FRANCHISE DISCLOSURE DOCUMENT

DKL Franchising, LLC
An Arizona limited liability company
7625 E. Redfield Rd., Suite 160
Scottsdale, Arizona 85260
Phone: (480) 300-2588
Email: Franchise@dakotalondon.com
Website: http://dakotalondon.com

DKL Franchising, LLC awards franchises for upscale salons that exclusively offer and sell hair extension services and approved hair care products under the name DAKOTA LONDON™.

The total investment necessary to begin operation of a DAKOTA LONDON™ salon is $372,350 to $523,350. This includes $169,600 to $179,750 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of 2 to 4 DAKOTA LONDON™ salons under an Area Development Agreement is $412,350 to $628,350. This includes $209,600 to $284,750 that must be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement, area 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 government agency has verified the information contained in this document**.

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 7625 E. Redfield Rd., Suite 160, Scottsdale, Arizona 85260 or by phone at (480) 300-2588.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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 (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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.

Issuance Date: April 21, 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 "G".
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or EXHIBIT "H" 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 DAKOTA LONDON™ 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 DAKOTA LONDON™ franchisee?	Item 20 or EXHIBIT "G" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Arizona. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Arizona than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
6. **Mandatory Minimum Payments.** You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

TABLE OF CONTENTS

ITEM 1	FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE	2
ITEM 3	LITIGATION	3
ITEM 4	BANKRUPTCY	3
ITEM 5	INITIAL FEES	3
ITEM 6	OTHER FEES	4
ITEM 7	ESTIMATED INITIAL INVESTMENT	8
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	10
ITEM 9	FRANCHISEE'S OBLIGATIONS	12
ITEM 10	FINANCING	14
ITEM 11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	14
ITEM 12	TERRITORY	22
ITEM 13	TRADEMARKS	24
ITEM 14	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	25
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	26
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	27
ITEM 17	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	27
ITEM 18	PUBLIC FIGURES	30
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS	30
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	30
ITEM 21	FINANCIAL STATEMENTS	36
ITEM 22	CONTRACTS	36
ITEM 23	RECEIPTS	37

EXHIBIT "A"	LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
EXHIBIT "B"	FRANCHISOR'S AGENT FOR SERVICE OF PROCESS
EXHIBIT "C"	FRANCHISE AGREEMENT
EXHIBIT "D"	AREA DEVELOPMENT AGREEMENT
EXHIBIT "E"	OTHER AGREEMENTS
EXHIBIT "E"-1	STATE ADDENDA
EXHIBIT "E"-2	FRANCHISEE DISCLOSURE QUESTIONNAIRE
EXHIBIT "E"-3	GENERAL RELEASE
EXHIBIT "E"-4	TRADENAME APPROVAL NOTICE
EXHIBIT "E"-5	FRANCHISE RESALE AGREEMENT
EXHIBIT "F"	TABLE OF CONTENTS OF OPERATIONS MANUAL
EXHIBIT "G"	LIST OF FRANCHISEES
EXHIBIT "H"	FINANCIAL STATEMENTS FOR DAKOTA LONDON HAIR EXTENSIONS FRANCHISE CORP
EXHIBIT "I"	STATE EFFECTIVE DATES
EXHIBIT "J"	RECEIPTS

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.

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(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 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 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 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) The 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchised business offered under this Disclosure Document is for an upscale salon that exclusively offers and sells hair extension services and approved hair care products under the name DAKOTA LONDON™ (a "Salon"). To simplify the language in this Disclosure Document, "you" means the person who buys the franchise for a Salon – the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company. "We," "us" and "the Company" mean DKL Franchising, LLC – the franchisor.

Corporate Information

DKL Franchising, LLC is an Arizona limited liability company that was formed on November 26, 2024. Our principal business address is 7625 E. Redfield Rd., Suite 160, Scottsdale, Arizona 85260. Our telephone number is (480) 300-2588. Our agents for service of process are disclosed in EXHIBIT "A" (for franchise registration states) and EXHIBIT "B" (for other states). We do not do business under any name other than "DKL Franchising, LLC".

Business History

The Co-Founders of our concept, Katy and Scott Cotten, opened the first Salon in Scottsdale, Arizona in 2011, originally under the name AZ STRANDS. They subsequently opened additional company-owned Salons in Chandler, Arizona (opened November 2019) and Desert Ridge, Arizona (opened September 2022).

We began offering franchises for Salons in December 2024. We are not engaged in any business other than offering franchises for Salons and administering the franchise system. We have never offered franchises in any other line of business. We have never directly owned and operated a Salon.

Predecessors, Parents and Affiliates

We do not have any predecessors.

Our parent company is AZ Strands, LLC and its principal business address is 21001 N. Tatum Blvd., Suite 74-1570, Phoenix, Arizona 85050.

Our affiliate DKL Products, LLC ("DKL Products") currently serves as the exclusive supplier of: (a) hair extension products, including our proprietary line of semi-permanent professional-grade hair extensions (Weft and I-Tip extensions) and do-it-yourself clip-in extensions; and (b) hair care products, including hair brushes, shampoo, conditioner, hair treatments and styling products. DKL Products shares our principal business address. DKL Products has never owned and operated a Salon. We do not have any other affiliates that provide products or services to our franchisees.

We do not have any affiliates that offer (or have ever offered) franchises in this or any other line of business.

Description of Franchised Business

The franchised business is an upscale salon dedicated exclusively to the installation, maintenance and removal of hair extensions. We have sourced and developed our own proprietary line of high-quality, low-cost hair extension products sold exclusively through our Salons. Franchisees purchase their entire supply of hair extension products from our affiliate, DKL Products. Hair extension services are performed by highly-skilled licensed cosmetologists who receive specialized training in various hair extension techniques ("Stylists"). In addition to offering hair extension services, Salons offer and sell select hair care products and retail items that we designate or approve from time to time. Salons do not currently operate under a membership model.

If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the "Franchise Agreement"). We refer to the franchised business you purchase as your "Business" or your "Salon". The Franchise Agreement grants you a license to use certain service marks, trademarks, trade names and logos, including DAKOTA LONDON™ and the associated logos (collectively, the "Marks"). The Marks also include our distinctive trade dress used to identify a Salon or the products it sells. The Franchise Agreement also grants you a license to use the system we developed for the operation of a Salon (the

"System"). Our confidential Operations Manual (the "Manual") describes the operational aspects of a Salon. You will operate your Salon as an independent business using the Marks, the System, the information in the Manual, and the support, guidance and other methods and materials we provide.

Area Development Rights

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to sign the form of Area Development Agreement attached to this Disclosure Document as EXHIBIT "D" (the "ADA"). The ADA grants you the right and obligation to develop, open and operate multiple Salons within a defined "development territory" according to a predetermined "development schedule". You must develop, open and operate all Salons listed in the development schedule. We only grant area development rights to franchisees who commit to develop, open and operate a minimum of 2 Salons. You must sign a separate franchise agreement for each Salon you develop. Each franchise agreement will be our then-current form of franchise agreement, which may be different than the form of Franchise Agreement attached to this Disclosure Document.

Market and Competition

The target market for DAKOTA LONDON™ clients includes women between the ages of 17 and 70. Sales are not seasonal.

The hair extension industry is growing and becoming increasingly competitive. DAKOTA LONDON™ Salons compete primarily with other local salons offering hair extension services. Some competitors are independently-owned and operated businesses while others consist of regional or national chains. Some of our competitors operate through a franchise model. We believe our unique concept of a "hair extension-only" salon combined with low-cost, high-quality hair extension products installed by highly-skilled licensed cosmetologists at affordable prices provides our Salons with a distinct competitive advantage in the marketplace.

Laws and Regulations

You must comply with all local, state and federal laws that apply to businesses generally, including laws governing discrimination and sexual harassment in the work place, minimum wage, smoking in public areas as well as EEOC and OSHA standards. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws.

You must also comply with industry-specific laws and regulations. All Stylists who work at your Salon must maintain an active cosmetology (or similar) license, even if not mandated by state law. In some states, the owner of the Salon must be a licensed cosmetologist. The Salon itself may require a specialized license or permit, such as a Salon Business Operation License (or similar). State boards may regulate licensed cosmetologists and establish safety, sanitation and other standards for salons. Government officials may conduct periodic inspections to monitor and enforce compliance with these regulations. Your Salon may be subject to other federal, state and local laws regulating health and safety matters or governing the disposal of waste.

The Payment Card Industry Data Security Standard ("PCI") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accept, transmit or store any cardholder data.

There may be other local, state and/or federal laws or regulations that apply to your Salon. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Scott Cotten: Co-Founder & Chief Executive Officer

Scott Cotten is a Co-Founder of our concept. He has served as our Chief Executive Officer since our inception in November 2024. Scott has also served as the Co-Founder and Chief Executive Officer of the following companies, all of which are located in Scottsdale, Arizona: (a) DKL Products, LLC (November 2024 to present); (b) Dakota London Salons, LLC (June 2019 to present); (c) Dakota London Hair Extensions, LLC

(November 2017 to present); and (d) AZ Strands, LLC (October 2017 to present).

Katy Cotten: Co-Founder & Chief Operating Officer

Katy Cotten is a Co-Founder of our concept. She has served as our Chief Operating Officer since our inception in November 2024. Katy has also served as the Co-Founder and Chief Operating Officer of the following companies, all of which are located in Scottsdale, Arizona: (a) DKL Products, LLC (November 2024 to present); (b) Dakota London Salons, LLC (June 2019 to present); (c) Dakota London Hair Extensions, LLC (November 2017 to present); and (d) AZ Strands, LLC (October 2017 to present).

Jenni Johnson: VP Of Franchise Operations

Jenni Johnson has served as our VP of Franchise Operations since January 2025. She served as our Franchise Consultant from July 2024 to December 2024. She is not an employee of the franchisor but may have management responsibility relating to the sale or operation of franchises. From November 2021 to present, she has also served as the Owner/Operator of JJ Coaching, LLC d/b/a Higher House located in Scottsdale, Arizona. From May 2018 to October 2021, she served as SVP of Franchise Operations for Sit Still Franchising, LLC in Portland, Oregon.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

You pay us a nonrefundable $49,500 initial franchise fee in one lump sum when you sign the Franchise Agreement. Under our veteran's discount program, qualified veterans receive a $4,950 discount on the initial franchise fee. To qualify, a person holding at least a 51% interest in the franchise must be an honorably discharged veteran of any branch of the United States military and provide a Form DD-214. The veteran's discount may only be used once and only applies to the 1st franchise purchased. The initial franchise fee is uniformly imposed except as discussed above for qualified veterans and as discussed below for area developers.

Opening Inventory Package

You must purchase your initial supply of hair extension and hair care products (the "Opening Inventory Package") from our affiliate, DKL Products. The items included in the Opening Inventory Package and the associated pricing are listed in the table below:

OPENING INVENTORY PACKAGE	
ITEMS PURCHASED	**ESTIMATED COST**
Hair Extension Products	$110,000 to $115,000
Hair Care Products (hair brushes, shampoo, conditioner, hair treatments & styling products)	$10,000 to $15,000
Estimated Shipping	$100 to $250
Total	$120,100 to $130,250

The specific items included in the Opening Inventory Package, and the associated cost, may vary depending on the size of your Salon, number of Stylist stations, location and projected volume of business.

You pay us a $30,000 deposit in one lump sum towards the purchase price for the Opening Inventory Package when you sign the Franchise Agreement. The balance is due when you sign the lease or purchase contract for the Salon's premises. The purchase price is nonrefundable and uniformly imposed. We may require that you

purchase some (or all) items included within the Opening Inventory Package directly from third-party suppliers that we designate (in which case you do not pay these amounts to us or our affiliate).

Development Fee

If you sign an ADA, you pay us a nonrefundable development fee calculated as the sum of the total initial franchise fees you pay for all Salons you commit to develop under the ADA. The development fee is due in one lump sum when you sign the ADA. The initial franchise fee for each Salon and the development fee are determined in accordance with the following table:

Salons Purchased	Initial Franchise Fee	Development Fee
1	$49,500	N/A - 2 Salon minimum for ADA
2	$40,000	$89,500
3	$35,000	$124,500
4 (and all additional Salons)	$30,000 (per Salon)	$154,500 (plus $30,000 for each additional Salon)

The development fee is deemed to satisfy the initial franchise fee associated with each Salon you are required to develop under the ADA. We expect most developers will purchase the right to develop 2 to 4 Salons, which results in development fees ranging from $89,500 to $154,500. Under our veteran's discount program, qualified veterans receive a $4,950 discount on the development fee. Development fees are uniformly imposed except as discussed above for qualified veterans.

