prior written consent. The grant of a security interest in a manner consistent with this **Section 13.f)iii)** will not be subject to the prohibition in **Section 13.a)**.

g) **Right of First Refusal.** If Franchisee or the Principal(s) wishes to effectuate a Transfer, pursuant to any *bona fide* binding offer received from a third party to purchase that interest, then the proposed seller will promptly notify Company in writing of the offer, and will provide any additional information and documentation relating to the offer that Company requires. Company will have the option, exercisable within forty-five (45) days after receipt of all written documentation requested by Company describing the terms of the offer, to send written notice to the seller that Company intends to purchase the seller's interest on the same terms and conditions offered by the third party.

i) If an offer from a third party provides for payment of consideration other than cash, Company may elect to purchase the interest proposed to be sold for the cash equivalent. If the parties cannot agree within a reasonable time on the cash equivalent of the non-cash part of the offer, then the cash equivalent will be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations constituting the binding valuation. In the event of an appraisal under this provision, each party will bear its own legal and other costs and will split the appraisal fees equally. If Company elects to purchase the seller's interest, closing on the purchase will occur no later than sixty (60) days after the date Company gives notice to the seller of the election to purchase, provided that Company has received all necessary permits and approvals, or on such other date as the parties agree in writing. If Company exercises its right of first refusal, it may set off all amounts due from Franchisee or any of its Affiliates (including, if applicable, all fees for any appraiser due from Franchisee) against any payment for the interest to be purchased.

ii) A decision of the Company not to exercise the right of first refusal granted by this **Section 13.g)** will not constitute a waiver of any other provision of this Agreement, including all of the requirements of **Section 13**, with respect to a proposed Transfer. If Company does not exercise its right of first refusal on any particular offer, any material change in the terms of the offer before closing will constitute a new offer subject to the same right of first refusal by Company as in the case of the initial offer. Failure to comply with the provisions of this Section will constitute a material event of default under this Agreement.

h) **Purchase Upon Franchisee's Death or Disability**

i) This **Section 13.h)** applies only if (a) an individual Franchisee or a Principal possessing a Controlling Interest in a Business Entity Franchisee dies or becomes Permanently Disabled during the Term, and (b) the death or Permanent Disability results in a change in executive-level responsibility for managing Franchisee's Salon.

ii) During the first one hundred and twenty (120) days after the death or Permanent Disability occurs, Company will evaluate the new management's willingness and ability to operate Franchisee's Salon in compliance with this Agreement. By the end of the one hundred and twenty (120) day evaluation period, Company will decide whether the new management is qualified to manage Franchisee's Salon and will notify management of its decision. As conditions to continuing the Franchise relationship, each Principal must furnish Company a signed Personal Guaranty and Principals' Undertaking and any deficiency in Franchisee's compliance with the requirements of this Agreement must be cured. Further, Company may require the new management to attend and satisfactorily complete the Initial Training Program provided under **Section 6.b)**.

iii) If any of the conditions stated in **Section 13.h)ii)** are not satisfied, or if Company decides that the new management has not adequately demonstrated its business qualifications or commitment to the franchise relationship, the remaining Principals will have one hundred and twenty (120) days after delivery of Company's notice to (i) locate new management that is acceptable to Company or (ii) sign a binding contract to sell the Franchise or a Controlling Interest in the Franchise to a buyer approved by Company in accordance with, and in a transaction structured to comply with, **Sections 13.b)** or 13.d**)**, whichever is applicable. The proposed sale will be subject to Company's right of first refusal under **Section 13.g)**.

iv) If any of the Franchise's Principals or, if applicable, the executor, administrator, conservator, guardian or other personal representative fail to sign a binding contract of sale before the one hundred and twenty (120) day selling period expires, or (i) if a contract is signed, but the proposed sale is not concluded within thirty (30) days after Company relinquishes its option under **Section 13.g)**), Company will have an additional option during the next thirty (30) days to purchase the interest the deceased or Permanently Disabled person held at the date of death or Permanent Disability. The purchase price for the interest will be its fair market value, determined through negotiations or by appraisal. Unless otherwise agreed by the parties, the purchase price will be payable in cash at closing. If Company delivers written notice of its intention to exercise the option within the thirty (30) day period, the option will be considered effectively exercised whether or not the purchase is actually consummated within the thirty (30) day period.

v) If the parties fail to agree on a purchase price for the interest within twenty-one (21) days after delivery of Company's notice, the purchase price will be determined by two (2) appraisers in accordance with the appraisal process specified in **Section 13.g)**.

i) **Salon Resale Assistance**. If Company or its Affiliates agrees to assist Franchisee in marketing, valuing, conducting diligence in connection with, and/or identifying a buyer for, Franchisee's Salon, Franchisee will pay Company a Salon Resale Assistance Fee equal to the greater of $5,000 or five percent (5%) of the gross purchase price paid to Franchisee for Franchisee's Salon up to a maximum of $10,000 (the "Salon Resale Assistance Fee"). The Salon Resale Assistance Fee will be paid, in full, at the closing of the transaction regardless of any financing terms that Franchisee may agree to with the buyer unless Company agrees, in its sole and absolute discretion, to allow Franchisee to pay Company or Company's Affiliate the Salon Resale Assistance Fee over time.

j) **Transfer by Company.** Company and any holder of an Ownership Interest in Company may voluntarily, involuntarily, directly or indirectly sell, assign, transfer, license, sublicense, sublease, collaterally assign, grant a security, collateral or conditional interest, intervivos transfer, testamentary disposition or other disposition of all or any part of its rights or obligations under this Agreement or any Ownership Interest in Company to any Person. Specifically, and without limitation to the foregoing, Company may sell its assets, Marks or the System to a third party; may offer its securities privately or publicly; may merge, spin-off, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Company arising from or related to the transfer of the Marks (or any variation thereof) or the System from Company to any other party. If Company assigns its right in this Agreement, Company will be released from all further liability under this Agreement. Nothing contained in this Agreement requires Company to offer any services or products, whether or not bearing the Marks, to Franchisee if Company assigns its rights in this Agreement.

14. DEFAULT

a) If any Event of Default occurs, Franchisee will be in default under this Agreement, whether or not Company gives notice of the default. Company's failure to take prompt action with respect to a particular Event of Default will not constitute a waiver of that or any subsequent Event of Default.

b) Except as otherwise described in this **Section 14,** following are Events of Default that Franchisee (or another responsible Person) may cure by taking appropriate remedial action within a prescribed time after Company demands remedial action. Unless Franchisee (or another responsible Person) cures such an Event of Default before the end of the indicated remedial period, Company may terminate the Franchise or take any of the other actions **Section 14** permits. If the Event of Default is cured to Company's satisfaction before Company gives Franchisee notice of termination, Company will not proceed under **Section 14**.

i) Franchisee fails to locate, construct and open Franchisee's Salon in compliance with **Sections 7**, **8** or Site Selection Addendum. REMEDY – Franchisee must complete the unfulfilled requirement within fifteen (15) days after Company notifies Franchisee in writing of the action to be taken.

ii) Franchisee or its employees fail to complete Company's Initial Training Program or any subsequent mandatory training program in accordance with **Section 6**.

REMEDY – Franchisee, or its employees, as applicable, must complete any unfulfilled requirement within fifteen (15) days after Company notifies Franchisee in writing of the action to be taken.

iii) Franchisee fails to fulfill any requirement, to perform any obligation, or to observe any restriction set forth in **Sections 5, 8.b)** through **Sections 8.e), 8.g)** through **8.x)** (excluding **Sections 8.h), 8.j), 8.n), 8.u)** and **8.ee)**) and any other condition or restriction contained in this Agreement and not otherwise addressed in this **Section 14**. REMEDY - Franchisee must correct any element of noncompliance within thirty (30) days after Company notifies Franchisee in writing of the remedial action to be taken.

iv) Franchisee fails to pay in full any trade obligation due to a vendor with whom Company or any of its Affiliates does business, as a result of which the vendor withholds or threatens to withhold the sale of goods or services, or withdraws or threatens to withdraw the availability of normal trade terms, to Company, any Company Affiliate or another franchisee. REMEDY - Franchisee must pay the obligation within ten (10) days after Company makes written demand for payment, unless Franchisee is actively contesting the amount or validity of the vendor's claim in good faith and promptly furnishes Company a statement of the reasons Franchisee is withholding payment and the action Franchisee is taking to resolve the dispute. So long as Company concurs that Franchisee is actively contesting the claim in good faith, Franchisee may continue withholding payment of the disputed amount until the dispute is resolved.

v) Franchisee fails to take appropriate action to correct any condition noted as "unsatisfactory" or "needs improvement" in any Quality Review report within five (5) days after receiving a copy of the report. REMEDY - Franchisee must initiate appropriate corrective action within five (5) days after Company notifies Franchisee in writing of the condition to be corrected and must complete the corrective action within such time periods as Company designates.

vi) Franchisee fails to submit when due a report required under this Agreement. REMEDY – Franchisee must submit the report within five (5) days after Company makes written demand upon Franchisee for its submission.

vii) Franchisee fails to submit when due a financial statement required under this Agreement, including but not limited to, any financial statement required by **Section 8.aa)** or to furnish a tax return required by **Section 8.y)** promptly after Company requests it. REMEDY - Franchisee must submit the financial statement or tax return within five (5) days after Company makes written demand upon Franchisee for its submission.

viii) Franchisee fails to fulfill any requirement or to perform any obligation set forth in **Section 9** with respect to advertising and promotions (other than a failure to make LACF Contribution or NAF Contribution, which are covered by **Section 9.d)i)**). REMEDY - Franchisee must correct the failure or breach within thirty (30) days after Company gives Franchisee written notice specifying the default.

ix) Franchisee or any other Person bound under **Section 21** fails or refuses to honor a request for indemnification under **Sections 8.cc)** and **8.dd)**. REMEDY - Franchisee or the other Person must honor the request within ten (10) days after Company makes written demand upon Franchisee to take a specified curative action.

x) Franchisee or any other Person bound under **Section 21** breaches any restriction or obligation set forth in **Section 10** or any related terms of use agreement. REMEDY - The breaching party must remedy the breach within ten (10) days after Company makes written demand upon Franchisee to take a specified curative action.

xi) Franchisee or any other Person bound under **Section 21** breaches any covenant or obligation set forth in **Sections 12.a), 12.b)v)** or **12.b)vi)**, or otherwise makes any unauthorized use of a Mark, an item of Copyrighted Materials or an element of the System. REMEDY - The breaching party must remedy the breach or permanently cease the unauthorized use within ten (10) days after Company makes written demand upon Franchisee to take a specified curative action.

xii) Franchisee asserts a claim to the Domain Names or either of them, any Mark, any item of Copyrighted Materials or any element of the System adverse to Company's interests. REMEDY - Franchisee must unconditionally withdraw the claim within ten (10) days after Company makes written demand that Franchisee do so.

xiii) The lease for Franchisee's Salon expires or is terminated and Franchisee fails to relocate Franchisee's Salon in accordance with **Section 8.i)**. REMEDY - Franchisee must reopen Franchisee's Salon in another accepted location within fifteen (15) days after Company makes written demand that Franchisee do so.

xiv) Franchisee knowingly engages in any activity or business practice that Company considers detrimental to the goodwill and public image of the System. REMEDY - Franchisee must permanently cease the activity or business practice within ten (10) days after Company makes written demand upon Franchisee to cease any activity specified in the notice.

xv) Franchisee fails to pay in full when due any Royalty or in accordance with **Section 4.** REMEDY - Franchisee must make payment in full, with interest as provided in **Section 4.m)** within five (5) days after Company makes written demand that Franchisee do so.

xvi) Franchisee fails to pay in full when due any LACF Contributions or NAF Contributions in accordance with **Sections 4** and **9**. REMEDY - Franchisee must make payment in full, with interest as provided in **Section 4.m)** within five (5) days after Company makes written demand that Franchisee do so.

xvii) Franchisee fails to pay in full when due any Technology Fee in accordance with **Section 4.d)** or any POS System License Fee in accordance with **Section 4.e)** REMEDY- Franchisee must make payment in full, with interest as provided in **Section 4.m)** within five (5) days after Company makes written demand that Franchisee do so.

xviii) Franchisee fails to pay in full when due any trade account (including shipping charges) payable to Company or its Affiliates. REMEDY - Franchisee must make payment in full, with interest as provided in **Section 4.m)** within five (5) days after Company makes written demand that Franchisee do so.