ITEM 6 OTHER FEES

TYPE OF FEE [1]	AMOUNT [2, 3]	DUE DATE	REMARKS
Royalty Fee	7% of Gross Sales	10th day of month for prior month's sales	You must send us monthly Gross Sales reports. We may change the royalty fee due date on 30 days' prior notice.
Brand Fund Fee	Up to 2% of Gross Sales (not currently charged)	Same as royalty fee	We do not currently intend to implement a Brand Fund but reserve the right to do so. If we implement the Brand Fund, you must contribute this amount to the Brand Fund. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee.
Local Marketing Commitment	$3,000 per month (we may recommend, but will not require, a higher monthly expenditure)	Monthly, as incurred	This is the minimum amount you must spend to advertise your Salon in your market (the "Local Marketing Commitment"). This expenditure is in addition to your Brand Fund Fee and begins when your Salon opens.
Training Fee	*[Initial Training of Stylists]* $1,250 per Stylist if trained at our training center or $750 per day plus Travel Expenses if trained at your Salon	10 days after invoice	Imposed for each new Stylist you hire. If we conduct Stylist training at your Salon, the $750 per day training fee covers Stylist training for up to 4 Stylists.
	[Other Ongoing Training] Up to $750 per person per day, plus Travel Expenses for onsite training	10 days after invoice	Imposed for: initial training after opening; repeat or remedial training; or additional training you request. No fee for system-wide supplemental or refresher training or virtual training.

TYPE OF FEE [1]	AMOUNT [2, 3]	DUE DATE	REMARKS
Conference Registration Fee	Not to exceed $500 per person per day	10 days after invoice	We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless (a) we designate attendance as optional or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver, you must pay the conference registration fee despite your non-attendance (we will send you a copy of any written materials distributed at the conference).
Technology Fee	Not to exceed $750 per month – currently ranges from $386 - $503 per month (See Note 4)	10 days after invoice or as otherwise specified	Includes amounts you pay us or our affiliate for Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-parties. It may also include an administrative fee for managing the technology platform and negotiating/managing relationships with third-party licensors. It does not include amounts you pay to third parties.
System Program Fees	Up to $150 per month per program (not currently charged)	10 days after invoice or as otherwise specified	You must participate in client loyalty, gift card or membership programs we establish and pay required fees and program contributions to us or a third party to administer the program.
Communication Management Program	Up to $3,000 per month (currently $75 per month for SMS text client communication management program)	10 days after invoice or as otherwise specified	Imposed if we choose to administer a call center or other communication management program. If a third party administers the program, you pay fees directly to the third-party provider unless we choose to collect the fees from you and remit them to the provider. Under the current SMS/text communication management program, trained individuals respond to inquiries/requests from prospective/existing clients outside normal business hours via text messaging.
Product Purchases	Varies by item purchased (estimated cost is roughly 25%-28% of Gross Sales)	10 days after invoice or 10th day of month for automated inventory purchases via a drop ship program	You must purchase hair extension and hair care products from our affiliate. We may implement an automated program that (a) monitors your inventory of these products, (b) ships additional products to replenish your stock on a recurring basis and (c) bills you for the purchases.
New Product or Supplier Testing	Actual cost of testing (Up to $1,000 per test)	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Relocation Fee	$2,500	At time we approve request to relocate	Imposed if we approve your request to relocate your Salon. If closure period exceeds 30 days and you receive business interruption insurance proceeds, then starting 30 days after closure date you must pay us monthly royalty fees (equal to average monthly royalty fees imposed during the prior 12-month period) until you reopen.
Renewal Fee	$10,000	At time you sign renewal agreement	Imposed if you renew your franchise rights by signing a renewal Franchise Agreement.
Franchise Resale Service Fee	50% of then-current initial franchise fee	At time of sale	We offer an optional service to help franchisees sell their business. To use this service, you must sign the Franchise Resale Agreement attached as EXHIBIT "E"-5 and pay us the service fee.

TYPE OF FEE [1]	AMOUNT [2, 3]	DUE DATE	REMARKS
Transfer Fee	*[Franchise Agreement]* $2,500 *[ADA]* $5,000	Before Transfer	You pay the transfer fee for all Transfers other than Permitted Transfers. If our broker finds the buyer, you must also reimburse all commissions we pay the broker. If you sign a Franchise Resale Agreement, you pay us both a transfer fee and a franchise resale service fee.
Reimbursement of Quality Assurance Program Costs	Actual cost paid to company we hire	10 days after invoice	If we hire a person or company to inspect your Salon, you must reimburse any fees or other amounts we pay them for the inspection.
Reimbursement of Reinspection Costs	All Travel Expenses and other costs we incur to inspect your Salon	10 days after invoice	Imposed if we inspect your Salon to determine if you cured a (a) health or safety issue identified by a government agency or (b) breach of system standards we brought to your attention.
Audit Fee	Actual cost of audit (including Travel Expenses for audit team)	10 days after invoice	Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated Gross Sales by 3% or more.
Late Fee	$100 plus default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law	10 days after invoice	If our debit of your account is rejected or your check to us is returned for insufficient funds, we may charge (in addition to the late fee) an NSF fee of $50 per incident. Default interest is limited to 10% per annum in California.
Noncompliance fee	$100 per incident per day	Upon demand	Imposed if you breach a mandatory standard or operating procedure (including a failure to send reports in a timely manner or complete required training) and fail to cure within the time period we require. We may impose an additional $100 fee every 24 hours the breach remains uncured.
Default Reimbursements	All costs we incur to cure your default	10 days after invoice	If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse our costs (examples include failure to pay suppliers, maintain insurance or meet quality standards).
Management Fee	$275 per day plus Travel Expenses	10 days after invoice	If you fail to cure a Franchise Agreement default or the Managing Owner dies, we can designate a person to manage your Salon until you cure the default or replace the Managing Owner
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify us for losses and expenses we incur due to your operation of the Salon or breach of the Franchise Agreement.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.
Liquidated Damages	2 years of royalty & brand fund fees - see Note 5	30 days after invoice	Imposed if we terminate due to your default or you wrongfully terminate.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except: (a) you spend the Local Marketing Commitment directly with third-party suppliers; and (b) you pay our affiliate for the purchase of hair extension and hair care products. All fees are nonrefundable and uniformly imposed. No later than the date you sign a lease or purchase contract for the premises, you must sign the ACH Authorization Form attached to the Franchise Agreement permitting us to electronically debit your designated bank account for

all amounts owed to us and our affiliates. You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date. You are responsible for all taxes imposed on you or us based on products, intangible property (including trademarks) or services we provide to you.

2. Definitions: As used in this Disclosure Document, the following terms have the meanings below:

   "***Brand Fund***" means the brand and system development fund we reserve the right to administer to promote public recognition of our brand and improve our System.

   "***Gross Sales***" means all gross sums you bill or collect from all goods and services you sell, plus all other sums you collect from the operation of your Salon including advertising revenue, sponsorship fees and business interruption insurance proceeds. Gross Sales excludes: (a) sales or use taxes; (b) amounts refunded to clients; (c) revenue from the sale of furniture, fixtures and equipment in the ordinary course of business; and (d) tips paid to and retained by Stylists as a gratuity. The Manual may include policies governing the calculation of Gross Sales relating to: (a) proceeds from the sale of gift cards and memberships; and/or (b) qualifying purchases and redemptions by members under loyalty or membership programs.

   "***Managing Owner***" means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Salon.

   "***Permitted Transfer***" means a Transfer: (a) between existing owners; or (b) by the owners to a new business entity that is 100% owned and controlled by the transferring owners. It does not include a Transfer described in (a) or (b) that results in the Managing Owner owning less than 20% of the franchised business.

   "***Technology Systems***" means all information and communication systems we designate including computer systems, point-of-sale systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, applications and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

   "***Transfer***" means a transfer or assignment of: (a) the Franchise Agreement or ADA; (b) the Salon's assets (other than the sale of furniture, fixtures or equipment in the ordinary course); (c) an ownership interest in the entity that is the "franchisee" or "area developer"; or (d) the franchised business you conduct under the Franchise Agreement or ADA.

   "***Travel Expenses***" means all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Salon; or (b) by you or your personnel to attend training programs or conferences.

3. CPI Adjustments: All fees (and minimum fees) expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these fees based on (but only up to) changes to CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than 1 fee adjustment during any 5-year period.

4. Technology Fee: Our current technology fee covers the following costs: (a) DAKOTA LONDON™ email addresses/accounts ($17 per email address/account per month); (b) DAKOTA LONDON ACADEMY™ ($20 per user license per month); and (c) fees we collect from you and pay to the licensor of your point-of-sale (POS) system ($260 per month plus $8 per payee). We expect most franchisees will need 2 to 3 email addresses, 3 to 8 DAKOTA LONDON ACADEMY™ user licenses, and have 4 payroll payees, resulting in total estimated technology fees ranging from $386 to $503 per month.

5. Liquidated Damages: You must pay us liquidated damages if: (a) we terminate the Franchise Agreement due to your default; or (b) you terminate the Franchise Agreement prior to its expiration date (except in accordance with the provisions governing your right to terminate following our uncured breach). Liquidated damages are calculated as the sum of average monthly royalty fees and brand fund fees imposed during the

12-month period preceding termination (or your entire period of operation if less than 12-months) multiplied by the lesser of: (a) 24; or (b) the total number of months remaining under the term. If you pay us liquidated damages in a timely manner, we may not pursue a claim against you for lost profits (but we may still seek other damages we incur due to your breach).

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial Franchise Fee	$49,500	Lump sum	At time you sign Franchise Agreement	Us
Initial Training Expenses [2]	$1,500 to $4,000	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit & Rent [3] (3 months)	$20,000 to $40,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Architect Fees	$3,000 to $5,500	As incurred	Prior to construction	Architect
Construction [4]	$45,000 to $80,000	As incurred	Before opening	Contractor & suppliers
Signage [5]	$4,500 to $15,000	Lump sum	Before opening	Suppliers
Technology Systems [6]	$3,200 to $6,000	Lump sum	Before opening	Suppliers
Professional Tools/Supplies [7]	$8,000 to $9,000	Lump sum	Before opening	Suppliers
Opening Inventory Package [8]	$120,100 to $130,250	Lump sum	$30,000 when you sign Franchise Agreement; balance when you sign lease/purchase contract	Our affiliate
Fixtures, Furniture & Décor	$60,000 to $95,000	As incurred	Before opening	Suppliers
Preopening Advertising [9]	$5,000	Lump sum	Before opening	Suppliers
Utility Deposits	$100 to $1,000	As incurred	Before opening	Utility companies
Business Licenses & Permits	$1,000 to $2,500	Lump sum	Before opening	Government agencies
Professional Fees [10]	$1,000 to $10,000	Lump sum	Before opening	Lawyer & accountants
Insurance Premium (3 months)	$450 to $600	Lump sum	Before opening	Insurance companies
Additional Funds [11] (3 months)	$50,000 to $70,000	As incurred	As incurred	Suppliers and employees
Total Initial Investment [12]	$372,350 to $523,350			

The table below estimates the initial investment for the purchase of area development rights for 2 to 4 Salons.

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Development Fee [13]	$89,500 to $154,500	Lump sum	At time you sign ADA	Us
Initial Investment to Open First Salon	$322,850 to $473,850	This is the total estimated initial investment in the Table above less the initial franchise fee (included in the development fee).		
Total Initial Investment [12]	$412,350 to $628,350			

Notes:

1. Financing & Refunds: We do not offer direct or indirect financing. No amounts paid to us are refundable. We are not aware of any amounts paid to third-party suppliers that are refundable, although your landlord

may refund your security deposit at the end of the lease if you do not damage the property or default.

2. Initial Training Expenses: This estimates your expenses to send 2 to 4 people to Phoenix, Arizona for 5 days of initial training. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.

3. Lease Deposit & Rent: This estimate assumes you lease your premises. Rent varies depending on factors such as the size and location of the premises and local market conditions. We expect most Salons will range in size from 1,200 to 1,600 square feet with rent ranging from $5,000 to $10,000 per month. Landlords typically require security deposits equal to 1- or 2-months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The estimate in the table includes 1 month's security plus 3 months' rent. Some franchisees may choose to purchase the real estate. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.

4. Construction: Construction and leasehold improvement costs vary widely based on factors including:
   - the size and condition of the leased space
   - whether the premises is first- or second-generation retail space
   - the extent and nature of existing leasehold improvements
   - the amount of landlord contributions, if any, towards leasehold improvement costs (a "TI Allowance")
   - demolition and construction costs and prevailing wage rates in the local market

   Some landlords provide a TI Allowance but increase monthly rent to recapture the TI Allowance and amortize it over the lease term (or part of the lease term). A significant factor in determining whether a landlord will provide a TI Allowance, and if so, the amount, is whether the building is first-generation or second-generation space. The estimates in the table above assume you do not receive any TI Allowance.

5. Signage: You must purchase and install the signage we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions.

6. Technology Systems: This includes your initial cost to purchase and set up required Technology Systems, including the computer/POS system ($1,700 to $3,000) and sound system ($1,500 to $3,000). It does not include the cost for cameras and a surveillance system, which we recommend but do not require.

7. Professional Tools/Supplies: This estimates your costs to purchase pliers, beads, thread and other tools and supplies used or consumed in the rendering of hair extension services.

8. Opening Inventory Package: The items included in the Opening Inventory Package are listed in Item 5.

9. Grand Opening Advertising: You must spend a minimum of $5,000 on preopening marketing activities (primarily digital) in accordance with our pre-opening marketing plan.

10. Professional Fees: This includes the estimated fees for professionals you may choose to hire in order to:
    - assist you in reviewing this Disclosure Document and negotiating your Franchise Agreement
    - advise you regarding local laws and regulations applicable to your Salon
    - form a business entity
    - set up your books, records and accounts
    - develop a business plan and budget for the development and operation of your Salon

    These services are optional but highly recommended.

11. Additional Funds: This estimates your expenses during the first 3 months of operation, including payroll (excluding any wage or salary paid to you), marketing and advertising expenses, technology fees, inventory replenishment costs, utilities and other expenses and required working capital. Your initial 3 months of rent

and insurance premium are separately stated in the table above. These figures are estimates based on the experience of our management team in developing, opening and operating company-owned Salons.

12. Budget and Initial Investment Report: We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Salon. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Salon. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.

13. Development Fee: This estimate does not include your costs to develop any Salon other than the first Salon you develop under the ADA. The low estimate assumes you purchase the right to develop 2 Salons while the high estimate assumes you purchase the right to develop 4 Salons. If you purchase more than 4 Salons, your development fee will increase by $30,000 for each additional Salon you purchase in excess of 4.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source-Restricted Purchases and Leases - Generally

You must purchase or lease certain "source-restricted" goods and services for the development and operation of your Salon. "Source-restricted" means the good or service must meet our specifications or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). The Manual includes our specifications and supplier list. We notify you of changes to our specifications and suppliers by email, updates to the Manual or other means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial strength of the supplier. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier or product, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you wish to purchase or lease a source-restricted item from a non-approved supplier you must send us: (a) a written request for approval; (b) product samples for testing purposes; and (c) all additional information we request. The supplier must agree to comply with our minimum insurance, indemnification, reporting and confidentiality requirements for system suppliers and allow us to periodically inspect their facility. We will notify you of our decision within 30 days after we receive all required information and product samples. We may periodically reinspect approved products and suppliers and revoke our approval if they fail to meet our then-current criteria. You must reimburse all costs we incur to evaluate products and suppliers you propose. We need not consider alternative suppliers (or substitute products) for any products that are proprietary and/or branded with our Marks.

Current Source-Restricted Purchases and Leases

We estimate approximately 90% of the total purchases and leases to establish and operate a Salon consist of source-restricted goods or services, as further described below.

Lease

We do not review the terms of your lease. However, if you lease the premises for your Salon, you must use best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C".

Design and Construction Services

You must hire an architect to prepare initial design plans and detailed construction plans for your Salon. We must approve all plans before constructions begins. Once approved, you must construct and equip your Salon according to the approved plans and the specifications in the Manual. Your architect and general contractor must be appropriately licensed and bonded to the extent required by applicable law. We may require that you utilize

an architect and/or general contractor we designate or approve (we do not currently impose this requirement).

Fixtures, Furnishings and Décor

All fixtures, furnishings and décor must meet our standards and specifications. Some items must be purchased from suppliers we designate or approve. Others may be purchased from any supplier of your choosing.

Technology Systems

All Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain Technology System components must be purchased from approved or designated suppliers. Other components may be purchased from any supplier of your choosing. We may require you to purchase services relating to the establishment, use, maintenance, monitoring, security or improvement of Technology Systems from approved or designated suppliers.

Signage

All exterior and interior signage must meet our standards and specifications. We currently allow you to purchase signage from any supplier of your choosing.

Inventory

All inventory must meet our standards and specifications. You may only purchase inventory from suppliers we designate or approve. We currently require you to purchase all hair extension and hair care products from our affiliate, DKL Products.

Marketing Materials and Services

All marketing and advertising must comply with our brand standards and other requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve. We may require that you contract with and utilize a company we designate to: (a) develop and/or implement your grand opening marketing campaign; and/or (b) manage your social media.

Insurance Policies

You must obtain the minimum insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers rated A- VII or better by AM Best, including the following:

Policy Type	Minimum Coverage
General Liability	$1M per occurrence & $2M in the aggregate, with coverage for: Products/Completed Operations ($2M); Personal & Advertising Injury ($1M); Damage to Rented Premises ($50K); Medical Expense ($5K)
Beauticians Professional Liability	$1M per occurrence and in the aggregate
Commercial Auto	$1M combined single limit (including hired-auto and non-owned auto coverage)
Cyber Liability	$250K per occurrence and in the aggregate with coverage for Social Engineering ($50K)
Property/Business Interruption	Full replacement cost value with TI coverage ($150K) and 12 months' business interruption insurance (which must include coverage for royalty fees)
Employment Practices	$250K per occurrence and in the aggregate with Wage & Hour coverage ($25K)
Worker's Compensation & Employer's Liability	$1M per accident and $1M per employee
Landlord-Required Insurance	As required by lease

The required coverage and policies are subject to change. Each policy must be and endorsed to: (a) name us and our owners, officers and directors as additional insureds on a primary and non-contributory basis; (b) waive all

subrogation rights against us; and (c) provide us with 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. In addition to the required insurance described above, we recommend (but do not require) Build-Out insurance during the construction phase (full replacement cost), Crime insurance ($250K per claim) and Umbrella insurance ($1M per occurrence and in the aggregate).

Purchase Agreements

We may negotiate purchase agreements with suppliers, including favorable pricing terms, for the benefit of franchisees. As of the date of this Disclosure Document, we have a negotiated purchase agreement (including pricing terms) with the supplier of our designated point-of-sale system.

We and/or our affiliates may purchase items in bulk and resell them to you at cost plus a markup (no markup is currently charged). Your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power. Currently there are no purchasing cooperatives but we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

Franchisor Revenue from Source-Restricted Purchases

We are the exclusive supplier for all software and technology we provide in exchange for the technology fee (e.g., email accounts, DAKOTA LONDON ACADEMY™ and POS system). With respect to the email accounts and POS system, we are not the licensor, but we collect these fees from you and pass them through to third-party suppliers. Our affiliate, DKL Products, is the exclusive supplier of hair extension and hair care products. We may appoint ourselves or our affiliate as an approved or designated supplier for other goods or services in the future. We and our affiliates may generate a profit from these purchases (currently no markup is charged on non-proprietary, non-branded products). No other person affiliated with us is currently an approved (or the only approved) supplier. Our Chief Executive Officer and our Chief Operating Officer each own an interest in DKL Products. There are no other approved or designated suppliers in which any of our officers own an interest.

We may receive rebates, payments or other material benefits from suppliers based on your purchases and leases. We have no obligation to pass these amounts through to you or use them in any particular manner. As of the issuance date of this Disclosure Document, we do not have any relationships with suppliers that involve rebates, payments or other material benefits based on franchisee purchases or leases.

During the fiscal year ended December 31, 2025, neither we nor any affiliate of ours generated any revenue as a result of franchisee purchases or leases of goods or services from designated or approved suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: 7.1 & 7.2 ADA: 4.3	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: 6.2, 7.3, 11.7 & 15.1 ADA: Not Applicable	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: 7.3 & 7.4 ADA: 4.3	Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: 5 ADA: Not Applicable	Item 6 & Item 11
e. Opening	FA: 7.4 ADA: 4.1	Item 11

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
f. Fees	FA: 4.2, 5.4, 5.5, 6.2, 6.7, 6.8, 7.5 8.5, 10.1, 11.7, 11.9, 11.11, 11.16, 13, 15.1, 16, 19.2 & 21.3 ADA: 5 & 7.2 See also §8 of Franchise Resale Agreement	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manual	FA: 6.1, 7.1, 7.3, 10.3, 11 & 17.1 ADA: 4.3	Item 11
h. Trademarks and proprietary information	FA: 17 ADA: 2	Item 13 & Item 14
i. Restrictions on products/services offered	FA: 11.2 & 11.3 ADA: Not Applicable	Item 16
j. Warranty and client service requirements	FA: 11.14 ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: Not Applicable ADA: 4.1	Item 12
l. Ongoing product/service purchases	FA: 11.7 ADA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: 11.8 & 11.10 ADA: Not Applicable	Item 11
n. Insurance	FA: 15.1 ADA: Not Applicable	Item 6, Item 7 & Item 8
o. Advertising	FA: 10 ADA: Not Applicable	Item 6, Item 7 & Item 11
p. Indemnification	FA: 18 ADA: Not Applicable	Item 6
q. Owner's participation/management/ staffing	FA: 8 ADA: Not Applicable	Item 11 & Item 15
r. Records/reports	FA: 15.2 & 15.3 ADA: Not Applicable	Item 6
s. Inspections/audits	FA: 16 ADA: Not Applicable	Item 6 & Item 11
t. Transfer	FA: 19 ADA: 7	Item 17
u. Renewal	FA: 4 ADA: 4.6	Item 17
v. Post termination obligations	FA: 21 ADA: Not Applicable	Item 17
w. Non-competition covenants	FA: 14 ADA: Not Applicable	Item 17
x. Dispute resolution	FA: 22 ADA: 10	Item 17
y. Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: 9 & ATTACHMENT "D" ADA: 6	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Before you open your Salon, we will:

1. Provide access to our Manual which will help you establish and operate your Salon. The Manual includes 89 pages. The Table of Contents is attached to this Disclosure Document as EXHIBIT "F". (§6.1)
2. Review sites you propose for your Salon, as discussed below under *Site Selection*. (§7.1)
3. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Salon and a list of suppliers. (§11.1)
4. Cause our affiliate to sell, and deliver to you, all of the items included within our designated Opening Inventory Package. Neither we nor our affiliate deliver or install any other items that you purchase. (§6.2)
5. Provide access to approved advertising materials, as discussed below under *Advertising*. (§10.2)
6. Help you develop a customized pre-opening marketing plan, as discussed below under *Advertising*. (§10.2)
7. Evaluate your Salon's design and buildout, as discussed below under *Site Development*. (§7.3 & 7.4)
8. Provide an initial training program, as discussed below under *Training Program*. (§5.1)
9. Send a representative to your Salon to provide onsite training and assist you with the opening of your Salon for the time period we designate (typically 1 to 3 days), as discussed below under *Training Program*. (§5.1)

During the operation of your Salon, we will:

1. Provide our guidance and recommendations to improve the operation of your Salon. (§6.3)
2. Provide periodic training programs, as discussed below under *Training Program*. (§5.2)
3. Allow you (and certain of your employees) to access and utilize DAKOTA LONDON ACADEMY™, as discussed below under *Computer System* and *Training Program*. (§6.5)
4. Maintain a corporate website to promote our brand and a local webpage to promote your Salon, as discussed below under *Advertising*. (§6.6 & 10.3)
5. Provide an ongoing supply of hair extension and hair care products through our affiliate supplier. (§6.2).
6. Provide you with our suggested retail pricing, which may vary by market. You may deviate from our suggested pricing, but we reserve the right to require our approval of any deviation more than 5% higher or lower than our suggested pricing, unless the pricing is part of a temporary advertising campaign we approved. To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you sell. (§11.5)
7. As an optional service, assist you with the offer and sale of your Salon under the terms described in the Franchise Resale Agreement attached to this Disclosure Document as EXHIBIT "E"-5. You must pay the compensation described in the Franchise Resale Agreement for the services we provide.

During the operation of your Salon, we may, but need not:

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance. (§6.4)
2. Provide additional training you request, as discussed below under *Training Program*. (§5.2)

3. Develop and administer a call center or other communication management program (either ourselves or through a third-party provider) to answer client inquiries, schedule appointments and route client leads to an appropriate Salon. If we establish a call center or other client communication program, you must participate and pay the associated fees unless we designate the program as optional. (§6.8)

4. Develop new hair care products, retail products, merchandise, or other goods or services that you may offer and sell. (§6.9)

5. Negotiate supplier agreements to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a markup. (§6.7)

6. Establish and implement the Brand Fund, as discussed below under *Advertising*. (§10.1)

7. Host periodic conferences to discuss relevant business and operational topics. (§5.5)

We do not provide area developers with any support under their ADA.

Training Program (§5)

Initial Training Program

We provide an initial training program for the Managing Owner and your initial Salon managers and Stylists. You may send other owners to initial training, but it is not required. Your Managing Owner, managers and Stylists must successfully complete initial training to our satisfaction before your Salon opens. However, there is no specific period of time after signing or before opening that training must be completed.

Initial training includes: (a) approximately 37 hours of self-paced online training programs accessed through DAKOTA LONDON ACADEMY™ ("Phase 1 Training"); (b) approximately 5 days of training that takes place at our corporate headquarters and a company-owned Salon in Phoenix, Arizona ("Phase 2 Training"); and (c) 1 to 3 days of onsite training conducted at your Salon around the time of your grand opening ("Onsite Training"). Onsite Training is an informal training program where we monitor your operations, assist you with the opening of your Salon and provide training on an "as needed" basis.