xix) Franchisee or any other Person bound under **Section 21** either (i) fails to observe or comply with the requirements of **Section 13** in connection with any sale, assignment or Transfer, including, but not limited to any attempted sale, assignment or Transfer, or (ii) makes a material misrepresentation in any Transfer request or document in support of a Transfer request. REMEDY - Franchisee must correct all elements of non-compliance, including misrepresentations, before the sale, assignment or Transfer is completed (including correction of misrepresentations in time for Company to have a reasonable opportunity to consider and act on the corrected information) or rescind any unauthorized completed sale, assignment or Transfer immediately upon receipt of written demand by Company that Franchisee do so.

xx) Franchisee or any other Person bound under **Section 21** tampers with or disables Franchisee's Salon's Computer System or Company's ability to access them. REMEDY – Franchisee must restore Franchisee's Salon's Computer System or Company's ability to access them immediately upon receiving written notice from Company to do so.

xxi) Franchisee or any other Person bound under **Section 21** refuses to permit Company to conduct a Quality Review permitted under **Section 8.t)**. REMEDY – Franchisee must immediately permit the Quality Review upon the receipt of notice from Company, promptly reimburse Company for all costs and expenses related to such Quality Review, and correct any element of noncompliance within three (3) days after Company notifies Franchisee in writing of the remedial action to be taken.

xxii) Franchisee or any other Person bound under **Section 21** refuses to permit an audit permitted under **Sections 8.z)** or **8.aa)** or a financial records inspection permitted under **Section 8.aa)**. REMEDY - Franchisee must immediately permit the audit or inspection upon receipt of notice from Company, promptly reimburse Company for all costs and expenses related to such audit or inspection, and correct any element of noncompliance within three (3) days after Company notifies Franchisee in writing of the remedial action to be taken. In addition, Franchisee shall promptly pay Company any Royalty, LACF Contribution and/or NAF Contribution deficiencies established by such audit or inspection, together with interest as provided in **Section 4.m)**.

xxiii) Franchisee or any other Person bound under **Section 21** refuses to permit Company to electronically poll Franchisee's Salon's Computer System in accordance with **Section 8.x)**. REMEDY – Franchisee must correct any element of noncompliance within three (3) days after Company notifies Franchisee in writing of the remedial action to be taken.

xxiv) Franchisee fails to maintain the insurance Company requires. REMEDY – Franchisee must correct any element of noncompliance within ten (10) days after Company notifies Franchisee in writing of the remedial action to be taken.

c) Following are Events of Default that are irreversible and cannot be cured; Franchisee will have no opportunity to cure these Events of Default and this Agreement will terminate immediately upon notice to Franchisee, unless otherwise indicated below.

i) Franchisee or any other Person bound under **Section 21** breaches the non-competition covenant in Section 17.a) the covenants concerning use of the System, the Operations Manual or the Intranet in **Sections 12.b)i), 12.b)ii), 12.b)iii)** or **12.e)ii)**; or any of the representations, warranties and covenants stated in **Section 17.b)** with respect to terrorist activities and money laundering.

ii) Franchisee abandons Franchisee's Salon. Franchisee will be conclusively presumed to have abandoned Franchisee's Salon if Franchisee fails to open it for retail trade during normal business hours on more than three consecutive days or on more than four of any 10 consecutive days (excluding Company-approved national holidays), in either case excluding periods Franchisee's Salon is undergoing major renovations or remodeling in accordance with a schedule approved by Company.

iii) Franchisee intentionally revokes the direct debit authorization agreement **Section 4.j)** requires or closes the account to which the authorization agreement applies without first having established another royalty payment account and having signed and delivered to Company a new Authorization Agreement for Pre-authorized Payments on a form acceptable to Company and its bank.

iv) Franchisee and/or any Person bound under **Section 21** commits or allows to occur three or more Events of Default in any twelve (12) month period, whether or not the Events of Default are related types of default and whether or not they are cured.

v) Franchisee or any guarantor of Franchisee's monetary obligations to Company becomes insolvent, admits in writing the inability to pay the monetary obligations of Franchisee or the guarantor as they mature, is adjudicated a bankrupt, voluntarily files a petition for liquidation or reorganization under any provision of the United States Bankruptcy Code, makes an assignment for the benefit of creditors or takes any other action pursuant to any federal or state insolvency statute. In such event, this Agreement shall terminate automatically and immediately without notice to Franchisee.

vi) A receiver or trustee is appointed for all or a substantial part of Franchisee's assets or a judgment for an amount in excess of Five Thousand Dollars ($5,000) is entered against Franchisee that Franchisee does not pay or cannot stay within thirty (30) days after the judgment is entered. In such event, this Agreement shall terminate immediately without notice to Franchisee.

vii) Franchisee (or any of Franchisee's owners) engage in any dishonest or unethical conduct which, in Company's opinion, adversely affects the Salon's reputation or the goodwill associated with the Marks.

viii) Franchisee, any of Franchisee's owners, representatives, or employees make any illicit statements, including in an email to Company's employees, officers, or directors, or in any social media posts, or any other unlawful, threatening, abusive, libelous, defamatory, obscene, vulgar, pornographic, gambling-related, drug-related, alcohol-related, profane, racist, sexually explicit or indecent comments that in Company's opinion negatively affects Company, Company's employees, Company's operations or otherwise affects the Salon's reputation or the goodwill associated with the Marks.

15. TERMINATION; OTHER REMEDIES

a) If Franchisee commits or allows an Event of Default to occur and does not cure it before the related remedial period, if any, expires, Company may, but subject to compliance with applicable statutory notice and/or hearing requirements, either terminate the Franchise and Franchisee's rights under this Agreement or take any or all of the actions set forth in **Section 15.d)** without terminating this Agreement. Upon termination or expiration of the Franchise, Franchisee's right and privilege to use the System, the Marks, the Copyrighted Materials, the Trade Secrets and all components of the Operations Manual shall absolutely and unconditionally cease. Franchisee shall immediately:

(1) discontinue use of the Confidential Information, Marks, the Copyrighted Materials, the System Trade Secrets and all components of the Operations Manual;

(2) return to Company the entire Operations Manual and any other printed, graphic or audio/visual item designated by Company as containing Trade Secrets;

(3) remove from Franchisee's Salon's premises all interior and exterior signs and other uses of the Marks; and

(4) alter Franchisee's Salon's interior to remove all Trade Dress items and otherwise eliminate the distinctive features of the Franchise.

b) Upon the Franchise's termination or expiration, Company may immediately instruct Franchisee's telephone company to transfer use and control of Franchisee's Salon's telephone number(s) to Company or its designee. Franchisee irrevocably constitutes and appoints Company and its designees as Franchisee's agent and attorney-in-fact to affect the transfer of Franchisee's Salon's telephone number(s), including authority to execute and deliver on Franchisee's behalf any Transfer of Service Agreement the telephone company requires, and to revoke any call-forwarding or similar instructions Franchisee has given the telephone company. Company shall have no liability to Franchisee on account of or arising from any action it authorizes or takes to affect the transfer of Franchisee's Salon's telephone number(s) in accordance with this **Section 15.b)**. In addition, Company shall be entitled to injunctive or similar relief, without bond, against Franchisee and any other Person bound under **Section 21** to enforce compliance with these requirements.

c) If Franchisee does not comply with the requirements of **Section 15.a)** within seven (7) days after the Franchise's termination or expiration, Company may, at Franchisee's expense, enter Franchisee's Salon's premises and effect Franchisee's compliance with all of that Section's requirements, including removal and storage of Franchisee's signs, and alteration or removal and storage of Trade Dress items. Franchisee irrevocably constitutes and appoints Company and its designees as Franchisee's agent and attorney-in-fact to effect compliance with **Section 15.a) r**equirements, and Company shall have no liability to Franchisee, in trespass or otherwise, on account of or arising from any action it authorizes or takes to effect Franchisee's compliance. In addition, Company shall be entitled to injunctive or similar relief, without bond, against Franchisee and any other Person bound under **Section 21** to enforce compliance with these requirements.

d) In addition to, and without limiting, Company's other rights and remedies under this Agreement, any other agreement or applicable law, upon the occurrence of any event giving rise to Company's right to terminate this Agreement under the preceding **Section 15**, Company may instead elect, at Company's sole option and upon providing Franchisee written notice, to take any or all of the following actions without terminating this Agreement:

(5) temporarily or permanently reduce the size of the Protected Area, in which case the restrictions on Company or Company's Affiliates under **Section 2** above will not apply in any geographic area removed from the preceding territorial boundaries;

(6) temporarily remove information concerning Franchisee's Salon from any Salon Network Website or extranet operated for the Salon Network, and/or restrict Franchisee's or Franchisee's Salon's participation in other programs or benefits offered on or through any such Salon Network Website or extranet;

(7) require Franchisee to engage a third-party accounting firm Company approves to conform to the bookkeeping, accounting, reporting and recordkeeping system requirements and formats Company prescribes;

(8) require Franchisee to pay Company Five Hundred Dollars ($500) ("Administrative Fee")) for each day the condition giving rise to Company's right to terminate continues to exist to help offset Company's increased administrative expenses associated with Franchisee's failure to comply with the terms of this Agreement;

(9) suspend Franchisee's and Franchisee's Studio's right to participate in any advertising, marketing, promotional, or public relations programs that Company or the National Advertising Fund provide, authorize, or administer;

(10) assume, or appoint a third party to assume, management of Franchisee's Studio; or

(11) demand and require Franchisee to sell Franchisee's Salon and transfer Franchisee's rights under this Agreement to a purchaser designated by or acceptable to Company. After Company demands such sale, Franchisee shall have no further right or opportunity to remedy a default or to reinstate Franchisee's right to continue operating Franchisee's Salon. Except for Company's right to approve a proposed purchaser and to ensure that all amounts owed to Company in connection with this Agreement, including Royalties, LACF Contributions, NAF Contributions, Technology Fees, trade obligations and other amounts due Company are paid at the closing of the sale, Franchisee shall be entitled to establish and negotiate the terms of sale. If Franchisee does not negotiate definitive terms of sale with an approved purchaser within ninety (90) days after Franchisee

receives Company's demand to sell, or does not consummate the sale within forty-five (45) days after negotiations are completed, Company may terminate the Franchise under **Section 15.a)** without further notice. Franchisee acknowledges and agrees Company shall not act as a broker for any transaction contemplated by this **Section 15.d)** and that actions to be taken by Company in connection with approving a transfer pursuant to this **Section 15.d)** shall not make Company a broker for such transfer.

e) In addition to the preceding rights and remedies (and in lieu of immediately exercising its rights under **Section 15.a)** Company may notify each distributor of products and merchandise sold by or used in the Salon that Franchisee is no longer authorized to purchase these items or goods imprinted with any of the Marks, and that sales of such merchandise to Franchisee must therefore be discontinued until further notice from Company.

f) In addition to the preceding rights and remedies, Company may recover all amounts owed to Company in connection with this Agreement, including Royalties, NAF Contributions, Technology Fees and trade obligations due Company, plus interest under **Section 4.m)** with or without terminating the Franchise. If any such obligation is referred to an attorney for collection or is collected in whole or in part through a judicial proceeding, Franchisee agrees to pay Company's attorneys' fees and costs of collection, plus a charge for the staff and administrative time Company expends to enforce its claims.

g) In addition to the preceding rights and remedies, Company may cancel Franchisee's account on the Intranet network and/or deny Franchisee further access to communication via the Intranet, with or without terminating the Franchise. In such event Company may also remove Franchisee from the Salon Network Website.

h) In addition to the preceding rights and remedies, Company may obtain injunctive relief, without bond, against Franchisee and/or any other Person bound under **Section 21** restraining the unauthorized or violative use of any Mark, item of Copyrighted Materials or Trade Secret, with or without terminating the Franchise.

i) In addition to the preceding rights and remedies, Company may recover damages from Franchisee and any other Person bound under **Section 21** for the unauthorized use of any Mark and/or Trade Secret or the unauthorized use, copying or distribution of any item of Copyrighted Materials, and for any loss of client or future Franchisee goodwill in Franchisee's Salon's Protected Area.

j) In addition to the preceding rights and remedies, Company shall have an option (but no obligation) to purchase all or any part of Franchisee's Salon's signs (not owned by Company), equipment, fixtures, useable inventory, and Franchisee's ownership interest (if any) in Franchisee's Salon premises from Franchisee free and clear of all liens, restrictions or encumbrances, exercisable by giving written notice thereof to Franchisee within sixty (60) days after the Franchise expires or is terminated. Company will be entitled to all customary warranties and representations in connection with Company's asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities effecting the assets, contingent or otherwise. The purchase price for signs and equipment will equal their net book value (cost, less depreciation) or fair market value, whichever is lower; the purchase price for useable inventory will equal to its invoiced cost to Franchisee; and the purchase price for the premises shall be fair market value. Fair market value will be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations constituting the binding market value. Each party will bear its own legal and other costs and will split the appraisal fees equally. The purchase price will be payable in cash (except that Company may assume any note or lease covering signs, equipment or fixtures and any note covering Franchisee's Salon premises). Franchisee agrees to provide Company the information necessary to establish the purchase price, to sign and deliver to Company a deed, bill of sale or an assignment of lease, transfer good and merchantable title to the assets purchased, free and clear or all liens and encumbrances (other than liens and security interest acceptable to Company, if any) with all sales and other transfer taxes paid by Franchisee and all licenses and permits of Franchisee's Salon which may be assigned, and otherwise to cooperate with Company in its taking title to and possession and delivery of the items Company purchases. The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. Company may exclude from the assets purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not necessary (in function or quality) to Franchisee's Salon's operation or that Company has not approved as meeting standards for Salons, and the purchase price will reflect such exclusions. Additionally, Company has the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts Franchisee or its Principals owe to Company. If Franchisee fails or refuses to comply with its obligations under this Section during the option period, Company's option will be extended until fifteen (15) days after Franchisee complies.

k) In addition to the preceding rights and remedies, Company or Company's designee shall have the option (but no obligation) to assume any lease or sublease for Franchisee's Salon premises. If Company or its designee assumes any lease or sublease for Franchisee's Salon premises, the assignee must assume all of Franchisee's obligations under the lease from and after the date of assignment but shall have no obligation to pay any delinquent rent or to cure any other default under the lease that occurred or existed prior to the date of the assignment. Franchisee shall be solely responsible for any assignment fee or similar charge, or any increase or acceleration of rent under all leases or subleases in connection with an assignment to Company or its designee

l) In addition to the preceding rights and remedies, Company shall have the right, upon termination of the Franchise, to so inform third party vendors and suppliers.

NOTE: Termination of the Franchise shall ordinarily become effective upon Company's delivery of written notice of termination to Franchisee. However, if (1) an Event of Default occurs, and (2) before Company delivers notice of default and/or notice of termination, a voluntary or involuntary petition is filed under any chapter of the United States Bankruptcy Code by, on behalf of, or against Franchisee, and (3) the Event of Default remains unremedied at the time the bankruptcy or reorganization petition is filed, no notice of default or termination shall be required. Instead, if Franchisee files a voluntary petition for liquidation or reorganization under the United States Bankruptcy Code, termination shall automatically become effective the instant a petition is signed by or on behalf of Franchisee. If an involuntary petition is filed, termination shall automatically become effective the instant the petition is submitted to the clerk of the Bankruptcy Court for filing.

16. <u>LIQUIDATED DAMAGES</u>

a) If this Agreement is terminated before its Term expires pursuant to **Section 14** above, then Franchisee acknowledges and confirms that Company will suffer and incur substantial damages because this Agreement did not continue for the Term's full length. Accordingly, Franchisee agrees to pay Company for all damages, costs, expenses, attorneys' and experts' fees directly or indirectly related thereto, including, without limitation, lost Royalties, National Advertising Fund Contributions, lost profits, loss of goodwill and damage to Company's Marks and reputation, lost opportunities, travel and personnel costs, expenses that Company may incur in developing or finding another franchisee to develop a new Salon in the Protected Area , and any other lost payments or benefits Company would have received for the balance of the Term after the effective date of termination (collectively, "Brand Damages"). Franchisee further acknowledges and agrees that Franchisee's obligation to pay Brand Damages resulting from early termination shall be in addition to (not in lieu of) Franchisee's post-termination obligations to pay other amounts due as of the date of termination (as contemplated under the preceding **Section 15.f)** and to otherwise comply with the entirety of **Section 15** hereof, and that the Brand Damages shall not be deemed a penalty for early termination but instead reasonable compensation to Company for Franchisee's failure to perform under this Agreement during the remainder of the Term.

b) If after (1) the expiration of the Franchise in accordance with **Section 11**, or (2) the termination of the Franchise by Company in accordance with **Section 15**, Franchisee continues to use any of the Marks or element of the System in connection with the continued operation of Franchisee's Salon or otherwise, then, in addition to any other remedies available to Company at law or in equity (including Brand Damages), Company shall be entitled to collect from Franchisee, and Franchisee agrees to pay to Company a weekly payment for such use of the Marks and/or the System equal to two hundred percent (200%) of the Royalties that Franchisee would otherwise have been obligated to pay under **Section 4.**

c) If Franchisee directly or indirectly opens or participates in the ownership or operation of a business in violation of the covenant not to compete expressed in **Section 17.a)** then, in addition to any other remedies available to Company at law or in equity (including Brand Damages), Company shall be entitled to receive throughout the term of the covenant, and Franchisee agrees to pay, a weekly fee equal to twenty percent (20%) of the competing operation's revenues, measured in accordance with the definition of Gross Sales.

d) If Franchisee disposes of Franchisee's Salon's operating assets or premises in violation of **Section 13** and the purchaser (if approved by Company pursuant to **Section 13**) refuses to sign a Franchise Agreement for the continued operation of Franchisee's Salon as a Salon or if the purchaser does not qualify for Franchise, then, in addition to any other remedies available to Company at law or in equity (including Brand Damages), Company shall be entitled to receive, and Franchisee agrees to pay, a sum equal to the Royalties Company would otherwise have received during the remaining Term, discounted to present value, assuming a discount rate of five percent (5%). In calculating the Royalties Company would otherwise have received, Franchisee will be deemed to have earned annual Gross Sales for the balance of the Term equal to twelve times the Franchisee's Salon's average monthly Gross Sales for the last twelve (12) months in which the Salon was open and in operation for the entire month.

e) Any demand for payment of liquidated damages (including Brand Damages) under this Agreement does not constitute an election of remedies and any payments received shall be in addition to and not in lieu of any other remedies available to Company at law or in equity.

17. SPECIAL REPRESENTATIONS, WARRANTIES AND COVENANTS

a) Covenant Against Competition

(1) In consideration of Company's providing operations and management training to Franchisee and disclosing to Franchisee the System and other Trade Secrets, Franchisee and the Principals covenant and agree that, during the Term and for two years after its expiration or termination (or for Principals, after such person ceases to be a Principal), neither Franchisee, any of its Principals, nor any of Franchisee's or Franchisee's Principals' immediate family members (*i.e.* a spouse, legally-recognized domestic partner, parents, children, or sibling(s)) will, directly or indirectly, have any controlling or non-controlling interest as an owner in, perform services as a director, officer, manager, employee, consultant, representative, or agent for, divert or attempt to divert any actual or potential business or client of the Salon to, serve as the lessor or sublessor for, or loan any money or other thing of value to, a Competitive Business.

(2) Except as a franchisee of Company, the in-term covenant not to compete set forth in this **Section 17.a)** will apply everywhere in the world and the post-term covenant not to compete set forth in this **Section 17.a)** will apply in the DMA and the Franchisee's Protected Area in which Franchisee's Salon is located and in each other DMA and protected areas in which a Company-owned, affiliate-owned or franchised Salon is then operating or under development. For purposes of calculating the duration of the post-term covenant not to compete, any time during which Franchisee or the Principals (as applicable) are in violation or breach of the covenant shall be excluded. Franchisee and the Principals acknowledge that the covenant not to compete set forth in this **Section 17.a)** is reasonable and necessary to protect the business and goodwill of the Network and to avoid misappropriation or other unauthorized use of the System and Company's other Trade Secrets. Franchisee and the Principals acknowledge and confirm that Franchisee and the Principals possess the education, training and experience necessary to earn a reasonable livelihood apart from operating a business that offers for sale similar salon services or products as its principal product.

(3) The parties agree that the foregoing covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in **Section 17.a)** is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Company is a party, Franchisee and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of **Section 17.a)**

(4) Franchisee and the Principals understand and acknowledge that Company shall have the right to reduce the scope of any covenant set forth in **Section 17.a)**or any portion thereof, without their consent, effective immediately upon notice to Franchisee;

and Franchisee and the Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of **Section 25.a)** hereof.

(5) Franchisee agrees to have all of the following persons sign, and Franchisee will submit to Company executed copies of, Company's then current form of Confidentiality Agreement and Covenant Not To Compete from all of the following persons: (a) the General Manager and any supervisory or other employees who have received or will receive training from Company, prior to their employment; (b) if Franchisee is a Business Entity, all Franchisee's Principals, and those of any entity directly or indirectly controlling Franchisee, concurrent with the execution of this Agreement, or at such time as they assume such status; and (c) all of the other persons enumerated in this **Section 17.a)**Franchisee agrees to provide Company copies of all executed Confidentiality Agreements and Covenants Not To Compete no later than ten (10) days following their execution.

b) **Terrorist and Money Laundering Activities.** Franchisee and the Principals represent and warrant to Company that neither Franchisee, nor any Principal, nor any of their respective Affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ ofac/). Further, Franchisee and the Principals represent and warrant that neither it nor any Principal or Affiliate referred to above has violated and agrees not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text currently available at http://www.epic.org/privacy/terrorism/ hr3162.html), U.S. Executive Order 13224 (text currently available at http://www.treas.gov/offices/ enforcement/ofac/sanctions/terrorism.html), or any similar law. The foregoing constitute continuing representations and warranties, and Franchisee and the Principals shall immediately notify Company in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

c) **Security Interest in Gross Sales.** To secure payment by Franchisee of Royalties, NAF Contributions, Technology Fees and other amounts due Company under this Agreement, Franchisee grants to Company a first priority security interest and lien in Franchisee's Salon's Gross Sales. To perfect this security interest, concurrently with the execution of this Agreement, Franchisee will sign and deliver to Company a Form UCC-1 financing statement suitable for filing with the Secretary of State (or other applicable authority) of the state in which Franchisee's Salon is located. Franchisee also agrees to execute and deliver such additional documents and to do all such further acts and things as Company may request to evidence and further perfect its security interest in Franchisee's Salon's Gross Sales. Company and Franchisee mutually agree that Franchisee will enjoy unrestricted use of Franchisee's Salon's Gross Sales until (1) Franchisee defaults in the payment of an obligation secured by Franchisee's Salon's Gross Sales, (2) any other creditor of Franchisee asserts a security interest in or claim to Franchisee's Salon's Gross Sales superior to Company's security interest, (3) Franchisee files a petition for relief under any chapter of the United States Bankruptcy Code, or (4) Franchisee becomes the subject of an involuntary petition under any chapter of the United States Bankruptcy Code that is not dismissed within thirty (30) days after its filing. Upon the occurrence of any such event, Franchisee will be in default under the security agreement this **Section 17.c)** establishes, and Company may immediately exercise all the rights of a secured creditor with respect to Franchisee's Salon's Gross Sales that are provided in Article 9 of the Uniform Commercial Code.

18. PARTIAL INVALIDITY The provisions of this Agreement are severable, and if any provision is held illegal, invalid or unenforceable, the holding shall not affect the legality, validity or enforceability of any other provision. Any illegal, invalid or unenforceable provision shall be reformed to the minimum extent necessary to render it legal, valid and enforceable and, as so reformed, shall continue in force and effect.

19. NOTICES All notices permitted or required to be delivered pursuant to the provisions of this Agreement shall be delivered in writing to the address listed on the Summary Page for Company and to Franchisee's Salon Address for Franchisee or such other address as the parties shall specify by written notice, and will be deemed so delivered:

(a) at the time delivered by hand;

(b) one (1) day after transmission by facsimile, (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within five (5) days after transmission);

(c) one (1) day after being placed in the hands of a commercial courier service for next day delivery, provided there is proof of receipt; or

(d) three (3) days after placement in the United States Mail by certified mail, return receipt requested, postage prepaid; and must be addressed to the party to be notified at the addresses as described above for Company and Franchisee or such other address as the parties shall specify by written notice.