The format for training may include lectures, interactive role playing, hands-on training, conference calls and/or webinars. We reserve the right to conduct all (or any portion) of the training program remotely via webinar, conference call or similar means. The training materials consist of the Manual and our online learning platform, DAKOTA LONDON ACADEMY™. We do not charge you for training materials. We can modify the training program at our discretion based on our subjective assessment of the skills, abilities and prior experience of your Managing Owner, managers and Stylists. Currently, we intend to offer initial training on a monthly basis, assuming sufficient demand. The initial training program currently covers the following topics:

TRAINING PROGRAM – PHASE 1

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Welcome to Dakota London Academy	1	0	Virtual Training
Dakota London Glossary	0.5	0	Virtual Training
Brand Standards	2	0	Virtual Training
How to Communicate with Clients	2	0	Virtual Training
The Client Experience Guide	4	0	Virtual Training
Owners Operations Manual	2	0	Virtual Training

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Owner Training - Dakota London Brand Ready Training - Roles & Responsibilities - Understanding Salon KPIs - Building Your Team - Floor Etiquette - Marketing Training - How to Use Google Suite - Mango Mint Training - Social Media Training	15	0	Virtual Training
Stylist Training	10	0	Virtual Training
TOTAL	**36.5**	**0**	

TRAINING PROGRAM – PHASE 2

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Creating & Leading Your Team	2	0	Phoenix, AZ
Client Experience Training	2	8	Phoenix, AZ
Pre-Opening Marketing Strategy Session	2-3	0	Phoenix, AZ
Weft Training	0	12	Phoenix, AZ
Strand Training	0	6-8	Phoenix, AZ
Cutting Basics	0	1-2	Phoenix, AZ
Colour Blending	0	3	Phoenix, AZ
Weft Practical Certification	0	3	Phoenix, AZ
Strand Practical Certification	0	3	Phoenix, AZ
TOTAL	**6-7**	**36-39**	

Ongoing Training Programs

We may offer periodic refresher or supplemental training courses for your Managing Owner, managers and Stylists. We may designate each course as mandatory or optional. Any new Managing Owner, manager or Stylist you appoint or hire must successfully complete our then-current initial training program. If we inspect your Salon and determine you are not operating in compliance with the Franchise Agreement or the Manual, we may require that your Managing Owner, manager and/or Stylists attend remedial training relevant to the operational deficiencies we observed. You may also request additional training, which we may (but need not) provide.

Instructors

Our current instructors include Katy Cotten, Scott Cotten, Jocelyn Waller and Wendy Vollmer. Stylists receive training on weft and strand techniques from one or more of our Master Stylists, each of whom will have at least 5 years of experience working as a Stylist at one of our Salons.

Katy Cotten is our Co-Founder and Chief Operating Officer. She has been part of our system since the opening of the 1st Salon in 2011, originally under the name AZ STRANDS. Katy studied cosmetology in New York City. In 2000, she became one of Arizona's first certified hair extension artists. She opened her 1st salon (The Tunnel) in 1998 and her 2nd salon in 2002. In 2011, Katy and Scott founded and opened AZ STRANDS in Scottsdale, Arizona, which rebranded in 2019 to become the first DAKOTA LONDON™ Salon. Since that time, Katy and Scott have opened and operated additional Salons from various locations in Arizona. Katy has a total of 28 years

of experience in the industry.

Scott Cotten is our Co-Founder and Chief Executive Officer. He has been part of our system since the opening of the 1st Salon in 2011, originally under the name AZ STRANDS. Since 2011, Scott has served as the company's Chief Executive Officer. His primary duties include supply chain management, digital marketing and business development. In 2011, Scott and Katy founded and opened AZ STRANDS in Scottsdale, Arizona, which rebranded in 2019 to become the first DAKOTA LONDON™ Salon. Since that time, Scott and Katy have opened and operated additional Salons from various locations in Arizona. Scott has a total of 15 years of experience in the industry.

Jocelyn Waller has been part of our system since 2018. She provides instruction on hair extension installation and maintenance techniques and customer service. She has 19 years of experience in the industry including: (a) serving as hair stylist and makeup artist for weddings, television shows and other publications; and (b) serving as an educator for Wella Sebastian.

Wendy Vollmer has been part of our system since March 2022. She provides instruction on hair extension installation and maintenance techniques and customer service. She earned her cosmetology degree from Evergreen Beauty College. She has 5 years of experience in the industry.

Training Fees and Costs

We do not charge additional training fees for pre-opening initial training, refresher or supplemental training or virtual training conducted through our online learning platform, DAKOTA LONDON ACADEMY™. For any new Stylist hired after opening you may choose to: (a) send the Stylist to our training center for Stylist training and pay us a training fee of $1,250 per Stylist trained; or (b) have our trainer conduct Stylist training onsite at your Salon and pay us a training fee of $750 per day (for up to 4 Stylists) plus Travel Expenses. For other post-opening training programs, we may charge you a training fee of up to $750 per person per day. You must also reimburse our Travel Expenses for onsite training or assistance (this reimbursement obligation does not apply to Onsite Training we conduct when you open). You are responsible for all wages and Travel Expenses that you and your trainees incur for training. While part of Stylist training includes the Stylist practicing and demonstrating proper technique by providing hair extension services to actual models or clients, we have no obligation to compensate you or your Stylists for any services performed as part of our training program.

Site Selection (§7.1 & 7.2)

A typical Salon ranges in size from 1,200 to 1,600 square feet (1,350 square feet is ideal) and must be at least 20 feet wide. Under our current business model, a Salon should have between 6 and 8 Stylist stations (6 stations is our recommended number). Salons may not be located within a salon suite. We do not select the site for your Salon and we do not purchase the premises and lease it to you. You must identify and obtain our approval of the site for your Salon within 180 days after signing the Franchise Agreement. We may terminate your Franchise Agreement if you fail to meet this deadline or we cannot agree on a site.

Your Salon must be located in the Site Selection Area described in the Franchise Agreement and conform to our minimum site selection criteria. You must send us a complete site report that includes all information we require about your proposed site. We try to approve or disapprove sites within 5 business days after receiving the site report. Our failure to approve a site within the 5 business-day period constitutes our disapproval. We consider the following factors when reviewing proposed sites:

- visibility, size, condition and characteristics of the building and accessibility of parking
- general location of the site and character of the neighborhood
- proximity to competitors
- local demographic information and economic indicators
- lease terms

If you sign an ADA, we must approve the site for each Salon you develop applying our then-current site selection criteria. Before you may propose sites for a new Salon under an ADA (excluding the 1st Salon you develop under the ADA) you must demonstrate the last Salon you opened has achieved financial stability by

generating average monthly revenue (including Stylist tips, but excluding taxes) of at least $65,000 per month over any period of three (3) consecutive months.

If you lease the premises for your Salon, you must use best efforts to cause your landlord to sign the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". If your landlord refuses to sign our prescribed form of Lease Addendum we may either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require you to find a new site for your Salon.

Site Development (§7.3 & 11.10)

The Manual includes generic prototype plans and our standards and specifications for the design, layout, equipping and trade dress for a Salon. You must hire a licensed and bonded architect to prepare initial design plans for the construction of your Salon and leasehold improvements. We must approve the initial design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all federal, state and local ordinances, building codes, permits and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. Once approved, you must construct and equip your Salon according to the approved construction plans and the requirements of the Manual. You must purchase (or lease) and install the Technology Systems, equipment, fixtures, signs and other items we require.

We may require that you periodically remodel and renovate your Salon to conform to our then-current standards and specifications (but not more than once during any 5-year period except as a condition to a Transfer or renewal of your franchise rights). There is no limit to the cost of these obligations. You may not remodel or renovate your Salon without our prior approval.

Opening Requirements (§7.4)

We expect most franchisees will open 6 to 12 months after signing the Franchise Agreement. Factors that may affect this time include:

- the amount of time needed to find an approved site
- protracted lease negotiations with the landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of the building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train staff

Advertising (§10)

You must participate at your own expense in all advertising, promotional and marketing programs we require, such as social media, paid advertising, PR efforts, business networking and collaboration with other businesses. You are not required to participate in an advertising cooperative. There is currently no franchisee advertising council that advises us on marketing and advertising matters.

Our Advertising Obligations

We have no obligation to conduct advertising for the franchise system. However, we may periodically create advertising and marketing materials for your use. We may: (a) deliver these materials to you, in which case you must pay for the shipping costs; (b) use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge; (c) provide online access to these materials, in which case you must print the materials at your expense; or (d) contract with third-party suppliers to create advertising

or marketing materials that you may purchase.

We assist you in developing a customized pre-opening marketing plan. We also provide you with access to our recommended post-opening marketing plan, which may be included in the Manual. We may designate any aspect(s) of the marketing plan as mandatory (such as our prescribed digital marketing strategy).

Preopening Advertising

You must spend at least $5,000 on preopening marketing activities (primarily digital). We may require you to utilize a marketing company we designate to design and implement a customized grand opening marketing plan.

Post-Opening Advertising

After opening, you must implement our prescribed digital marketing strategy to build brand awareness in your local market and generate new clients. Each month, you must spend at least $3,000 (i.e., the Local Marketing Commitment) on local advertising (primarily digital marketing). We may recommend you spend more than $3,000 per month based on our assessment of various factors, including the level of brand awareness and cost of digital marketing (and associated ROI) in your local market. We measure your compliance on a quarterly basis, meaning as long as your average monthly expenditure on local advertising over the 3-month period equals or exceeds your Local Marketing Commitment, you are deemed in compliance even if your expenditure in a given month is less than your Local Marketing Commitment.

You may develop your own advertising and marketing materials and programs but we must approve them prior to use. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved.

Websites, Social Media and Digital Advertising

We maintain a corporate website to promote our brand. We will also create and host a local webpage for your Salon that will be linked to our corporate website and list information about your Salon we deem appropriate, such as location, hours of operation, contact information, new client pricing and special offers. It will also include a new client consult widget. We can modify or discontinue our website and/or your Salon's webpage at any time.

Except for the webpage we provide and the digital marketing strategy we prescribe, you may not: (a) develop, host or otherwise maintain a website (or other digital presence) bearing our Marks; (b) conduct digital or online advertising; or (c) engage in ecommerce. However, we do permit you to market your Salon through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing social media platforms we approve
- you must strictly comply with our social media policy, as revised from time to time
- you must immediately remove any post we disapprove
- we may require that you contract with and utilize a social media company we designate
- you must provide us with full administrator rights to your social media accounts
- we must retain ownership of all social media accounts relating to your Salon

Gift Card and Loyalty Programs

We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. We have the right to determine how proceeds from gift card sales are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. You must follow all policies we establish for gift card and/or loyalty programs.

Brand and System Development Fund

We may, but need not, establish and administer a Brand Fund to promote public awareness of our brand and improve our System. We may use the Brand Fund to pay for any of the following:

- developing, distributing or administering advertising and marketing materials and programs
- conducting and administering promotions, contests or giveaways
- public and consumer relations and publicity
- brand development
- sponsorships and charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development, maintenance and promotion of an ecommerce platform
- development and implementation of quality control programs
- conducting market research
- reimbursing us for costs we incur to host franchisee conferences
- changes and improvements to the System
- fees and expenses charged by advertising agencies we engage to provide marketing services
- collecting and accounting for brand fund fees and preparing financial accountings of the Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System
- reimbursing us for administrative, overhead and other expenses we incur to administer the Brand Fund, including compensation paid to our personnel for time spent working on Brand Fund matters

We direct and have complete control and discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used. Advertising could be local, regional or national in coverage and utilize any media we deem appropriate (including digital, print, television, radio or billboard). The Brand Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and pages on our website may promote the franchise opportunity.

You must pay the brand fund fee we specify from time to time (not to exceed 2% of Gross Sales). Company-owned Salons contribute to the Brand Fund on the same basis as franchisees. However, if we modify the amount or timing of required contributions, any company-owned Salon established or acquired after the modification may contribute to the Brand Fund utilizing the modified amount or timing. All monies deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies may be invested and we may lend money if there is a deficit. An unaudited financial accounting of Brand Fund contributions and expenditures will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2025 we did not collect or spend any monies from the Brand Fund.

The Brand Fund is not a trust. We have no fiduciary obligations or liability to you with respect to our administration of the Brand Fund. Once established, we may discontinue the Brand Fund on 30 days' notice.

Advisory Council (§12)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations or new products or services. We would consider suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you comply with your Franchise Agreement and do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting

rights and privileges granted to other members of the council. Any company-owned Salon would also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Computer System (§11.7, 11.8, 11.9, 15.3 & 16.1)

You must purchase and use all Technology Systems we designate, including a computer system that includes: 1 desktop computer; 2 to 3 iPads; Mango Mint POS system with 1 terminal; optional cash drawer and barcode scanner; Receipt printer/printer; and a RingCentral License. We also recommend, but do not currently require, that you obtain a Canva subscription and QuickBooks Online license. We may change the components of the Technology Systems from time to time, including your computer system.

DAKOTA LONDON ACADEMY™

We will allow you (and certain of your employees) to access and utilize DAKOTA LONDON ACADEMY™, which is our online technology platform housing a variety of tools and resources such as operational documents, learning modules and updates to the Manual. The costs associated with DAKOTA LONDON ACADEMY™ are covered by the technology fee. You must use DAKOTA LONDON ACADEMY™ in compliance with our policies and procedures, including restricting access to certain authorized members of your staff.