20. STATUS OF PARTIES Franchisee and Company understand and agree that this Agreement does not create a fiduciary relationship between Franchisee and Company, that Franchisee and Company are and will be independent contractors, and that nothing in this Agreement is intended to make either Franchisee or Company a general or special agent, joint venturer, partner, or employee of the other for any purpose. Franchisee agrees to identify itself conspicuously in all dealings with clients, suppliers, public officials, Salon personnel, and others as the Salon's owner under a franchise Company has granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials Company requires at any time and from time to time.

b) None of Franchisee's employees or other personnel will be considered to be Company's employees or personnel. Neither Franchisee nor any of Franchisee's employees or personnel whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, be construed to be Company's employee or personnel for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, provincial, or federal governmental agency. Company will not have the power to hire or fire Franchisee's employees or personnel. Franchisee expressly agrees, and will never contend otherwise, that Company's authority under this Agreement to certify certain of Franchisee's employees or personnel for qualification to perform certain functions for the Salon does not directly or indirectly vest in Company the power to hire, fire or control any such employee. Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of the Salon and that under no circumstance shall Company do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Company controls any aspect or element of the day-to-day operations of the Salon, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of the Salon.

21. BINDING EFFECT This Agreement shall be binding upon and inure to the benefit of Company and Franchisee and their respective successors, assigns, executors, heirs and personal representatives. If Franchisee is, or subsequently Transfers the Franchise to, a Business Entity, each Principal shall also be personally and individually bound by the provisions of Sections **8.cc), 8.dd), 12, 13 17.a)**, **17.b)** and **22** of this Agreement.

22. LAW GOVERNING; DISPUTE RESOLUTION

a) **ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE SALON BUSINESS, AND ALL DISPUTES ARISING FROM THE RELATIONSHIP BETWEEN COMPANY AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY TEXAS LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF COMPANY AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION 22.a).**

b) Except as otherwise provided herein, if a Dispute arises out of or relates to this Agreement, the breach hereof, the rights and obligations of the parties hereto, or the making, interpretation, or performance of either party under this Agreement, the parties agree first to try in good faith to settle the dispute by mediation administered by non-binding mediation administered by the American Arbitration Association ("AAA") in accordance with its commercial mediation rules before resorting to arbitration or litigation in accordance with the terms of this Agreement. Such mediation shall take place before a sole mediator at a location Company designates in the city in which Company's then current principal business address is located (currently, Dallas, Texas). The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between Franchisee and Company. All aspects of the mediation, including statements made and documents produced within the mediation, will be confidential in nature and will not be admissible in any subsequent arbitration or other legal proceeding. If the matter is not settled by mediation within thirty (30) days of the commencement of the mediation, or such further period as the parties shall agree in writing, the matter shall be referred to arbitration as described in **Section 22.d)**. The parties hereto agree that mediation shall not be required with respect to: (1) any claim or dispute involving any payment obligation of Company that is more than thirty (30) days past due; (2) any claim or dispute involving actual or threatened disclosure or misuse of Company's Confidential Information; (3) any claim or dispute involving the ownership, validity, or use of the Marks; (4) any claim or dispute involving the insurance or indemnification provisions of this Agreement; (5) any claim or dispute involving a non-curable default; (6) any claim or dispute involving Franchisee's failure to comply with the Standards; or (7) any action by Company to enforce the covenants set forth in **Section 12.b)** or **Section 17.a)** of this Agreement.

c) The object of any mediation subject to **Section 22.b)** is to assist the parties in reaching a mutually acceptable resolution of the dispute. Such mediation will, in all circumstances, be consistent with the rights and obligations created by this Agreement and will not be premised on the derogation or diminution of those rights or disregard of those rights.

d) Subject to the parties' obligation to mediate certain Disputes pursuant to **Section 22.b)** above, Company and Franchisee agree that all Disputes between Company and Company's Affiliates, and Company's and Company's Affiliates' respective shareholders, officers, directors, partners, members, managers, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, Affiliates, and/or employees) arising out of or related to:

(1) this Agreement or any other agreement between Franchisee and Company or Franchisee's or Company's respective Affiliates;

(2) Company's relationship with Franchisee;

(3) the scope and validity of this Agreement or any other agreement between Franchisee and Company or any provision of such agreements (including the validity and scope of the arbitration obligations under this **Section 22.d)**, which the parties acknowledge is to be determined by arbitrators and not a court); or

(4) any Standard;

must be submitted for binding arbitration, on demand of either party, to the AAA. There shall be one (1) arbitrator if the amount of the claim is Five Hundred Thousand Dollars ($500,000) or less, or three (3) arbitrators if the amount of the claim is more than Five Hundred Thousand Dollars ($500,000). If there is one (1) arbitrator, the arbitrator shall be appointed by the AAA. If there are three (3) arbitrators, the claimant shall appoint one (1) arbitrator in its notice of arbitration and statement of claim; the respondent shall appoint one (1) arbitrator in its statement of defense, and the third arbitrator, who shall act as the Chairman, shall be appointed by the two (2) arbitrators appointed by the parties within thirty (30) days of the appointment of the second arbitrator. If any arbitrators are not appointed within these time periods, the AAA shall make the appointments. The arbitration proceedings will be conducted, except as this **Section 22.d)** otherwise provides, according to the then current commercial arbitration rules of the AAA. All proceedings will be conducted at a suitable location chosen by the arbitrators in the city in which Company's then current principal business address is located (currently, Dallas, Texas). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except as expressly provided otherwise in the remainder of this **Section 22** judgment upon the arbitrators' award may be entered in any court of competent jurisdiction.

e) The arbitrators have the right to award or include in their award any relief which they deem proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrators may not declare any Mark generic or otherwise invalid or, except as expressly provided in **Section 22.l)** below, award any punitive or exemplary damages against either party (Company and Franchisee hereby waiving to the fullest extent permitted by law, except as expressly provided in **Section 22.l)** below, any right to or claim for any punitive or exemplary damages against the other). All aspects of the arbitration, including statements made and documents produced within the arbitration, will be confidential in nature and will not be admissible in any subsequent legal proceeding.

f) Except as expressly limited by **Section 22.m)** below, Company and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Company and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrators may not consider any settlement discussions or offers that might have been made by either Franchisee or Company. Company reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Company's right to seek the recovery of those costs in accordance with **Section 22.n)**.

g) Company and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Company and Company's Affiliates, and Company and Company's Affiliates' respective shareholders, members, partners, officers, directors, managers, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, Affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Company and any other person. Notwithstanding the foregoing or anything to the contrary in **Section 18** or this **Section 22.d)** if any court or arbitrators determines that all or any part of the preceding sentence is unenforceable with respect to a Dispute that otherwise would be subject to arbitration under this **Section 22.d)** then the parties agree that this arbitration clause shall not apply to that Dispute and that such Dispute will be resolved in a judicial proceeding in accordance with this **Section 22** (excluding this **Section 22.d)**.)

h) Except as expressly provided otherwise in the remainder of this **Section 22**, despite Company's and Franchisee's agreement to arbitrate, Company and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Company and Franchisee must contemporaneously submit their Dispute for arbitration on the merits as provided in this **Section 22.d)**.

i) The provisions of this **Section 22.d)** are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

j) **SUBJECT TO SECTIONS 23(B) AND 22.d) ABOVE AND THE PROVISIONS BELOW, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN FRANCHISEE AND COMPANY MUST BE COMMENCED IN THE STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED CLOSEST TO COMPANY'S THEN CURRENT PRINCIPAL BUSINESS ADDRESS (CURRENTLY, DALLAS, TEXAS), AND FRANCHISEE (AND EACH OWNER) IRREVOCABLY SUBMITS TO THE JURISDICTION OF THOSE COURTS AND WAIVES ANY OBJECTION FRANCHISEE (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NONETHELESS, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT COMPANY MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH FRANCHISEE IS DOMICILED OR THE SALON IS LOCATED**.

k) **THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY RELATING TO THE RELATIONSHIP BETWEEN THE PARTIES OR ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR REMEDY HEREUNDER.**

l) Except with respect to Franchisee's and each Principal's obligation to indemnify Company pursuant to **Sections 8.cc)** and **8.dd)** hereof and pay Company Brand Damages under **Section 16.a)** Franchisee's failure to comply with its confidentiality and non-competition obligations under **Sections 12.b)** and **17.a)** and except for punitive damages available to either party under federal law, the parties waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, special and consequential damages against the other and agree that, in the event of a dispute between the parties, the parties making a claim will be limited to equitable relief and to recovery of any direct or general damages it sustains.

m) Except for claims arising from Franchisee's nonpayment or underpayment of amounts Franchisee owes Company pursuant to this Agreement, or claims related to Franchisee's unauthorized use of the Marks, any and all claims arising out of or relating to this Agreement or the relationship created hereby will be barred unless a judicial proceeding is commenced within two (2) years from the date on which the party asserting such claims knew or should have known of the facts giving rise to such claims. Notwithstanding the foregoing, with respect to any claims arising out of or in connection with an Event of Force Majeure, the two (2) years limit on claims provided for in this **Section 22.n)** shall be extended for a period equal to the extended performance period resulting from the Event of Force Majeure, provided that such period shall not exceed ninety (90) days.

n) If Company incurs costs and expenses due to Franchisee's failure to pay when due amounts owed to Company, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Franchisee agrees, whether or not Company initiates a formal legal proceeding, to reimburse Company for all of the costs and expenses that Company incurs, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees.

23. <u>CONDITION PRECEDENT</u> If Franchisee is a Business Entity, this Agreement will not be binding on Company, and no Franchise will be granted unless and until each Principal with an Ownership Interest in Franchisee executes and delivers a Personal Guaranty and Principals' Undertaking in the form attached as Exhibit G.

24. <u>MISCELLANEOUS</u>

a) The term "Franchisee" includes the plural as well as the singular, the masculine and feminine genders, and Business Entities as well as individuals.

b) Except as specifically provided herein, this Agreement may not be amended, modified or rescinded, or any performance requirement waived, except by a written document signed by Company and Franchisee. The parties expressly agree that this Agreement may not be amended or modified, or any performance standard changed, by course of dealing or inference from a party's conduct. This provision does not apply to changes in the Operations Manual, which Company may modify unilaterally.

c) Notwithstanding any contrary provisions contained in this Agreement, Company and Franchisee acknowledge and agree that (a) this Agreement (and the relationship of the parties which arises from this Agreement) grants Company the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's explicit rights and obligations hereunder that may effect favorably or adversely Franchisee's interests; (b) Company will use its business judgment in exercising such discretion based on Company's assessment of Company's own interests and balancing those interests against the interests, promotion and benefit of the System and Salons generally (including Company, and its Affiliates and other franchisees), and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and Salons generally include, without limitation, enhancing the value of the Marks, improving client service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); (c) Company will have no liability to Franchisee for the exercise of its discretion in this manner and (d) even if Company has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Company's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion.

d) **IF COMPANY TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT COMPANY'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF**

ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR COMPANY'S DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

e) **FRANCHISEE AGREES THAT NO PAST, PRESENT OR FUTURE DIRECTOR, OFFICER, MANAGER, EMPLOYEE, INCORPORATOR, MEMBER, PARTNER, SHAREHOLDER, SUBSIDIARY, AFFILIATE, OWNER, ENTITY UNDER COMMON CONTROL, OWNERSHIP OR MANAGEMENT, VENDOR, SERVICE PROVIDER, AGENT, ATTORNEY OR REPRESENTATIVE OF COMPANY'S WILL HAVE ANY LIABILITY FOR (I) ANY OF COMPANY'S OBLIGATIONS OR LIABILITIES RELATING TO OR ARISING FROM THIS AGREEMENT; (II) ANY CLAIM AGAINST COMPANY BASED ON, IN RESPECT OF, OR BY REASON OF, THE RELATIONSHIP BETWEEN FRANCHISEE AND COMPANY, OR (III) ANY CLAIM AGAINST COMPANY BASED ON ANY ALLEGED UNLAWFUL ACT OR OMISSION OF COMPANY'S.**

f) IF APPLICABLE LAW IMPLIES A COVENANT OF GOOD FAITH AND FAIR DEALING IN THIS AGREEMENT, THE PARTIES HERETO AGREE THAT THE COVENANT WILL NOT IMPLY ANY RIGHTS OR OBLIGATIONS THAT ARE INCONSISTENT WITH A FAIR CONSTRUCTION OF THE TERMS OF THIS AGREEMENT. ADDITIONALLY, IF APPLICABLE LAW WILL IMPLY THE COVENANT, FRANCHISEE AGREES THAT: (I) THIS AGREEMENT (AND THE RELATIONSHIP OF THE PARTIES HERETO THAT IS INHERENT IN THIS AGREEMENT) GRANTS COMPANY THE JUDGMENT TO MAKE DECISIONS, TAKE ACTIONS AND/OR REFRAIN FROM TAKING ACTIONS NOT INCONSISTENT WITH COMPANY'S EXPLICIT RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT THAT MAY FAVORABLY OR ADVERSELY AFFECT FRANCHISEE'S INTERESTS; (II) ANY JUDGMENT COMPANY EXERCISES WILL BE BASED ON COMPANY'S ASSESSMENT OF COMPANY'S OWN INTERESTS AND BALANCING THOSE INTERESTS AGAINST THE INTERESTS OF COMPANY'S FRANCHISEES GENERALLY, AND SPECIFICALLY WITHOUT CONSIDERING FRANCHISEE'S INDIVIDUAL INTERESTS OR THE INDIVIDUAL INTERESTS OF ANY OTHER PARTICULAR FRANCHISEE; (III) COMPANY WILL HAVE NO LIABILITY TO FRANCHISEE FOR THE EXERCISE OF COMPANY'S JUDGMENT IN THIS MANNER, SO LONG AS THE JUDGMENT IS NOT EXERCISED IN BAD FAITH; AND (IV) IN THE ABSENCE OF BAD FAITH, NO TRIER OF FACT IN ANY ARBITRATION OR LITIGATION WILL SUBSTITUTE ITS JUDGMENT FOR COMPANY'S JUDGMENT SO EXERCISED.

g) The counterparts of this Agreement and all ancillary documents executed or delivered in connection with this Agreement may be executed and signed by electronic signature by any of the parties to this Agreement, and delivered by electronic or digital communications to any other party to this Agreement, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Agreement, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

25. FRANCHISEE’S ACKNOWLEDGMENTS

a) Franchisee acknowledges and agrees that this Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreement, understandings, negotiations and discussions, whether oral or written, of the parties hereto, and there are no warranties, representations or other agreements between the parties hereto in connection with the subject matter hereof except as specifically set forth herein and therein. **Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.** Except as specifically provided herein, no supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party hereto to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

________ **[FRANCHISEE’S INITIALS]**

b) Franchisee confirms and acknowledges that no written or oral agreements, promises, commitments, undertakings or understandings were made to or with Franchisee that are not expressly set forth in this Agreement and any duly executed amendment or addendum attached to this Agreement.

_________ **[FRANCHISEE’S INITIALS]**

c) Franchisee confirms and acknowledges that no Person representing Company made any oral, written or visual claim, presentation or representation to Franchisee that stated or suggested that Franchisee’s Salon might attain any actual, projected or forecasted level of sales, income or profits except as many be set forth in the franchise disclosure document that we furnished to you.

________ **[FRANCHISEE’S INITIALS]**

d) Franchisee confirms and acknowledges that no representation, warranty, guaranty or promise other than those expressly set forth in this Agreement was made by Company or any other Person to induce Franchisee to sign this Agreement. Franchisee recognizes that neither Company nor any other party can guarantee Franchisee’s business success or state the exact costs of opening and operating a Salon, and that such success and costs will depend primarily upon Franchisee’s own efforts and business ability. Franchisee also recognizes that any new business venture is speculative.

________ **[FRANCHISEE’S INITIALS]**

e) Franchisee acknowledges that no document that **Section 25.b)** requires will be binding on Company unless it is signed on Company’s behalf by its authorized representative.

________ **[FRANCHISEE’S INITIALS]**

f) Franchisee acknowledges and agrees that this Agreement creates an arm's length commercial relationship that cannot and will not be transformed into a fiduciary or other "special" relationship by course of dealing, by any special indulgences or benefits that Company bestows on Franchisee, or by inference from a party's conduct.

________ **[FRANCHISEE'S INITIALS]**

g) Franchisee has acted honestly and faithfully during the sales process; Franchisee will actively market and promote the Salon; Franchisee will adhere to highest level of customer service; (iv) Company has the right to restrict sources of supplies; and Franchisee received as one document at one time a copy of the form of this Agreement, the exhibits hereto, and the applicable complete Franchise Disclosure Document not less than fourteen (14) days prior to the earlier of: (1) the date on which this Agreement or any other agreement relating thereto was executed, and (2) the payment of any consideration by or on behalf of Franchisee relating to this Agreement, and the franchise associated therewith (except, where applicable, any deposit permitted under applicable law).

________ **[FRANCHISEE'S INITIALS]**

h) Franchisee acknowledges that no past, present or future officer, director, employee, etc. of the Company shall be personally liable under this Agreement.

________ **[FRANCHISEE'S INITIALS]**

i) Franchisee acknowledges that there may be multiple forms of Franchise Agreements in the franchise system, and that nothing in any other franchisee's Franchise Agreement confers any rights onto Franchisee.

________ **[FRANCHISEE'S INITIALS]**

IN WITNESS WHEREOF, the Parties have signed this Agreement on the date set forth below.

COMPANY:
KLPS, LLC
A Texas Limited Liability Company

By: ________________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

FRANCHISEE:

[insert name]_

By: ________________________________8

Name: ______________________________
Title: ______________________________
Date: ______________________________

Notice Address:

5473 Blair Road, Ste 100, #907083
Dallas, Texas 75231-4227
Attn: Jeff Helfgott

EXHIBIT A

SITE SELECTION ADDENDUM

KLPS (LLC) ("Company") and ___________________ ("Franchisee") have, this _____ day of _____________________, 20___, entered into a certain The Boardroom Salon for Men Franchise Agreement ("Franchise Agreement") and desire to supplement its terms, as set out below. The parties hereto therefore agree as follows:

1. Criteria for Site Approval. Franchisee agrees that or within ninety (90) days after the execution of the Franchise Agreement, it will locate and obtain the approval of Company for a site within the non-exclusive Site Selection Area set out in Exhibit B to the Franchise Agreement for the establishment and operation of Franchisee's Salon.

Franchisee must submit to Company:

(a) a completed site review form designated by Company, which will include, among other things, demographic information, a site plan, and traffic-related information;

(b) if the premises for the proposed site are to be leased, satisfactory evidence that the lesser will agree to the minimum requirements contained in the lease rider to be executed between Company, Franchisee and the lessor attached to the Franchise Agreement as Exhibit E; and

(c) any other information or materials as Company requires, such as a letter of intent or other document which confirms Franchisee's favorable prospects for obtaining the proposed site.

2. Acceptance by Company. Upon receipt of all requested documentation, Company will notify Franchisee of its approval or disapproval in writing within a period of thirty (30) days. Franchisee agrees to accept all of Company's decisions as final. Franchisee hereby acknowledges and agrees that Company's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for Franchisee's Salon or for any other purpose or of the financial success of operating Franchisee's Salon at such site. Upon approval of the site, the Salon Business Address and Protected Area in the Summary Page and Exhibit C to the Franchise Agreement, respectively, shall be completed.

3. Costs of On-Site Evaluation. If Company deems necessary, Company will undertake one (1) on-site evaluation of a proposed site free of charge. For all subsequent on-site evaluations requested by Franchisee or required by Company, Franchisee agrees to reimburse Company for its expenses, including, without limitation, travel expenses, and a per diem charge for room and board.

4. Extensions. Upon Franchisee's written request, Company, without obligation, may grant a written extension or extensions to the period for approval of a proposed site.

5. Purchase Agreement/Lease. If Franchisee will purchase the premises for Franchisee's Salon, Franchisee shall submit a copy of the proposed contract of sale to Company

for its written approval prior to its execution and shall furnish to Company a copy of the executed contract of sale within ten (10) days after execution. If Franchisee will occupy the premises of Franchisee's Salon under a lease, Franchisee shall submit a copy of the lease to Company for written approval prior to its execution and shall furnish to Company a copy of the executed lease within ten (10) days after execution. No lease for Franchisee's Salon premises shall be accepted by Company unless a rider to the lease, prepared by Company and executed by Company, Franchisee and the lessor, in substantially the form attached to the Franchise Agreement as Exhibit E, is attached to the lease and incorporated therein.

6. Effect and Interpretation. This Addendum will be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum effective the day and year first above written.

COMPANY:	**FRANCHISEE:**
KLPS, LLC	______________________________
A Texas Limited Liability Company	______________________________
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

EXHIBIT B

SITE SELECTION AREA

The non-exclusive search area where Franchisee's site will be located is attached to this Exhibit B.

EXHIBIT C

PROTECTED AREA

Franchisee is granted the Protected Area described as (check one):

A. 1.5 mile radius measured from the center of the front entrance to the Salon.

EXHIBIT D

AUTHORIZATION AGREEMENT
FOR PRE-AUTHORIZED PAYMENTS

KLPS, LLC ("COMPANY")

ID NUMBER: __________________

The undersigned ("DEPOSITOR") authorizes COMPANY to initiate debit entries to the Checking Account indicated below at the DEPOSITORY named below, and authorizes DEPOSITORY to debit to such account all entries COMPANY initiates.

DEPOSITORY

NAME _________________________________ BRANCH ______________________

CITY __________________________________ STATE ________________________

CHECKING ACCOUNT NO. ____

ROUTING NUMBER ______________________________

DEPOSITOR agrees that this authorization will remain in force and effect until DEPOSITOR has given COMPANY written notice of its revocation in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on the notice.

DEPOSITOR'S

NAME ________________________________ ID NUMBER___________________

DEPOSITOR'S SIGNATURE ____

NAME AND TITLE OF PERSON SIGNING (if signed in a representative capacity) __________
____

DATE _______________________________

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE DEPOSITOR MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE DEBIT ORIGINATOR (COMPANY) IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

EXHIBIT E

LEASE RIDER

This Lease Rider is executed as of this _____ day of _________, _________, by and between ________________ ("Franchisee") and ___________________________ ("Landlord"), as a Rider to the lease (as amended, renewed, and/or extended from time to time, "the Lease") for the premises located at ____________________________, state of _______________ (the "Location") dated as of ____.

WHEREAS, Franchisee has executed or intends to execute a Franchise Agreement (the Franchise Agreement") with KLPS, LLC ("Company") for the operation of a Salon at the Location, and as a requirement thereof, the lease for the Location must include the provisions contained in this Rider; and

WHEREAS, Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease;

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord shall deliver to Company a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.

2. Notwithstanding anything to the contrary contained in the Lease, Franchisee shall have the absolute right to sublet, assign or otherwise transfer its interest in the Lease to Company or its affiliate, or to a corporation with which Franchisee or Company may merge or consolidate, without Landlord's approval, written or otherwise, and without execution of a guarantee of Company's obligations thereunder.

3. Franchisee shall, if requested by Company, assign to Company, and Landlord hereby irrevocably and unconditionally consents to such assignment, all of Franchisee's rights, title and interest to and under the Lease upon any termination or if no successor franchise agreement is executed, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without execution of a successor franchise agreement; and (b) Company notifies the Franchisee and Landlord in writing that Company assumes Franchisee's obligations under the Lease.

4. Company shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests there under.

5. The Lease may not be modified, amended, renewed or extended in any manner or assigned by Franchisee without Company's prior written consent.

6. Franchisee and Landlord acknowledge and agree that Company shall have no liability or obligation whatsoever under the Lease unless and until Company assumes the Lease in writing pursuant to **Sections 2, 3** or **4** above. Company will assume all of Franchisee's obligations under the lease from and after the date of assignment, but shall have no obligation to pay any delinquent rent or to cure any other default under the lease that occurred or existed prior to the date of the assignment.

7. If Company assumes the Lease, as above provided, Company may further assign the Lease to another person or entity to operate Franchisee's Salon at the Location, subject to Landlord's consent which consent will not be unreasonably withheld or delayed. Landlord agrees to execute such further documentation to confirm its consent to the assignments permitted under this Rider as Company may request.

8. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Company and its personnel or agents shall have the right to enter the Location for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Company, its personnel or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without execution of a successor franchise agreement) or is terminated; Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the location as a Salon. Landlord agrees to permit Company, its personnel or agents, to enter the Location and remove signs, decor and materials displaying any marks, designs or logos owned by Company, provided Company shall bear the expense of repairing any damage to the Location as a result thereof.

9. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Company at 5473 Blair Road, Ste 100, #907083, Dallas, Texas 75231-4227 or such other address as Company shall specify by writ-ten notice to Landlord.

10. Under the Franchise Agreement, any lease for the location of Franchisee's Salon is subject to Company's approval. Accordingly, the Lease is contingent upon such approval.

[SIGNATURE PAGE FOLLOWS]

LANDLORD:	**FRANCHISEE:**
______________________________	______________________________
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

EXHIBIT F

CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE

THIS CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE (this "Agreement") is made as of the ____ day of ______________, 20__, is executed by __________________________________ ("Individual," "me," or "I") for the benefit of KLPS, LLC, a Texas limited liability company ("Company"), and for ________________________, a/an _______________________________ ("Franchisee").

Franchisee is a franchisee of Company pursuant to a franchise agreement entered into by those parties concerning a salon operating, or to be operated, under the "Boardroom Salon for Men" name at __________________________ (the "Franchise Agreement"). The franchised business Company authorizes Franchisee to operate under the Franchise Agreement is known as the "Salon," which Salon is one among all salons that Company owns, operates, or franchises under the "Boardroom Salon for Men" name. I agree that, unless otherwise specified, all capitalized terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity, Company's proprietary and confidential information relating to the development and operation of Salons, including the Confidential Information.

Furthermore, any and all information, knowledge, know-how, techniques and information which the entities mentioned above (or their officers, directors or managers) designate as confidential is considered, and hereby acknowledged by me, to be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication violates a similar confidentiality agreement), but in no event through any act of mine.

I specifically understand that, without limitation, all the above items, concepts, and/or examples contained in the preceding paragraph constitute Confidential Information of Company, and I will not divert any business to competitors of Franchisee and/or Company. I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or database, nor otherwise make them available to any unauthorized person.

I further agree that, during the term of my employment/service/association or ownership participation, I will not, directly or indirectly, have any controlling or non-controlling interest as an owner in, perform services as a director, officer, manager, employee, consultant, representative, or agent for, divert or attempt to divert any actual or potential business or client of the Salon to, serve as the lessor or sublessor for, or loan any money or other thing of value to, a Competitive Business, any of which such prohibited behavior I understand and hereby explicitly acknowledge would or could be injurious to, or (in Company's sole judgment) have an adverse effect upon, Company's protectable interests in the Confidential Information, the Marks, or the goodwill and/or reputation of Salons generally. I agree that I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, manager, member, officer, employee, principal, agent, advisor, or consultant.

Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree:

(i) to return immediately to Company or Franchisee, as the case may be, all Confidential Information, and any material(s) containing a subset thereof, in my possession that was utilized, or to which I had access, during my employment, association, service or ownership participation; and

(ii) for a period of two (2) years, starting on the earlier of the effective date of termination or expiration of my employment/service/association or ownership participation, to refrain from directly or indirectly (such as through any one or more of my spouse, legally-recognized domestic partner, parents, children or sibling(s) (collectively, "Immediate Family")) having any controlling or non-controlling interest as an owner in, performing services as a director, officer, manager, employee, consultant, representative, or agent for, diverting or attempting to divert any actual or potential business or client of the Salon to, serving as the lessor or sublessor for, or loaning any money or other thing of value to, a Competitive Business. This post-term non-compete applies in the DMA in which Franchisee's Salon is located, the Protected Area and in each other DMA and protected area in which a Company-owned, affiliate owned or franchised Salon is then operating or under development.

I acknowledge and understand that the provisions of this Agreement, including my representations, covenants, and warranties (as applicable) given hereunder, are necessary and integral to this Agreement and to Company's and Franchisee's interests under the Franchise Agreement, and are intended to:

(i) preclude not only direct competition, but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor;

(ii) bind any person or entity having any legal or beneficial interest in me, or traceable to, down or through me, including (without limitation) any of member of my Immediate Family, any direct or indirect beneficiary, any partner (general or limited) or proprietor of mine, and any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me; and

(iii) identify for me, toward the goal of preserving through this Agreement, Company's protectable legal interests in the System, clients of Salons, the Confidential Information, and the goodwill associated with the Marks.

I also expressly acknowledge my possession of skills and abilities of a general nature, and the opportunity for exploiting such skills in other ways than the operation or involvement in the activities of a Salon or a Competitive Business, so that enforcement of my covenants made in this Agreement will not deprive me of my personal goodwill or ability to earn a living after the effective date of expiration or termination of my relationship with Franchisee, the Salon, or Salons generally. If I fail or refuse to abide by any of my foregoing obligations or promises made under this Agreement, and Company or Franchisee obtains enforcement in a judicial or arbitration proceeding, then my obligations and responsibilities specified under the breached covenant will be tolled during the period(s) of time that the covenant is breached and/or Company or Franchisee seeks to enforce it, and will continue for two (2) years starting from the effective date of the order enforcing the covenant.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Company and Franchisee, for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Company or Franchisee (or both), in any appropriate jurisdiction and venue (notwithstanding other references to resolution of actions exclusively in Company's home prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of Confidential Information under this Agreement). I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Company's Confidential Information. Further, I expressly agree that any claims I may have against Company will not constitute a defense to Company's enforcement of the covenants not to compete under this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Company in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all, or any portion of, this covenant not to use Confidential Information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Franchisee and/or Company is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or Company on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the state of Texas without recourse to Texas (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of the state of Texas, and if the Salon is located outside of the state of Texas and the provision would be enforceable under the laws of the state in which the Salon is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the state of Texas or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement, any breach of this Agreement, and any and all relations and/or disputes between myself on the one hand, and Franchisee or Company on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in the U.S. District Court sitting nearest to Company's corporate headquarters (currently, Dallas, Texas). I agree that any dispute as to the aforementioned venue will be submitted to and resolved exclusively by such aforementioned court. Nonetheless, I agree that Franchisee or Company may enforce this Agreement and any awards in the courts of the state or states in which I am domiciled or the Salon is located.

I IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ME, FRANCHISEE OR COMPANY. I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

COMPANY:	**FRANCHISEE:**
KLPS, LLC **A Texas Limited Liability Company**	________________________________
By: ________________________________	By: ________________________________
Name: ______________________________	Name: ______________________________
Title: _______________________________	Title: _______________________________
Date: _______________________________	Date: _______________________________

RECIPIENT:

____

By: ________________________________
Name: ______________________________
Title:_______________________________
Date: _______________________________

EXHIBIT G
PERSONAL GUARANTY AND PRINCIPALS' UNDERTAKING

In consideration of, and as an inducement to, the execution of the Franchise Agreement dated as of ______________________, including any appendices and amendments thereto (the "Agreement"), by and between KLPS, LLC ("Company") and _____________ ("Franchisee"), each of the undersigned Principals hereby personally and unconditionally: (1) guarantees to Company and its successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform the agreements and covenants expressly provided by the terms of the Agreement; and 2) acknowledges that each is included in the term "Principal" as described in **Section 1(41)** of the Agreement and without limiting any guarantee of Franchisee's obligations under the Agreement, makes all of the covenants, representations, warranties and agreements of Principals set forth in the Agreement and is obligated to perform thereunder for so long as he or she qualifies as a Principal and thereafter to the extent expressly provided by the terms of the Agreement, including, but not limited to, the covenants, representations, warranties and agreements described in the following sections of the Agreement: **Section 17.a)** (regarding non-competition and confidentiality), **Section 13** (regarding Transfer) and **Sections 8.cc)** and **8.dd)** (regarding indemnification); and (3) represents that each and every representation of Franchisee made in connection with the Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned's execution of this Personal Guaranty and Undertaking.

Any capitalized terms used but not defined in this Personal Guaranty and Principals' Undertaking shall have the meaning set forth in the Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Company of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; (e) notice of any amendment to the Agreement; and (f) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his or her direct and immediate liability under this Personal Guaranty and Principals' Undertaking shall be joint and several; (ii) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses to do so punctually; (iii) such liability shall not be contingent or conditioned upon pursuit by Company of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise effected by any extension of time, credit or other indulgence which Company may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty and Principals' Undertaking, which shall be continuing and irrevocable until satisfied in .

Each of the undersigned agrees that the U.S. District Court for the Northern District of Texas, or if such court lacks jurisdiction, the state courts located in Dallas, Dallas County, Texas, shall be the venue and exclusive forum in which to adjudicate any case or controversy arising from or relating to this Agreement and this Personal Guaranty and Principals' Undertaking. Each of the undersigned irrevocably submits to the jurisdiction of such courts and waives any objections to either the jurisdiction of or venue in such courts. Each of the undersigned agrees that personal jurisdiction may be effected by service of process and that when so made shall be as if served personally. Each of the undersigned irrevocably waives, to the fullest extent the undersigned may lawfully do so, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding and agrees that service of process for purposes of any such suit, action or proceeding need not be personally served or served within the State of Texas but may be served with the same effect as if served within the State of Texas, by certified mail or any other means permitted by law addressed to the undersigned at the address set forth herein. Nothing contained herein shall affect Company's rights to bring a suit, action or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought to enforce any judgment against one or more of the undersigned entered by a state or federal court.

Each of the undersigned further acknowledges and agrees as follows:

Each has read the terms and conditions of the Agreement and acknowledges that the execution of this Personal Guaranty and Principals' Undertaking is in partial consideration for, and a condition to the granting of the rights to the Marks and the System, and the Company would not have granted such rights without the execution of this Personal Guaranty and Principals' Undertaking by each of the undersigned;

This Personal Guaranty and Principals' Undertaking shall remain in force notwithstanding the death of the undersigned, and shall be binding on the undersigned's personal representatives; and

This Personal Guaranty and Principals' Undertaking shall continue and shall be enforceable notwithstanding any change in the name or the constitution of the Company or Franchisee.

Each of the undersigned represents and warrants that the following is a complete and accurate list of all Principals of Franchisee and a description of the nature and extent of each Principal's Ownership Interest in Franchisee. Franchisee, and each Principal as to his Ownership Interest, represents and warrants that each Principal is the sole and exclusive legal and beneficial owner of his Ownership Interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Personal Guaranty and Principals' Undertaking.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Agreement was executed.

OWNERSHIP INTEREST IN FRANCHISEE:	**PRINCIPAL(S):**
______________________	______________________ (Signature)
______________________	______________________ (Print Name)
______________________	______________________ (Signature)
______________________	______________________ (Print Name)
______________________	______________________ (Signature)
______________________	______________________ (Print Name)

EXHIBIT H

GENERAL RELEASE

This General Release (this "Release") is made and entered into effective as of __________________, 20__ (the "Effective Date") by and among KLPS, LLC, A Texas Limited Liability Company ("Franchisor"), ____________________________ ("Franchisee"), and ______________________________ ("Principals").

WHEREAS, Franchisor and Franchisee entered into a Franchise Agreement dated ________________ (the "Franchise Agreement") (each capitalized term used but not defined herein shall have the meaning assigned to that term in the Franchise Agreement), pursuant to which Franchisee was granted the right and license (the "Franchise") to operate a salon under the KLPS system and using certain KLPS marks to be located at ____ (the "Salon"); and

WHEREAS, Franchisee desires, and Franchisor has agreed, to [transfer the Salon]/[renew the Franchise Agreement]; and

WHEREAS, in connection with such [transfer]/[renewal], Franchisor requires a general release; so

THEREFORE, for and in consideration of the mutual covenants set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

RELEASE

1. <u>Franchisee</u>. Franchisee and Principals, and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them, past or present, hereby unconditionally release, remise and forever discharge Franchisor, its predecessors, parents, subsidiaries, and affiliates and their respective officers, directors, shareholders, employees, past or present, successors, and assigns (collectively, the "Franchisor Released Parties"), from any and all claims, debts, liabilities, demands, obligations, actions, and causes of action, known or unknown, vicarious, derivative or direct, vested or contingent ("Claims"), which any of them may now have, have ever had, or may hereafter have by reason or any event, transaction, or circumstance, whether under federal, state or local law or otherwise arising out of or relating to the disclosure, application, negotiation, formation, execution or performance of the Franchise Agreement or arising out of or in any way relating to the Salon from the beginning of time through the date of this Release.

2. <u>Franchisor.</u> Except as otherwise set forth in this Release, the Special Representations, Warranties and Covenants and the Personal Guaranty and Principal's Undertaking, Franchisor, for itself and its successors and assigns and all other persons acting on its behalf or claiming under it, hereby releases and forever discharges Franchisee and Principals, and their respective officers, directors, employees, successors, assigns, heirs and personal representatives from all Claims which Franchisor may have ever had, now has, or may hereafter have by reason of any event, transactions, or circumstances arising out of or relating to the performance of the Franchise Agreement, from

the beginning of time through the date of this Release.