How Computer System Is Used

The computer system will generally be used to: schedule or edit appointments; process payments; create sales tickets; communicate with clients; manage inventory; run reports; manage your staff schedule; facilitate online training programs; play music during operating hours; print documents related to your business; generate form documents; and perform SMS text marketing and client communications functions. RingCentral is a cloud-based communications platform used to consolidate phone systems, messaging and video conferencing.

We will provide a minimum of 2 DAKOTA LONDON™ email addresses for use with your Salon. You may request additional email addresses. You must exclusively use the email addresses we provide for all communications with us, clients, suppliers and other persons relating to your Salon. You may not use them for any purpose unrelated to your Salon. We will own the email addresses and accounts but allow you to use them during the term of your Franchise Agreement.

Fees and Costs

We estimate the initial cost of your computer system and point-of-sale system (including any upfront license fees, setup fees, software training fees, data migration fees, etc.) will range from $1,700 to $3,000. As further detailed in Item 6, you must pay us a technology fee for certain software, technology and related services that we provide. The table below identifies the ongoing fees and costs you must pay for the software, technology, Apps, subscriptions and related services (including the software, technology and related services covered by the technology fee):

COMPUTER SYSTEM – ONGOING FEES AND COSTS*			
Item	**Fee (Monthly)**	**Fee (Annual)**	**To Whom Paid?**
Gmail (part of technology fee)	$17 (per email address**)	$204 (per email address)	Us
DAKOTA LONDON ACADEMY™ (part of technology fee)	$20 (per user license**)	$240 (per user license)	Us
Mango Mint POS System License Fee (part of technology fee)	$135	$1,620	Us
Mango Mint SMS Marketing Add-On (part of technology fee)	$50	$600	Us
Mango Mint Forms Add-On (part of technology fee)	$25	$300	Us

COMPUTER SYSTEM – ONGOING FEES AND COSTS*			
Item	**Fee (Monthly)**	**Fee (Annual)**	**To Whom Paid?**
Mango Mint Payroll Add-On (part of technology fee)	$50 + $8/payee	$600 + $96/payee	Us
SMS Text Client Communication Management Program	$75	$900	Us
RingCentral	$75 to $400***	$900 to $4,800	Third-Party Licensor
Canva (recommended but not required)	$9	$108	Third-Party Licensor
QuickBooks Online (recommended but not required)	$50	$600	Third-Party Licensor

* Fees and costs are subject to change based on pricing changes implemented by third-party licensors.

** We expect most franchisees will need 2 to 3 email addresses and 3 to 8 DAKOTA LONDON ACADEMY™ user licenses and will have 4 payroll payees, resulting in total estimated technology fees ranging from $386 to $503 per month ($4,632 to $6,036 per year).

*** The $75 minimum monthly fee may increase based on optional features you may choose to purchase.

Maintenance, Support, Updates and Upgrades

We are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system. Your technology fee includes the costs associated with maintenance, repairs, upgrades and updates to DAKOTA LONDON ACADEMY™. We may provide these services ourselves or we may outsource them to a third-party supplier of our choosing. In exchange for the monthly licensing fees described above, the licensors of Canva, QuickBooks Online, Gmail accounts and RingCentral provide required maintenance, repairs and updates. Except as disclosed above, neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system.

Collection and Sharing of Data

Your computer system will collect client information (including name, email, phone number, social medial profiles, date-of-birth and encrypted credit card information), sales figures, inventory data, employee scheduling data, retention reports, new client reports and other performance reports. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access.

Computer System Maintenance and Changes

You must maintain the computer system in good condition at your cost. We may require that you upgrade, update or otherwise change your computer system and other Technology Systems to conform to our then-current specifications. There is no contractual limitation on the frequency or cost of these updates, upgrades or changes.

ITEM 12 TERRITORY

Location of Your Salon

Each Franchise Agreement grants you the right to operate a single Salon from a site we approve. You must identify a site for your Salon within the Site Selection Area described in your Franchise Agreement.

You may relocate your Salon with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) obtain our approval of the new site for your Salon within the Site Selection Area (but outside any territory assigned to another Salon); (b) comply with our then-current site selection and development requirements; (c) remove trade dress and alter the premises of the closed (i.e., former) Salon to eliminate any resemblance to a DAKOTA LONDON™ Salon; (d) pay us a relocation fee of $2,500 at the time we approve your request to relocate; and (e) open your Salon at the new site and resume operations within 30

days* after closing the former site. We may also require that you conduct another grand opening marketing campaign to promote the opening of your Salon at the new site.

* If your Salon is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, you will instead have 270 days to relocate and resume operations at the new site. If the period of closure exceeds 30 days and you receive business interruption insurance proceeds, then you must also pay us monthly royalty fees during the closure period (commencing 30 days after the closure) equal to the average monthly royalty fee imposed during the 12-month period preceding the closure.

Description of Salon Territory (Franchise Agreement)

Each Salon receives an exclusive territory (a "Territory" or "Salon Territory"). Your Territory will include a minimum population of 100,000 women. Most Salon Territories include populations ranging from 100,000 to 150,000 women. In most cases, we seek out territories where at least 10% of the population of women have household annual income in excess of $100,000. We may designate the boundaries of your Territory in any manner we deem appropriate (for example, by prescribed radius, zip code(s), marked area on a map, geographic markers, etc.), provided that the Territory includes a population equal to or greater than the minimum population listed above. We currently use recent census data from the U.S. Census Bureau to determine the population within an area, but we may use alternative demographic software, databases or other data repositories in the future. The population determination is made at the time we designate your Territory. We have no obligation to modify your Territory based on population changes during the term of the Franchise Agreement. We reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria at the time you renew your franchise or relocate your Salon.

Description of Development Territory (ADA)

If you acquire area development rights, we will grant you a development territory (the "Development Territory") that will be described in your ADA. Each Development Territory can accommodate a total number of Salons ranging from 2 Salons (for the smallest Development Territory) to 6 Salons (for the largest Development Territory). Before you sign the ADA, we will divide your Development Territory into separate Salon Territories. Each Salon Territory will include a minimum population of 100,000 women. You must sign a separate Franchise Agreement for each Salon you develop. Each Salon must be located in a different Salon Territory. We must approve the site for each Salon under our then-current site selection criteria.

Territorial Rights

Your Salon Territory will be exclusive. We will not develop or operate, or license a third party to develop or operate, another Salon that uses our Marks and is located in your Salon Territory during the term of your Franchise Agreement.

If you sign an ADA, your Development Territory will also be exclusive. We will not develop or operate, or license a third party to develop or operate, another Salon that uses our Marks and is located in your Development Territory during the term of your ADA.

Alternative Channels of Distribution

We reserve the right to sell, and license others to sell, competitive or identical goods and services (either under the Marks or different trademarks) through Alternative Channels of Distribution, including within your Salon Territory and Development Territory, if applicable. An "Alternative Channel of Distribution" means any channel of distribution other than: (a) retail sales made to clients while present at a Salon; or (b) providing hair extension services from the premises of a Salon. Examples of Alternative Channels of Distribution include the sale of hair extension products or services, hair care products or other goods or services:

- through direct marketing, such as over the Internet or through catalogs or telemarketing
- through department stores, beauty stores or unaffiliated salons that do not operate under the Marks
- at wholesale
- onsite at a client's home or place of business

- from kiosks or mobile trailers

You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution. Although we reserve the right to sell through Alternative Channels of Distribution, neither we nor our affiliate will sell our proprietary line of semi-permanent professional-grade hair extension products except to Salons that are part of our System.

Restrictions on Your Sales and Marketing Activities

Unless you receive our prior written approval, you may not market or sell using Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either inside or outside your Salon Territory or, if applicable, Development Territory. However, you may promote your Salon using social media, subject to the restrictions described in Item 11 under "Websites, Social Media and Digital Advertising". You may also conduct digital marketing in compliance with our prescribed digital marketing program. You must comply with any minimum advertised pricing policy that we establish.

You can market and advertise outside your Salon Territory as long as: (a) you comply with all policies and procedures in the Manual governing extra-territorial marketing; and (b) you do not engage in targeted marketing directed into another Salon's Territory. Marketing that is distributed, circulated or received both within your Territory and another Salon's Territory is not considered "targeted marketing" if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory (including use of geofencing and comparable technology strategies to restrict circulation of social media ads); and (b) the majority of the recipients of the advertising are located in your Territory and there is only incidental circulation or distribution within another Salon's Territory. The meaning of "targeted marketing" that is "directed into a Territory" may be further defined in the Manual, but examples include direct mail sent to addresses within a given Territory, digital advertising sent to devices with IP addresses registered within a given Territory and conducting promotional events within a given Territory.

There are no other restrictions on your right to solicit clients, whether from inside or outside of your Salon Territory or, if applicable, Development Territory. As long as you comply with the advertising restrictions described above, you have the right to accept clients from any location, include clients who reside outside your Salon Territory and, if applicable, Development Territory.

Minimum Performance Requirements

Your territorial exclusivity under the Franchise Agreement does not depend on achieving a certain sales volume, market penetration or other contingency.

If you sign an ADA and breach the development schedule by failing to open and operate the prescribed number of Salons within the required periods of time, we may terminate your ADA and you will lose the territorial rights and protections associated with your Development Territory.

Additional Franchises and Territories

We do not grant options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right and obligation to develop the prescribed number of Salons within your development territory if you sign an ADA.

Competing Businesses Under Different Marks

Neither we nor our affiliates currently intend to operate or franchise another business under a different trademark that sells products or services similar to those sold by a Salon, but we reserve the right to do so.

ITEM 13 TRADEMARKS

Our affiliate, Dakota London Hair Extensions LLC ("DLHE"), registered the following Mark on the Principal Register of the United States Patent and Trademark Office (USPTO):

REGISTERED MARKS		
Mark	**Registration Number**	**Registration Date (Renewal Date)**
	5939129	December 17, 2019 (May 14, 2025)

All required affidavits have been filed and we intend to file all renewals by the required renewal dates.

We may change the trademarks you may use from time to time, including by discontinuing the Marks listed below. If this happens, you must change to the new trademark at your expense.

You must obtain a fictitious or assumed name registration if required by state or local law. The fictitious or assumed name registration must be for "DAKOTA LONDON of (name of your designated Territory or geographic descriptor)". You must submit your proposed tradename to us for approval. We will notify you of our approval through the issuance of a written Tradename Approval Notice. You may not use any tradename we have not approved. You must surrender, cancel or abandon the tradename upon the termination, expiration or transfer of the Franchise Agreement.

You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we deem appropriate. We are not required to take any action if we do not feel it is warranted. You may not control any proceeding or litigation involving our Marks.

The Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.

There are currently no: (a) effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; (c) pending material litigation matters involving any of the Marks; or (d) infringing uses we are aware of that could materially affect your use of the Marks.

On December 1, 2024, we and DLHE signed an Intellectual Property License Agreement (the "License Agreement") that grans us the right to use and sublicense the Marks to franchisees. The License Agreement term automatically renews annually unless terminated in accordance with its terms. DLHE may terminate the License Agreement only if we: (a) declare bankruptcy or become insolvent; (b) breach DLHE's quality control standards and fail to cure within a 60-day cure period; or (c) consent to the termination. If the License Agreement terminates, all sublicenses granted to franchisees prior to the termination date remain in effect until the franchise agreement expires or terminates. No other agreements limit our right to use or sublicense the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for our Manual, website or marketing materials, we do claim a copyright to these items.

During the term of the Franchise Agreement, we allow you to develop and operate your Salon using certain confidential and proprietary information (some of which constitute "trade secrets"). Examples include:

- architectural plans, drawings and specifications for a prototype Salon
- site selection criteria
- methods, techniques, policies, procedures, standards and specifications

- supplier lists, client lists and information regarding suppliers and clients
- marketing and merchandising strategies
- information comprising the System

We own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Salon. We also own all operational and client data pertaining to your Salon. You must treat this data as confidential and proprietary. We license you the right to use this data during the term of your Franchise Agreement. You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual.

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may only use this information to develop and operate your Salon. All information in the Manual is confidential. You may not disclose our confidential information to anyone other than your employees, on a need-to-know basis, without our prior permission. All your employees and representatives must sign the Nondisclosure and Nonsolicitation Agreement attached to the Franchise Agreement before you give them access to our confidential information or DAKOTA LONDON ACADEMY™. Without our approval, you may not enter our confidential or proprietary information into public/open AI models or other AI models that use such information to train the AI.

You must promptly notify us if you discover an unauthorized use of our proprietary information or copyrighted materials. We are not required to act, but will respond as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages you incur as a result of any such proceeding or litigation. There are no infringements known to us at this time.

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

Owner Participation

You must designate an owner with overall responsibility for the management of your Salon (the "Managing Owner"). The Managing Owner must: (a) be approved by us; (b) have binding decision-making authority on matters involving the Salon; (c) successfully complete all training programs we require; (d) dedicate full-time efforts to the Business; (e) maintain a primary residence that is located in the Salon Territory or Development Territory or not more than 20 miles from your Salon (unless otherwise approved); and (f) at all times hold at least a 20% ownership interest in the franchise unless we waive this requirement. The Managing Owner is not required to provide onsite management as long as a trained manager is onsite. Any new Managing Owner you appoint must successfully complete our then-current initial training program prior to managing your Salon.

Except as otherwise provided above with respect to the Managing Owner, we do not require that your owners personally participate in the management or operation of your Business. If you are an entity, each person holding a direct or indirect ownership interest in the entity and their spouse must sign the Owner Agreement attached to the Franchise Agreement, which requires the owner (or spouse) to: (a) comply with all brand protection covenants (except to the extent prohibited by law), covenants that protect our intellectual property and transfer restrictions in the Franchise Agreement; and (b) guarantee the franchisee's financial obligations.

Managers

You may hire managers to help the Managing Owner with onsite management of the Salon. All managers must: (a) successfully complete all training programs we require; (b) pass a background check; and (c) sign a Nondisclosure and Nonsolicitation Agreement. At all times during normal business hours, either the Managing Owner or a trained manager must be present at the Salon to provide onsite management. The Managing Owner must monitor and supervise each manager to ensure the Salon operates in compliance with the Franchise Agreement and Manual. We do not require that your managers own an equity interest in the franchise.

Stylists

You must hire the Stylists who will provide hair extension services at your Salon. Each Stylist must: (a) hold an

active cosmetology (or similar) license; (b) complete all training programs we require; and (c) sign a Nondisclosure and Nonsolicitation Agreement. We recommend (but do not require) that you conduct background checks on your Stylists. We do not require that your Stylists own an equity interest in the franchise.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services you sell. You must offer all goods and services we require. You may not sell any goods or services we have disapproved. You may only sell hair extension products purchased from our affiliate. You may not resell our hair extension products except to retail clients of your Salon. At any time, we may change the goods and services you sell and you must comply with the change. We may require you to participate in a gift card or customer loyalty program (including utilization of a "membership" model) in accordance with our policies and procedures.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
a. Length of franchise term	FA: 1 (definition of Term) & 4.1	Term is equal to 10 years.
	ADA: 1 (definition of Term)	Term expires on the opening date listed in the development schedule for the last Salon you are required to develop.
b. Renewal or extension of the term	FA: 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 4 consecutive successor franchise agreements. Each renewal term is 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	ADA: 4.6	No renewal rights.
c. Requirements for you to renew or extend	FA: 4.1 & 4.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement; sign general release (subject to state law); pay renewal fee; remodel Salon and upgrade furniture, fixtures and equipment to current standards; and extend term of lease. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: 4.6	You may not renew or extend the term of the ADA.
d. Termination by you	FA: 20.1	You can terminate if we default and fail to timely cure.
	ADA: Not Applicable	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: 20.3	We can terminate without cause if you provide your written consent.
	ADA: 8.2	
f. Termination by us with cause	FA: 20.2	We can terminate if you default.
	ADA: 8.1	
g. "Cause" defined - curable defaults	FA: 20.2	You have the following cure periods: (a) 24 hours for health or safety hazards; (b) 10 days for financial defaults; (c) 20 days for loss of a required license or permit; and (d) 30 days for any other default (other than a default described below under "non-curable defaults").
	ADA: 8.1	You have 30 days to cure any default other than a default described below under "non-curable defaults".

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
h. "Cause" defined - non-curable defaults	FA: 20.2	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training; failure to find approved site or open in timely manner; abandonment; conviction of certain crimes or subject of certain administrative actions; violation of material law; commission of act that may adversely affect reputation of System or Marks; material misrepresentations; 2nd underreporting of Gross Sales by 3% or more; unauthorized Transfers; unauthorized use of our intellectual property; breach of brand protection covenant; breach of Owner Agreement; failure to notify us of a matter described in §15.6; breach of legal compliance representations; termination of lease due to your default; 3 or more default notices in a 12-month period; or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default. However, termination of an ADA due to breach of the development schedule is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: 8.1	If we terminate a franchise agreement due to your default, we may terminate the ADA without opportunity to cure.
i. Your obligations on termination/ non-renewal	FA: 21.1	Obligations include: remove trade dress and alter premises to eliminate any resemblance to a Salon; cease use of intellectual property; cease access to DAKOTA LONDON ACADEMY™; return Manual and branded materials; assign telephone numbers, listings and domain names; assign client information and accounts; cancel fictitious names; comply with data retention policies; and pay amounts due (also see "r", below). We will repurchase your remaining inventory of proprietary hair extension products at a price equal to your cost less a 20% restocking fee.
	ADA: Not Applicable	The ADA does not impose any post-term obligations on you.
j. Assignment of contract by us	FA: 19.1	No restriction on our right to assign.
	ADA: 7.1	
k. "Transfer" by you – definition	FA: 1 (definition of "Transfer") & 19.2	Includes ownership change or transfer of contract or assets.
	ADA: 1 (definition of Transfer) & 7.2	
l. Our approval of transfer by you	FA: 1 (definition of Permitted Transfer), 19.2 & 19.3	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.
	ADA: 1 (definition of Permitted Transfer), 7.2 & 7.3	

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
m. Conditions for our approval of transfer	FA: 19.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; assume your obligations under Business contracts; sign then-current form of franchise agreement for remaining term or, at our option, assume your Franchise Agreement; and remodel Salon and upgrade furniture, fixtures and equipment to current standards within 1 year of Transfer or such shorter period of time we specify. You must: be in compliance with Franchise Agreement; assign lease (if applicable); pay transfer fee; subordinate transferee's ongoing payments owed to you (if any) to transferee's financial obligations owed to us; and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
	ADA: 7.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); and sign then-current form of area development agreement for remainder of term or, at our option, assume your ADA. You must: be compliant with Franchise Agreements and ADA; assign all Franchise Agreements to same purchaser unless we agree to contrary (or we instruct transferee to sign then-current form of franchise agreement); comply with transfer provisions in Franchise Agreements; pay transfer fee (subject to state law); and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
n. Our right of first refusal to acquire your business	FA: 19.5	We can match any offer for your business.
	ADA: 7.5	We can match any offer for your area development rights.
o. Our option to purchase your business	FA: 21.2	We have the option to purchase your Salon at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	The ADA does not include a purchase option.
p. Your death or disability	FA: 8.5 & 19.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers. We may designate an interim manager to operate the Salon prior to Transfer.
	ADA: 7.4	
q. Non-competition covenants during the term of the franchise	FA: 14.3	No involvement in a competing business.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: 14.3 & 21.1	No involvement for 2 years in competing business from your Salon or anywhere within 15 miles from (a) your Salon or (b) any other Salon. No solicitation of current or former Salon clients.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: 24.3 & 24.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.
	ADA: 12.7	

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
t. Integration/ merger clause	FA: 24.8 ADA: 12.7	Only the terms of the Franchise Agreement and ADA (if applicable) and their attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document, Franchise Agreement and ADA may not be enforceable. Nothing in the Franchise Agreement, ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.
u. Dispute resolution by arbitration or mediation	FA: 22 ADA: 10	Subject to state law, all disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants or post-term obligations.
v. Choice of forum	FA: 22 ADA: 10	Subject to applicable state law, mediation and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Maricopa County, Arizona).
w. Choice of law	FA: 24.1 ADA: 12.1	Subject to applicable state law, Arizona law governs.

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchise.

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.

Defined Terms

For purposes of this FPR, the following terms have the meanings given to them below.

"***Adjusted Net Profit***" is the financial performance metric calculated as Net Profit minus Imputed Fees & Costs.

"***Company-Owned Salon***" means any Salon owned by us, our affiliate or a person listed in Item 2 of this Disclosure Document if that person is also involved with the management of the Salon.

"***COGS***" means and includes all costs and expenses that a Qualifying Salon incurs to acquire: (a) products sold at retail (which are purchased from our affiliate); (b) products used in performing hair extension services, including hair extension products and hair care products (which are purchased from our affiliate); and (c) pliers, beads, thread and other supplies used or consumed in performing hair extension services (which are purchased from third-party suppliers).

"***Excluded Expenses***" means and includes: (a) amortization; (b) depreciation; (c) professional fees; (d) taxes; and (e) owner draws, benefits and personal expenses.

"***FPR***" means the financial performance representation set forth in Item 19 of this Disclosure Document.

"***Franchised Salon***" means any Salon owned by a franchisee.

"***Gross Profit***" is the financial performance metric calculated as Gross Sales minus COGS.

"***Gross Sales***" means all gross sums billed or collected by a Qualifying Salon from all goods and services sold, plus all other sums derived from operating the Salon, minus: (1) sales and use taxes; (2) amounts refunded to clients; (3) revenue from the sale of furniture, fixtures and equipment in the ordinary course; and (4) Stylist tips.

"***Imputed Fees & Costs***" means and includes the following fees and costs incurred by Franchised Salons that Company-Owned Salons do not incur, or that Company-Owned Salons incur but at a lower fee or cost:

(1) *LMC (Local Marketing Commitment)* – calculated as the difference between $3,000 per month (i.e., what a Franchised Salon must spend on local advertising) and the monthly advertising costs actually incurred by the Company-Owned Salon. There is no imputed cost if the Company-Owned Salon actually incurs advertising costs of at least $3,000 per month.

(2) *Royalty Fees* – calculated as 7% of Gross Sales.

(3) *Technology Fees* – calculated as the difference between technology costs incurred by a Franchised Salon (including technology fees and costs paid to us and to third parties) and the actual costs incurred by the Company-Owned Salon for the same software or technology. In 2025 our Company-Owned Salons incurred the same technology costs as Franchised Salons except they did not pay a technology fee for DAKOTA LONDON ACADEMY™ (Franchised Salons pay $20 per user license per month).

"***Measuring Year***" means the period of time beginning January 1, 2025 and ending December 31, 2025.

"***Net Profit***" is the financial performance metric calculated as Gross Profit minus Operating Expenses.

"***Operating Expenses***" means and includes the following ordinary and recurring expenses:

(1) *Advertising* – includes local marketing, advertising and promotional costs and expenses actually incurred by Qualifying Salons. It does not include any imputed amounts for the LMC.

(2) *CC Processing* – includes credit card processing fees paid to the merchant processor.

(3) *Cleaning* – includes fees paid to a professional cleaning company for weekly cleaning services.

(4) *Insurance* – includes insurance premiums paid by Qualifying Salons for insurance policies comparable to the insurance policies that Franchised Salons must purchase.

(5) *Payroll* – includes the following expenses for the General Manager (GM) and other staff: employee benefits; payroll (including salaries, hourly wages, bonuses and commissions); payroll processing fees; payroll tax; and workers' compensation. For purposes of calculating Operating Expenses, Payroll excludes staff tips, which are listed separately in the FPR table below Total Revenue.

(6) *Rent* – includes rent paid to the landlord of the premises. Rent for Desert Ridge and Chandler also includes water and trash service under a triple net lease.

(7) *Supplies* – includes costs for refreshments and miscellaneous supplies such as cleaning supplies, cups, hand towels, paper towels, hand soap and trash bags. It does not include the cost of supplies used or consumed in performing hair extension services (these supplies are included under COGS).

(8) *Technology* – includes the following costs and expenses incurred by Qualifying Salons: (a) POS system fees; (b) gmail account fees; (c) RingCentral fees; and (d) software fees.

(9) *Utilities* – includes payments to utilities companies for electricity, gas and Internet service. Utilities also include payments to the city for water and trash service for the Company-Owned Salon in

Scottsdale (water and trash are included with Rent for the Company-Owned Salons in Desert Ridge and Chandler under a triple net lease).

"***Qualifying Salon***" means any Company-Owned Salon or Franchised Salon that was open the entire Measuring Year and provided us with all data we requested to prepare this FPR.

"***Total Revenue***" means all gross sums billed or collected by a Qualifying Salon from all goods and services sold, plus all other sums derived from operating the Salon, minus sales and use taxes.

System Statistics

For purposes of this FPR, each Salon may be referred to as an "outlet." Because there were no Franchised Salons in operation during the Measuring Year, this FPR is limited to data from Company-Owned Salons.

As of December 31, 2025 (the last day of the Measuring Year) there were: (a) 0 Franchised Salons in operation; and (b) 3 Company-Owned Salons in operation, all of which are Qualifying Salons. The table below summarizes the outlet statistics and the number of Qualifying Salons:

2025 Outlet Statistics					
Salon Type	***Open Salons***		***Statistical Changes During 2025***		**Qualifying Salons**
	Jan 1, 2025	**Dec 31, 2025**	**Salons Opened**	**Salons Closed**	
Franchised	0	0	0	0	0
Company-Owned	3	3	0	0	3
Total	3	3	0	0	3

Below are relevant details regarding the 3 Company-Owned Salons whose data has been included in this FPR:

Location	Opening Year	Size	Number of Stylist Stations
Scottsdale*	2011	1,150 square feet	6
Desert Ridge	2022	1,350 square feet	6
Chandler	2019	1,600 square feet	6

* This Salon operated under the name AZ STRANDS until it rebranded to DAKOTA LONDON™ in 2019.