This Release is made in the State of Texas and its provisions shall be governed by and enforced and interpreted under the laws of that State, except that conflicts of law rules shall be excluded.

IN WITNESS WHEREOF, the parties have duly executed this Release on this ___ day of ________________________.

FRANCHISOR:

KLPS, LLC
a Texas Limited Liability Company

By: _________________________
Name:
Title:

FRANCHISEE:

____
[Name]

____
[Signature]

FRANCHISEE'S PRINCIPALS:

____
[Name]

EXHIBIT I

STATE SPECIFIC ADDENDA

[insert as applicable]

EXHIBIT D TO FDD

OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT E TO FDD

FINANCIAL STATEMENTS

bakertilly

KLPS, LLC

Financial Statements

December 27, 2025, December 28, 2024
and December 30, 2023

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December 27, 2025, December 28, 2024 and December 30, 2023

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Independent Auditors' Report

To the Board of Directors and Member of
KLPS, LLC

Opinion

We have audited the financial statements of KLPS, LLC (the Company), which comprise the balance sheets as of December 27, 2025, December 28, 2024 and December 30, 2023, and the related statements of operations, changes in member's equity and cash flows for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 27, 2025, December 28, 2024 and December 30, 2023, and the results of its operations and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Frisco, Texas
March 30, 2026

KLPS, LLC

Balance Sheets

December 27, 2025, December 28, 2024 and December 30, 2023

	December 27, 2025	December 28, 2024	December 30, 2023
Assets			
Current Assets			
Cash and cash equivalents	$ 135,440	$ 50,010	$ 96,344
Accounts receivable	108,513	72,318	45,144
Related-party receivable	-	-	4,435
Total current assets	243,953	122,328	145,923
Total assets	$ 243,953	$ 122,328	$ 145,923
Liabilities and Member's Equity			
Current Liabilities			
Deferred revenue	$ 4,792	$ -	$ -
Total current liabilities	4,792	-	-
Total liabilities	4,792	-	-
Member's Equity	239,161	122,328	145,923
Total liabilities and member's equity	$ 243,953	$ 122,328	$ 145,923

See notes to financial statements

KLPS, LLC

Statements of Operations
Years Ended December 27, 2025, December 28, 2024 and December 30, 2023

	December 27, 2025	December 28, 2024	December 30, 2023
Revenues	$ 443,372	$ 410,149	$ 382,521
Costs and Expenses			
General and administrative expenses	269,947	69,180	40,557
Salaries and wages	257,136	93,178	57,618
Selling expenses	69,543	130,759	183,370
Total costs and expenses	596,626	293,117	281,545
Net (loss) income	$ (153,254)	$ 117,032	$ 100,976

See notes to financial statements

KLPS, LLC

Statements of Changes in Member's Equity
Years Ended December 27, 2025, December 28, 2024 and December 30, 2023

	Member's Equity
Balance, December 31, 2022	$ 81,664
Distributions	(36,717)
Net income	100,976
Balance, December 30, 2023	145,923
Distributions	(140,627)
Net income	117,032
Balance, December 28, 2024	122,328
Contributions	270,087
Net loss	(153,254)
Balance, December 27, 2025	$ 239,161

See notes to financial statements

KLPS, LLC

Statements of Cash Flows
Years Ended December 27, 2025, December 28, 2024 and December 30, 2023

	December 27, 2025	December 28, 2024	December 30, 2023
Cash Flows From Operating Activities			
Net (loss) income	$ (153,254)	$ 117,032	$ 100,976
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Changes in assets and liabilities:			
Accounts receivable	(36,195)	(27,174)	(42,970)
Related-party receivables	-	4,435	(4,435)
Deferred revenue	4,792	-	-
Net cash (used in) provided by operating activities	(184,657)	94,293	53,571
Cash Flows From Financing Activities			
Member contributions	270,087	-	-
Member distributions	-	(140,627)	(36,717)
Net cash provided by (used in) financing activities	270,087	(140,627)	(36,717)
Net increase (decrease) in cash and cash equivalents	85,430	(46,334)	16,854
Cash and Cash Equivalents, Beginning	50,010	96,344	79,490
Cash and Cash Equivalents, Ending	$ 135,440	$ 50,010	$ 96,344

1. Organization and Nature of Business

KLPS, LLC (the Company) is a Texas limited liability company formed on February 21, 2007 and is a wholly owned subsidiary of The Boardroom Intermediate Holdco, LLC, a Delaware limited liability company (the Parent). The Company franchises salons under the trade name "Boardroom Salon for Men" throughout Texas, and provides brand standards, operational support, and oversight. The salons offer a range of premium services including haircuts, shaves, facials, and waxing and offers grooming products that complement their high-quality services.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accounts are maintained, and the financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Fiscal Year

The Company's fiscal year is based on a 52 to 53 week reporting period, which ends each year on the last Saturday of December. The fiscal years ended December 27, 2025, December 28, 2024, and December 30, 2023 contained 52 weeks.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all investments in highly liquid instruments, purchased with maturity of three months or less, to be cash equivalents. The Company maintains cash deposits with federally insured financial institutions that may at times exceed federally insured limits. The Company has not incurred any losses from such accounts and management considers the risk to be minimal. At December 27, 2025, December 28, 2024 and December 30, 2023, the Company had no cash equivalents.

Accounts Receivable

Accounts receivable represent uncollected portions due from franchisees. The Company recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. Receivables are written off when the Company determined that such receivables are deemed uncollectible. The Company pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Company measures those receivables individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Company utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Company's historical loss experience. In determining its loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing receivables. For receivables that are not expected to be collected within the normal business cycle, the Company considers current and forecasted direction of the economic and business environment. As of December 27, 2025, December 28, 2024 and December 30, 2023, no provision for credit losses was deemed necessary. In accordance with disclosure requirements under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue From Contracts With Customers*, accounts receivable at January 1, 2023 was $2,174.

Revenue Recognition

The Company recognizes revenue in accordance with FASB Accounting Standards Update (ASU) No. 2014-10, *Revenue From Contracts With Customers* (ASC Topic 606). Under ASC 606, revenue is recognized when the Company transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

The Company recognizes revenue for services in accordance with the following five steps outlined in ASC 606:

1. Identify the contract(s) with a customer.

2. Identify performance obligations in the contract.

3. Determine the transaction price.

4. Allocate the transaction price to the performance obligations in the contract.

5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Franchise fees are deferred and amortized on a straight-line basis over the term of the related franchise agreement, including renewals, and recorded as deferred revenue on the accompanying balance sheets. As of December 27, 2025, deferred revenue was $4,792. No balance existed in deferred revenue as of December 28, 2024 and December 30, 2023.

The Company disaggregates revenue from contracts with customers by revenue stream, as the Company believes this presentation best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The following table presents the Company's revenues disaggregated by revenue type:

	December 27, 2025	December 28, 2024	December 30, 2023
Royalty income and fees	$ 373,538	$ 351,911	$ 325,977
Advertising fees	69,834	58,238	56,544
Total	$ 443,372	$ 410,149	$ 382,521

Royalty Income and Fees

Royalty income represents sales-based royalties that are related entirely to performance obligations under the franchise agreement and are recognized in the period in which the sales occur. Sales-based royalties are variable consideration related to performance obligations to franchise owners to maintain the intellectual property being licensed. The Company collects these fees from existing franchise owners. These fees are 6% of each franchise owners' gross sales.

The Company does not incur any material incremental cost to obtain and fulfill its revenue contracts with customers under ASC 340, *Other Assets and Deferred Costs*, and it has elected the practical expedient to expense the incremental cost when incurred, as all amortization periods would be one year or less.

Advertising Fund

The Company maintains an advertising fund to promote general brand recognition of the Company's system, services and products sold by franchisees. Advertising materials and services are provided to the franchisees through the advertising fund. The franchise agreements restrict the uses of the advertising fund fees for the purposes of promoting the Company's brand generally and in local markets. The advertising fund may be used by the Company to supplement franchisee marketing efforts including, but not limited to, advertising in markets that the Company deems appropriate, to fund certain system-wide training and marketing events, or to otherwise benefit the Company's brand. Under the terms of the various franchise agreements in effect, each franchisee contributes 1% to 3% of gross revenues of the franchisee to the advertising fund.

The adoption of ASC 606 revised the principal versus agent determination of these arrangements. When the Company is determined to be the principal in these arrangements, advertising fund contributions and expenditures are reported on a gross basis in the statements of operations. The Company's obligation related to these funds is to administer the advertising fund, keep unused advertising funds in segregated bank accounts and use advertising funds for the specified purpose of providing general brand promotion as well as local advertising and marketing support on behalf of the franchisees.

Allocation of Expenses

General and administrative expenses and selling expenses have been allocated based on the average related expense per location, considering both franchised locations and the Parent's salons. Rent expense and salaries and wages are allocated using estimated percentages of personnel compensation attributable to franchise-related activities. Management believes these allocation methods are reasonable and consistently applied.

Advertising

Advertising and marketing expenses, which are separate from advertising funds, are allocated and expensed as incurred and were approximately $69,543, $130,759, and $183,370 for the years ended December 27, 2025, December 28, 2024 and December 30, 2023, respectively, and are presented as selling expenses on the statements of operations.

Income Taxes

The Company is a limited liability company and is not required to pay federal income tax. Accordingly, no federal income tax expense has been recorded in the financial statements. The Company's federal taxable income or loss has been included in the member's respective income tax returns. The Company is subject to state income taxes as applicable.

The Company applies FASB ASC 740-10, *Income Taxes*, in establishing standards for accounting for uncertain tax positions. The Company evaluates uncertain tax positions with the presumption of audit detection and applies a "more likely than not" standard to evaluate the recognition of tax benefits or provisions. ASC 740-10 applies a two-step process to determine the amount of tax benefits or provisions to record in the consolidated financial statements. First, the Company determines whether any amount may be recognized and then determines how much of a tax benefit or provision should be recognized. As of December 27, 2025, December 28, 2024 and December 30, 2023, the Company has no uncertain tax positions. Generally, the Company is no longer subject to income tax examinations by major tax authorities for years prior to 2021.

Concentrations

For the years ended December 27, 2025, December 28, 2024, and December 30, 2023, substantially all franchisees represent 100% of the Company's total accounts receivable and revenues.

3. Member's Equity

All membership interests of the Company are held by the Parent. In accordance with the Company Agreement, the Company shall make distributions at such times as determined by the Board of Managers.

4. Commitments and Contingencies

From time to time, the Company may be subject to certain claims and contingent liabilities that are in the normal course of business. Management believes that the outcome of these matters will not have a material adverse effect on the Company's financial statements. As of December 27, 2025, December 28, 2024, and December 30, 2023 the Company is not aware of such claims.

5. Related Party Transactions

The Company had transactions with the Parent and the Parent's wholly owned subsidiaries. Types of transactions include, but are not limited to, transfers of cash and allocation of expenses, including related party rent expense. Certain transactions have been classified as equity contributions or distributions between the Company and the Parent within the accompanying statements of changes in member's equity as management does not intend to settle the resulting related party account balances. Amounts intended to be settled are presented as related party receivables or payables on the accompanying balance sheets. For the years ended December 27, 2025, December 28, 2024 and December 30, 2023, contributions totaled $270,087, $0 and $0, respectively. For the years ended December 27, 2025, December 28, 2024 and December 30, 2023, distributions totaled $0, $140,627 and $36,717, respectively. Related party receivables due from the Parent's wholly owned subsidiaries totaled $4,435 as of December 30, 2023. There were no related party receivables or payables as of December 27, 2025 and December 28, 2024.

6. Subsequent Events

In accordance with ASC 855, *Subsequent Events*, the Company has evaluated events or transactions occurring after December 27, 2025, the balance sheet date, through March 30, 2026, the date the financial statements were available to be issued and determined that there were no such events or transactions that require recognition or disclosure for the year ended December 27, 2025.

<u>EXHIBIT F TO FDD</u>

LISTS OF CURRENT AND FORMER FRANCHISEES

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2025

List of Current Franchisees with Operational Salons as of 12/31/25:

Franchisee Name	Address	City	State	Zip	Business Phone
CP Wolf Ventures, LLC	1498 S. Bryant Ave	Edmond	OK	73034	405-531-9320
CP Wolf Ventures, LLC	5846 N. Classen Blvd.	Oklahoma City	OK	73118	405-594-7440
CP Wolf Ventures, LLC	4820 East 61s	Tulsa	OK	74136	539-424-4466
RMDC, L.P.	9320 N. Dallas Parkway, Suite 180	Frisco	TX	75033	972-893-9320
HB Ventures LLC	5283 Monahans Ave.	Fort Worth	TX	76107	682-708-5428
HB Ventures LLC	820 Currie St.	Fort Worth	TX	76107	817-882-8806
HB Ventures LLC	1121-12 Uptown Park Blvd.	Houston	TX	77056	713-888-0857
HB Ventures LLC	2526 Rice Boulevard	Houston	TX	77056	713-524-3222
CP Wolf Ventures, LLC	4001 Preston Rd, #506	Plano	TX	75093	972-403-0600

List of Current Franchisees with Signed Franchise Agreements but no Operational Salons as of 12/31/25:

State	Franchisee Name	Business Phone
Texas	CP Wolf Ventures, LLC	972.679.7306

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM IN 2025

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

List of Terminations, Non-Renewals, Reacquired by Franchisor, and Ceased Operations-Other Reasons During 2025:

None.

List of Transfers During 2025:

None.

EXHIBIT G TO FDD

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

CALIFORNIA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of California.

1. The following paragraph is added at the end of Item 3 of the Disclosure Document:

> Except as disclosed above, neither we nor any person identified in Item 2 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, 15 U.S.C.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. 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 DAYS PRIOR TO EXECUTION OF THE AGREEMENT.

3. OUR WEBSITE, www.theboardroomsalon.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dpfi.ca.gov.

4. The row entitled "Interest" in Item 6 of the Disclosure Document is amended to state that the maximum interest rate in California currently is 10% annually.

5. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

> California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Franchise Agreement and/or Development Agreement contain any provision that is inconsistent with the law, and the law applies, then the law will control.
>
> Termination Upon Bankruptcy. The Franchise Agreement and/or Development Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)
>
> Covenant not to Compete. The Franchise Agreement and/or Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
>
> Governing Law. For franchisees operating outlets located in California, the California Franchise Investment Law and California Franchise Relations Act will

apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement and/or Development Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

Material Modification. Before the franchisor can ask you to materially modify your existing franchise agreement and/or development agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement and/or development agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

Releases. The Franchise Agreement and/or Development Agreement require you to sign a general release of claims upon renewal or transfer of the Franchise Agreement and/or Development Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

California's Franchise Investment Law (Corporations Code section 31512.1) states that: "Any provision of a franchise agreement, franchise disclosure document, acknowledgment, 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."

Prospective franchises are encouraged to consult private legal counsel to determine the applicability of California and federal laws such as Business and Professions Code 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

6. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision

supersedes any other or inconsistent term of any document executed in connection with the franchise.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

HAWAII

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in 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 REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES 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.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

ILLINOIS

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Illinois.

1. The following paragraphs are added to the end of the Disclosure Document:

Illinois law governs the Franchise Agreement and/or Development Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement and/or development agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for 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 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 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.

INDIANA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of this Disclosure Document, the Franchise Agreement, the other agreements or Texas law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement and/or the Development Agreement, shall supersede the relevant provisions of the Franchise Agreement and/or Development Agreement in the State of Indiana, but only to the extent that may be inconsistent with such prohibition.

3. Notwithstanding the Franchise Agreement and/or Development Agreement, you recognize that in the event of any use of the System not in accord with such Agreement, we shall be entitled to seek injunctive and other relief.

4. No release language set forth in the Disclosure Document, Franchise Agreement, or Development Agreement including but not limited to Item 17, Sections 12(b)(3), 14(b)(15), and

14(d)(4) of the Franchise Agreement, or Section 14(d) of the Development Agreement respectively, shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. Article 27.5 of the Franchise Agreement and Section 16 of the Development Agreement are amended to provide that each such agreement (as applicable) will be construed in accordance with the laws of the State of Indiana.

6. Any provision in the Disclosure Document, Franchise Agreement, or Development Agreement which designates jurisdiction or venue, or requires franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, may not be enforceable.

7. Article 27.6 (Jury Trial Waiver) of the Franchise Agreement and Section 16(f) are deleted from all Agreements entered into in Indiana.

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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Maryland.

1. Item 11 of the Franchise Disclosure Document shall be amended to state that a franchisee may obtain an accounting of the advertising fund by requesting same in a written request to Franchisor.

2. A franchisee may bring an arbitration action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any such arbitration action must be brought within 3 years after the grant of the franchise.

3. Item 17 of the Disclosure Document states that the Franchise Agreement and the Development Agreement will automatically terminate upon the bankruptcy of franchisee. These provisions may not be enforceable under current Federal bankruptcy law (11 U.S.C. Section 101 et seq.)

4. Item 17 of the Franchise Disclosure Document shall be amended to state any general release signed as a condition to renewal, sale, assignment, or transfer of these agreements shall not release Franchisor from any liability imposed by the Maryland Franchise Registration and Disclosure Law.

5. Item 17 of the Franchise Disclosure Document is hereby amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland.

6. The acknowledgements or representations of the franchisee made in the franchise

agreement and/or development agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchises.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(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 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:

State of Michigan
Office of the Attorney General
Consumer Protection Division
Attention: Franchise Section
670 Law Building
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Minnesota:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, injunctive relief, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, Subdivisions 3, 4 and 5 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 non-renewal of the franchise agreement.

3. No release language set forth in the Franchise Agreement and/or Development Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the state of Minnesota.

4. Pursuant to Minnesota Statutes, Section 80C.12, Subdivision 1(g), the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of franchisor's name.

5. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NEW YORK

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of New York:

1. The following paragraphs are added to the end of the State Cover Page:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTMENT

PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

2. Item 3 is amended by adding the following language to the beginning of such Item:

Except as otherwise disclosed below, neither we, our predecessor, nor any other person or franchise sales agent identified in Item 2 of this Disclosure Document:

a) Has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations;

b) Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the date of this Disclosure Document, been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations; or

c) 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, as a result of 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. Item 4 is amended by adding the following language to the beginning of such Item:

To the best of our knowledge, except as otherwise disclosed below, neither we, our affiliates, our predecessor, nor our officers, during the ten-year period immediately before the date of this Disclosure Document:

a) Has filed as debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code;

b) Has obtained a discharge of its debts under the United States Bankruptcy Code; or

c) Was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code or that obtained a discharge of its debts under the United States Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

4. Item 5 is amended by adding the following new paragraph at the end of the Item:

The initial franchise fee and the development fee paid under the Franchise Agreement and/or Development Agreement are not used for any specific purpose.

5. Item 11 is amended by adding the following sentence at the end of the Operations Manual section:

We may modify the Operations Manual. However, no change to the Operations Manual will be made which would impose an unreasonable economic burden on you, unreasonably increase your obligations, or materially alter your status or rights under the Franchise Agreement.

6. Item 17 is amended by adding the following language at the beginning of the Item:

EACH TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

7. The “Summary” sections of Items 17(c), entitled “Requirements for franchisee to renew or extend,” and 17(m), entitled “Conditions for our approval of transfer,” of the Franchise Agreement chart and Development Agreement chart in the Disclosure Document are amended by adding the following:

> , provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, 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 GBL Sections 687.4 and 687.5 be satisfied.

7. Rows (d) of the Item 17 Franchise Agreement chart and Development Agreement chart entitled “Termination by you” are amended by adding the following language to the Summary column:

You may terminate the Agreement on any grounds available by law.

8. Rows (j) of the Item 17 Franchise Agreement chart and Development Agreement chart entitled “Assignment of contract by us” are amended by adding the following to the Summary column:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

9. Rows (v) of the Item 17 Franchise Agreement chart and Development Agreement chart entitled "Choice of forum," and rows (w) of the Item 17 Franchise Agreement chart and Development Agreement chart entitled "Choice of law" are amended by adding the following to the Summary Section:

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

10. The following is added immediately preceding Item 23:

We represent that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

11. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in and the franchise will be operated in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

12. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NORTH DAKOTA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of North Dakota:

1. The Franchise Agreement and Development Agreement will be governed and construed under the laws of the State of North Dakota. Any provision in the Franchise Agreement or Development Agreement which designates jurisdiction or venue, or requires the franchisee or developer to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from any Franchise Agreement or Development Agreement issued in the State of North Dakota.

2. Any non-competition covenants contained in the Franchise Agreement or Development Agreement shall be subject to the North Dakota laws on franchising. Covenants not to compete may be considered unenforceable in the State of North Dakota.

3. Liquidated damages are prohibited by law in the State of North Dakota.

4. No release language set forth in the Franchise Agreement or Development Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws of the State of North Dakota.

5. Any provisions in the Franchise Agreement and any provisions of the Development Agreement which require the franchisee or developer to waive the right to a jury trial or to exemplary or punitive damages are deleted from any Agreements issued in the State of North Dakota.

6. Any arbitration or mediation authorized under the Franchise Agreement or the Development Agreement shall be held at a site agreeable to all parties.

7. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, or the Disclosure Document, the terms of this Addendum shall govern.

RHODE ISLAND

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of North Dakota:

1. Item 17 is amended to state that section 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."

2. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

VIRGINIA

The following provisions supersede the disclosure document and apply to all franchises offered and sold in the State of Virginia:

1. The following is added to Rows (h) of the Item 17 of the Franchise Agreement chart and Development Agreement chart:

Pursuant to Section 13.1 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him by any provision contained in the Franchise Agreement. If any grounds for default or termination is stated in the Franchise Agreement does not constitute "reasonable cause" as the term may be defined in the Virginia Retail Franchising Act or laws of Virginia, that provision may not be enforceable.

2. The proposed agreements described in item 22, including all agreements that a franchisee must sign, are accurately presented in this disclosure document.

3. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WASHINGTON

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. 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 or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer fees are collectable only to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

7. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee’s business for any reason during the term of the franchise agreement without the franchisee’s consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. 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.

17. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express

instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

BOARDROOM

<u>EXHIBIT H TO FDD</u>

STATE EFFECTIVE DATES AND RECEIPT PAGES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

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.

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT

This Disclosure Document summarizes certain provisions of the Franchise Agreement, Development Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If KLPS, LLC offers you a franchise, we 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.

If KLPS, 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 you should report it to the Federal Trade Commission, Washington, D.C. 20580, and the applicable state agency listed on **Exhibit A** to this Franchise Disclosure Document.

KLPS, LLC is located at 5473 Blair Road, Ste 100, #907083, Dallas, Texas 75231-4227. Its telephone number is (817) 416-7575. The franchise sellers for this offering are Jeff Helfgott, Matt Weiss, and Patricia Rother, at 5473 Blair Road, Ste 100, #907083, Dallas, Texas 75231-4227, (817) 416-7575; and ____.

Issuance date: **April 24, 2026**

I have received a KLPS, LLC Disclosure Document, dated April 24, 2026 (or the later date set forth for each applicable state on the state cover page to this Franchise Disclosure Document), which includes the following exhibits:

EXHIBIT A – State Administrators/Agents for Service of Process
EXHIBIT B – Development Agreement (with exhibits) and State Addenda
EXHIBIT C – Franchise Agreement (with exhibits) and State Addenda
EXHIBIT D – Operations Manual Table of Contents
EXHIBIT E – Financial Statements
EXHIBIT F – Lists of Current and Former Franchisees
EXHIBIT G – State Specific Addenda to Disclosure Document
EXHIBIT H - State Effective Dates and Receipt Pages

______________	____
Date of Signature	Signature of Prospective Franchisee
(Do not leave blank)	Print Name: ____

(for the prospective franchisee and any corporation, partnership or other business entity having or proposed to have an interest in the franchise or any proposed franchised location)

Please sign, date and keep this copy for your records.

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______________	____
Date of Signature (Do not leave blank)	Signature of Prospective Franchisee Print Name: ______________________________________ (for the prospective franchisee and any corporation, partnership or other business entity having or proposed to have an interest in the franchise or any proposed franchised location)

You may return the signed receipt either by signing, dating, and mailing it to KLPS, LLC at 5473 Blair Road, Ste 100, #907083, Dallas, Texas 75231-4227.