Except for Imputed Fees and Costs (discussed below), there are no material differences between the operations of the Company-Owned Salons and the franchised business offered under this Disclosure Document.

Financial Performance Representation

The following table presents the historical Gross Sales, COGS, Gross Profit, Operating Expenses, Net Profit and Adjusted Net Profit achieved by our 3 Company-Owned Salons during the Measuring Year.

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2025 Financial Performance Representation – Net Profit							
		Scottsdale		Desert Ridge		Chandler	
		Amount	% Gross Sales	Amount	% Gross Sales	Amount	% Gross Sales
TOTAL REVENUE		**$1,502,515**	**112.39%**	**$1,102,892**	**113.79%**	**$1,304,360**	**112.27%**
Stylist Tips		*$165,581*	*12.39%*	*$133,645*	*13.79%*	*$142,533*	*12.27%*
GROSS SALES		**$1,336,934**	**100%**	**$969,247**	**100%**	**$1,161,827**	**100%**
COGS	*Hair Extension Products*	*$344,858*	*25.79%*	*$247,613*	*25.55%*	*$299,818*	*25.81%*
	Hair Care Products	*$11,097*	*0.83%*	*$10,980*	*1.13%*	*$13,858*	*1.19%*
	Other	*$9,851*	*0.74%*	*$7,943*	*0.82%*	*$9,155*	*0.79%*
	Total	*$365,806*	*27.36%*	*$266,535*	*27.50%*	*$322,831*	*27.79%*
GROSS PROFIT		**$971,128**	**72.64%**	**$702,712**	**72.50%**	**$838,996**	**72.21%**
Operating Expenses	*Advertising*	*$38,453*	*2.88%*	*$38,453*	*3.97%*	*$38,453*	*3.31%*
	CC Processing	*$26,237*	*1.96%*	*$20,218*	*2.09%*	*23,539*	*2.03%*
	Cleaning	*$6,500*	*0.49%*	*$6,500*	*0.67%*	*$6,500*	*0.56%*
	Insurance	*$1,800*	*0.13%*	*$1,800*	*0.19%*	*$1,800*	*0.15%*
	Payroll-GM	*$26,835*	*2.01%*	*$26,835*	*2.77%*	*$26,835*	*2.31%*
	Payroll-Staff (excluding tips)	*$389,755*	*29.15%*	*$232,072*	*23.94%*	*$319,658*	*27.51%*
	Rent	*$68,751*	*5.14%*	*$86,776*	*8.95%*	*$66,890*	*5.76%*
	Supplies	*$1,821*	*0.14%*	*$1,233*	*0.13%*	*$1,451*	*0.12%*
	Technology	*$3,962*	*0.30%*	*$3,962*	*0.41%*	*$3,962*	*0.34%*
	Utilities	*$3,428*	*0.26%*	*$3,845*	*0.40%*	*$3,486*	*0.30%*
	Total	*$567,542*	*42.45%*	*$421,694*	*43.51%*	*$492,574*	*42.40%*
NET PROFIT		**$403,586**	**30.19%**	**$281,018**	**28.99%**	**$346,422**	**29.82%**
Imputed Fees & Costs	*LMC*	-	-	-	-	-	-
	Royalty Fees	*$93,585*	*7.00%*	*$67,847*	*7.00%*	*$81,328*	*7.00%*
	Technology Fees	*$960*	*0.07%*	*$960*	*0.10%*	*$960*	*0.08%*
	Total	*$94,545*	*7.07%*	*$68,807*	*7.10%*	*$82,288*	*7.08%*
ADJUSTED NET PROFIT		**$309,041**	**23.12%**	**$212,210**	**21.89%**	**$264,123**	**22.73%**

The following table breaks down total service revenue, average ticket price, and median ticket price by type of service. The revenue figures do not include taxes or staff gratuities.

2025 Financial Performance Representation – Service Revenue Allocation									
	Scottsdale			Desert Ridge			Chandler		
	Amount	Average Ticket	Median Ticket	Amount	Average Ticket	Median Ticket	Amount	Average Ticket	Median Ticket
Hair Extension Installation	$555,972	$1,010.86	$889.50	$409,359	$889.91	$896.84	$480,151	$889.17	$879.50
Maintenance	$599,630	$218.68	$215	$435,390	$216.18	$215	$513,220	$219.70	$215
6 Month Trade-In (retention service)	$123,472	$576.97	$575	$76,346	$569.75	$589.50	$125,752	$582.19	$582.25

Notes:

1. Source of Data: We prepared the FPR based on data we obtained from the point-of-sale system used by our Company-Owned Salons and unaudited financial statements. The data has not been audited.

2. Payroll (GM): Our 3 Company-Owned Salons employ a single regional General Manager and share the costs equally, so the payroll cost listed in the table for each Salon reflects 1/3 of the total cost.

3. Payroll (Staff): The Payroll-Staff figures listed under Operating Expenses exclude staff tips, which are subtracted from Total Revenue to calculate Gross Sales. The total combined amount for Payroll-Staff plus staff tips for 2025 was: (a) $555,336 (41.54% of Gross Sales) for Scottsdale; (b) $365,717 (37.73% of Gross Sales) for Desert Ridge; and (c) $462,191 (39.78% of Gross Sales) for Chandler.

4. Technology: The 2025 annual technology costs incurred by each Company-Owned Salon include: (a) $112 for gmail accounts; (b) $2,860 for point-of-sale licensing fees and optional SMS text marketing add-on; (c) $990 for RingCentral. One Company-Owned Salon paid a standard POS licensing fee of $245 per month while 2 Company-Owned Salons paid a discounted licensing fee of $135 per month (the POS system licensor offers a multi-unit discount if the licensee operates multiple Salons). In addition, 2 of the Company-Owned Salons paid $100 per month ($200 total) for the optional SMS marketing add-on. The total combined technology cost for all 3 Company-Owned Salons was allocated equally among the Salons.

5. Imputed Fees & Costs – LMC: Each Company-Owned Salon incurred advertising costs in excess of the LMC. As a result, this FPR does not include any imputed additional advertising costs.

6. Imputed Fees & Costs – Royalty Fees: Company-Owned Salons do not pay us royalties. Under Imputed Fees & Costs, we included the royalty fees that would have been charged to the Company-Owned Salons if they were Franchised Salons.

7. Imputed Fees & Costs – Technology Fees: Franchised Salons pay a technology fee of $20 per user license per month for access to DAKOTA LONDON ACADEMY™. Our Company-Owned Salons do pay this fee. Under Imputed Fees & Costs, we added the user license fees the Company-Owned Salons would have incurred if they were Franchised Outlets (estimated as $960 per Salon per year on the assumption each Salon needed 4 user licenses).

8. Excluded Expenses: This FPR does not reflect any Excluded Expenses. We included professional fees among the list of Excluded Expenses because the associated services were provided on behalf of Company-Owned Salons and other unrelated businesses, and we were unable to allocate the fees between the different companies. You should conduct an independent investigation of the costs and expenses you will incur in operating your Salon. Franchisees or former franchisees (if any), listed in the Franchise Disclosure Document, may be one source of this information.

Some Salons have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, DKL Franchising, 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 our Chief Executive Officer at 7625 E. Redfield Rd., Suite 160, Scottsdale, Arizona 85260 or by phone at (480) 300-2588, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2023 TO 2025				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company-Owned	2023	3	3	0
	2024	3	3	0
	2025	3	3	0
Total Outlets	2023	3	3	0
	2024	3	3	0
	2025	3	3	0

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR) FOR YEARS 2023 TO 2025		
State	**Year**	**Number of Transfers**
Total	2023	0
	2024	0
	2025	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2023 TO 2025								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Totals	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2023 TO 2025							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Arizona	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2023 TO 2025							
Totals	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2025			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
Utah	1	1	0
Total	1	1	0

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "G" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2025. In addition, EXHIBIT "G" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of 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 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system.

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Our fiscal year ends on December 31st. Audited financial statements of DKL Franchising, LLC for the fiscal years ended December 31, 2025 and December 31, 2024 are attached to this Disclosure Document as EXHIBIT "H". Because we have not been in existence for 3 years, we cannot provide all of the financial statements required by the FTC franchise disclosure guidelines.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C" Franchise Agreement
EXHIBIT "D" Area Development Agreement
EXHIBIT "E"-1 State Addenda
EXHIBIT "E"-2 Franchisee Disclosure Questionnaire **(Questionnaire may not be signed or used if the franchisee resides within, or the franchised business will be located within, a franchise registration state)**
EXHIBIT "E"-3 General Release
EXHIBIT "E"-4 Tradename Approval Notice
EXHIBIT "E"-5 Franchise Resale Agreement

Attachments to Franchise Agreement

ATTACHMENT "B" Form of Site Approval Notice
ATTACHMENT "C" Lease Addendum
ATTACHMENT "D" Owner Agreement

ATTACHMENT "E" ACH Authorization Form
ATTACHMENT "F" Nondisclosure and Nonsolicitation Agreement

ITEM 23 RECEIPTS

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Agents for Service of Process:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Secretary of State
Securities Division
Room E-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Agent for Service of Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Franchise Section
Consumer Protection Division
525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
(517) 335-7567

MINNESOTA
Commissioner of Commerce
Director of Registration
85 Seventh Place East, #280
St. Paul, Minnesota 55101-3165
(651) 539-1500

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
Phone: (212) 416-8222

Agents for Service of Process:
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA
North Dakota Securities Department
State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

RHODE ISLAND
Department of Franchise Regulation
1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA
Department of Labor and Regulation
Division of Insurance Securities Regulation
124 S Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Agents for Service of Process:
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

Mailing Address:
Department of Financial Institutions
Securities Division
PO BOX 41200
Olympia, WA 98504-1200

WISCONSIN
Department of Financial Institutions
Division of Securities
201 W Washington Avenue, Suite 500, Madison, WI 53703
(608) 261-9555

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

Tritch Buonocore Law, PLLC
7975 N. Hayden Rd. Suite B200
Scottsdale, Arizona 85258

In states listed in EXHIBIT "A", the additional agent for Service of Process is listed in EXHIBIT "A".

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]

DAKOTA LONDON FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____

TABLE OF CONTENTS

1.	DEFINITIONS	1
2.	GRANT OF FRANCHISE	5
3.	TERRITORIAL RIGHTS AND LIMITATIONS	5
4.	TERM AND RENEWAL	6
5.	TRAINING AND CONFERENCES	7
6.	OTHER FRANCHISOR ASSISTANCE	7
7.	ESTABLISHING YOUR BUSINESS	9
8.	MANAGEMENT AND STAFFING.	10
9.	FRANCHISEE ENTITY	11
10.	ADVERTISING & MARKETING.	11
11.	OPERATING STANDARDS.	13
12.	FRANCHISE ADVISORY COUNCIL	18
13.	FEES	19
14.	BRAND PROTECTION COVENANTS.	20
15.	YOUR OTHER RESPONSIBILITIES	21
16.	INSPECTION AND AUDIT	23
17.	INTELLECTUAL PROPERTY	23
18.	INDEMNITY	24
19.	TRANSFERS	25
20.	TERMINATION	26
21.	POST-TERM OBLIGATIONS.	27
22.	DISPUTE RESOLUTION	29
23.	REPRESENTATIONS	30
24.	GENERAL PROVISIONS	31

ATTACHMENTS

ATTACHMENT "A"	Deal Terms
ATTACHMENT "B"	Form of Site Approval Notice
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Nondisclosure and Nonsolicitation Agreement

DAKOTA LONDON FRANCHISE AGREEMENT

This Dakota London Franchise Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between DKL Franchising, LLC, an Arizona limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms not defined above have the meanings given to them below:

"*Account*" means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §13.5.

"*ACH Agreement*" means the ACH Authorization Agreement attached as ATTACHMENT "E".

"*Acquisition*" means either: (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (b) us, or our affiliate or parent, directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

"*Acquired Assets*" means any assets associated with your Salon that we elect to purchase upon termination or expiration of this Agreement, as further described in §21.2(a).

"*AI Technology*" means an engineered or machine-based system designed to simulate human intelligence that exhibits adaptiveness after deployment and/or generates outputs (e.g., predictions, recommendations or decisions) for a given set of inputs/objectives, including systems employing computation techniques to simulate intelligent behavior or automate complex tasks (e.g., machine learning, deep learning, natural language processing, computer vision, neural networks, generative artificial intelligence, predictive analytics, intelligent automation tools and algorithmic processing systems).

"*Alternative Channels of Distribution*" means any channel of distribution other than: (a) retail sales made to clients while present at a Salon; or (b) providing hair extension services from the premises of a Salon. Examples of Alternative Channels of Distribution include the sale of hair extension products or services, hair care products or other goods or services:

(a) through direct marketing, such as over the Internet or through catalogs or telemarketing;

(b) through department stores, beauty stores or unaffiliated salons that do not operate under the Marks;

(c) at wholesale;

(d) onsite at a client's home or place of business; and

(e) from kiosks or mobile trailers.

"*Anti-Terrorism Law*" means Executive Order 13224 issued by the U.S. President (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future Laws addressing or in any way relating to terrorist acts and acts of war.

"*Appraised Value*" means the fair market value of the Acquired Assets as determined by independent appraisers in accordance with §21.2(b).

"*Business*" means the franchised business you operate pursuant to this Agreement.

"*Business Data*" means, collectively or individually, Client Data and Operational Data.

"*Claim*" means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory procedure, investigation or inquiry.

"*Client Data*" means and includes all data and information pertaining to a client including name, address, contact information, date of birth, purchase history and any other information collected in connection with a loyalty or membership program or for any other purpose.

"*Competing Business*" means any business that meets at least one of the following criteria: (a) any business

that generates, or could reasonably be expected to generate, at least 80% of its total revenue from the sale of hair extension services and/or hair extension products; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competing Business does not include any DAKOTA LONDON™ Salon operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

"*Confidential Information*" means and includes: (a) Know-How; (b) Business Data; (c) information in the Manual or comprising the System; (d) terms of Definitive Agreements and any amendments thereto; and (e) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, client information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully possessed by you or an Owner, without obligation of nondisclosure, before we disclosed the information to you or the Owner; (c) is independently developed by you or an Owner without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose the information to you or an Owner without breaching a confidentiality covenant imposed on such third party.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Salon.

"*DAKOTA LONDON ACADEMY™*" means the online technology platform we established (or any successor platform we establish in the future) that houses a variety of tools and resources we make available to franchisees.

"*Definitive Agreements*" means, collectively: (a) this Agreement; (b) the Area Development Agreement pursuant to which this Agreement is executed (if applicable); (c) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Salon or any other franchised concept; and (d) all ancillary agreements related to any of the foregoing, including Owner Agreements.

"*Dispute*" means any Claim or dispute between the parties that involves or relates to a Definitive Agreement, the offer or sale of franchise rights or the relationship between the parties.

"*Entity*" means a corporation, partnership, limited liability company or other form of association.

"*Equity Interest*" means a direct or indirect ownership or other beneficial interest in a business or Entity.

"*Excluded Claim*" means any Claim that, according to §22, is not subject to mandatory mediation.

"*Force Majeure*" means acts or circumstances beyond a party's control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly notifies the other party of the Force Majeure event; (b) the non-performing party is without fault and could not have prevented the delay or failure with reasonable precautions; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Salon as a result of such epidemic or pandemic.

"*Franchisee Entity*" means an Entity that: (a) signs this Agreement as the franchisee (if this Agreement is

signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

"*General Release*" means our then-current form of Waiver and Release of Claims you and your Owners must sign pursuant to §4.2 in connection with a franchise renewal or §19.2 in connection with a Transfer.

"*Governmental Authority*" means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, including a court or taxing authority.

"*Gross Sales*" means the total gross sums generated from all goods and services sold from or in connection with your Salon, together with all other revenue and monies derived in connection with your Salon, including advertising revenue, sponsorship fees and business interruption insurance proceeds. Gross Sales excludes: (a) sales or use taxes you pay to a Governmental Authority; (b) revenue you collect from a client and later refund to that client in a bona fide refund transaction; (c) revenue derived from the sale of furniture, fixtures or equipment in the ordinary course; and (d) tips paid to and retained by staff members as a gratuity. The Manual may include policies governing the calculation of Gross Sales relating to: (a) proceeds from the sale of gift cards and memberships; and/or (b) qualifying purchases and redemptions by members under a loyalty or membership program.

"*Improvement*" means any idea, addition, modification or improvement to the (a) hair extension or other services or products sold at a Salon, including new hair extension technique, (b) method of operation of a Salon, (c) processes, systems or procedures utilized by a Salon, (d) marketing, promotional or advertising materials, programs or strategies utilized by a Salon or (e) trademarks, service marks, logos or other intellectual property utilized by a Salon, whether developed by you or an Owner, employee or other Person.

"*Indemnified Parties*" means and includes us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parents, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

"*Intellectual Property*" means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Interim Manager*" means a Person we designate to temporarily manage your Salon pursuant to §8.5.

"*Interim Term*" means a month-to-month extension of the Term under the circumstances described in §4.3.

"*IP Dispute*" means any: (a) actual or suspected infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person, other than us or our affiliate, of any rights in or to the Intellectual Property.

"*Know-how*" means and includes our (and our affiliates') trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Salon including: architectural plans, drawings and specifications for a prototype Salon; site selection criteria; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; client lists and information; marketing strategies; merchandising strategies; and information comprising the System or included in the Manual.

"*Law*" means and includes laws, rules, regulations and ordinances as well as judgments, decrees, orders, advisory opinions, directives, interpretive statements and releases issued by Governmental Authorities.

"*Licenses*" means and includes any and all licenses, permits, certifications, accreditations and other authorizations or approvals that (a) are issued by a Governmental Authority or national accreditation organization and (b) are required Law (or are required by us) for the operation of a Salon.

"*Local Marketing Commitment*" means the minimum amount of money you must spend each month on local advertising and marketing to promote your Salon in accordance with §10.3(b).

"*Losses*" means and includes: costs, expenses and liabilities; actual, compensatory, exemplary, punitive and other damages (including damage to reputation or goodwill); fines and penalties; settlement amounts; judgments; attorneys' fees; experts' fees; court costs; Travel Expenses and other costs associated with investigating or defending a Claim.

"*Managing Owner*" means the Owner you designate and we approve with primary responsibility for the overall management and supervision of your Salon in accordance with §8.1.

"*Manual*" means our confidential Operations Manual described in §11.1 for the operation of a Salon.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Salons to use, including DAKOTA LONDON™ and the associated logos. The Marks also include any distinctive trade dress used to identify a Salon or the products it sells.

"*Nondisclosure and Nonsolicitation Agreement*" means the Nondisclosure and Nonsolicitation Agreement attached as ATTACHMENT "F".

"*Operational Data*" means and includes all data and information pertaining to the operation of your Business including employee data, expense data, financial accounting data and Gross Sales data.

"*Owner*" means a Person who either: (a) directly signs this Agreement as the franchisee, either alone or in conjunction with one or more other Persons; or (b) directly or indirectly through one or more intermediaries owns an Equity Interest in the Business or Franchisee Entity.

"*Owner Agreement*" means the Owner Agreement attached as ATTACHMENT "D".

"*PCI-DSS*" means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at https://www.pcisecuritystandards.org as of the Effective Date.

"*Permitted Transfer*" means a Transfer: (a) between existing Owners; or (b) by the Owners to a new Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests; *provided, however*, that a Permitted Transfer does not include a Transfer that results in the Managing Owner owning less than 20% of the Equity Interests in the Business or Franchisee Entity.

"*Person*" means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

"*Post-Term Restricted Period*" means, with respect to you, the two-year period after the termination, expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Post-Term Restricted Period means the one-year period after the termination, expiration or Transfer of this Agreement.

"*Post-Term Restricted Period*" means, with respect to an Owner, the two-year period after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the date on which the Owner no longer owns an Equity Interest in the Business or Franchisee Entity; *provided, however*, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Post-Term Restricted Period means the one-year period after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the date on which the Owner no longer owns an Equity Interest in the Business or Franchisee Entity.

"*Program Participation Rules*" means the policies, procedures, fees and other requirements pertaining to any gift card, loyalty, membership or other system-wide program we implement pursuant to §11.11.

"*Prohibited Activities*" means and includes any of the following: (a) owning, operating or having any other interest (e.g., as a director, officer, employee, manager, consultant, creditor, representative, agent or in any similar capacity) in a Competing Business, other than owning less than 5% of the Equity Interests in a Competing Business that is a publicly-traded company; (b) disparaging or otherwise making negative comments about us, our affiliate, the System or any Salon (this provision does not prohibit disclosure of truthful information to Governmental Authorities or to other franchisees); (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) soliciting, or attempting to solicit, present or former clients of a Salon to transfer their business from a Salon to you or another competitor.

"*Reportable Event*" means any event or occurrence described in §15.6 that you must report to us.

"*Restricted Territory*" means the geographic area within a 15-mile radius from: (a) your Salon (including

your Salon's premises); and (b) all other Salons that are open or under construction when the Post-Term Restricted Period begins; *provided, however*, that if a court of competent jurisdiction determines the foregoing Restricted Territory is too broad to be enforceable then Restricted Territory means the geographic area within a 10-mile radius from your Salon (including your Salon's premises).

"*Salon*" means any DAKOTA LONDON™ hair extension salon we authorize to operate under the Marks and use our System, and may include Salons operated by us, our affiliates, you and other franchisees.

"*Site Approval Notice*" means the Site Approval Notice attached as ATTACHMENT "B".

"*Site Selection Area*" means the geographic area described in Part D of ATTACHMENT "A" and within which you must find a site we approve for your Salon.

"*Stylist*" means a Person who performs hair extension services at your Salon.

"*Successor Agreement*" means our then-current form of Dakota London Franchise Agreement you must sign pursuant to §4.2 in connection with a renewal of your franchise rights.

"*System*" means the system we developed for the operation of a Salon, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; proprietary line of high-quality hair extension products; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

"*Technology Systems*" means all information and communication technology systems we specify from time to time, including computer and point-of-sale systems, telecommunications systems, webcam systems, AI Technology, security systems, music systems and similar systems, together with the associated hardware, software and related equipment, applications and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

"*Term*" means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 10th anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated.

"*Territory*" means the exclusive territory for your Salon, as further described in §3.

"*Third-Party Technology*" means any Technology Systems (or components thereof) owned by Persons who are not affiliated with us.

"*Tradename Approval Notice*" means our then-current form of Tradename Approval Notice that we issue to you in accordance with §17.4 to confirm our approval of the tradename you propose for your Salon.

"*Transfer*" means any direct or indirect, voluntary or involuntary, assignment, sale, sublicense or other transfer or disposition of: (a) this Agreement; (b) the franchise or intellectual property rights granted by this Agreement; (c) your Business; (d) your Business assets, excluding the sale of furniture, fixtures or equipment in the ordinary course; or (e) an Equity Interest in the Business or Franchisee Entity; including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests (including public and private offerings); foreclosure of a security interest by a lender; or operation of Law, will or a trust upon an Owner's death (including via the Laws of intestate succession).

"*Travel Expenses*" means and includes all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Salon; or (b) by you and your personnel to attend training programs or conferences.

2. GRANT OF FRANCHISE. We hereby grant you the right, license and obligation to own and operate one (1) Salon using our Intellectual Property from the site we approve. As a franchisee, you will establish and operate an upscale salon dedicated exclusively to the installation, maintenance and removal of hair extensions and the sale of approved hair care products. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS AND LIMITATIONS. We will grant you a territory (your "Territory") that includes a minimum population of 100,000 women (as of the date the Territory is determined). We may designate the boundaries of your Territory in any manner we deem appropriate, provided that the Territory meets the minimum population criteria above. We may use data from any source we deem appropriate to determine the population within an area. We do not modify your Territory based on population changes

during the Term. We may modify your Territory in accordance with our then-current territory guidelines and criteria at such time that you renew your franchise rights or we approve a new site for your Salon (if you relocate). If we approve the site for your Salon before signing this Agreement, we will describe your Territory in Part F of ATTACHMENT "A". Otherwise, we will describe your Territory in the Site Approval Notice we send to you after approving your site. During the Term we will not develop or operate, or license a third party to develop or operate, a Salon that is located in the Territory without your consent. At any time during the Term we reserve the right to engage in Acquisitions that involve, or subsequently result in, conversion of the acquired or acquiring company's outlets to DAKOTA LONDON™ salons; *provided, however*, that any such outlets located in your Territory will not be converted to DAKOTA LONDON™ salons without your consent. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Territory through Alternative Channels of Distribution; *provided, however*, that we will only sell our proprietary line of semi-permanent professional-grade hair extension products to Salons in our System.

4. TERM AND RENEWAL.

4.1. **Generally**. This Agreement grants you the right to operate your Salon during the Term. You may renew your franchise rights by signing a Successor Agreement for a five (5) renewal term. You may enter into a maximum of four (4) Successor Agreements. The parties may agree to further renewals after expiration of the fourth (4th) renewal term, but neither party is obligated to do so (unless required by applicable Law, in which case the same renewal terms and conditions set forth in this Agreement shall apply to subsequent renewals). In order to sign a Successor Agreement you must satisfy all renewal conditions specified in this Agreement or in the applicable Successor Agreement you wish to renew, as applicable. The Successor Agreement shall be the current form of franchise agreement we use to grant franchises as of the expiration of the Term or renewal term, as applicable, the terms of which may vary materially and substantially from the terms of this Agreement. If this Agreement is a Successor Agreement, the Term of this Agreement and your remaining renewal rights, if any, shall be governed by your original franchise agreement

4.2. **Renewal Requirements**. In order to renew, you and the Owners (as applicable) must:

(a) send us a notice of your intent to enter into a Successor Agreement not less than 270 days nor more than 1 year before the expiration of the Term or renewal term, as applicable;

(b) not be in default under any Definitive Agreement at the time you send the renewal notice or sign the Successor Agreement;

(c) sign the Successor Agreement and all ancillary documents we require franchisees to sign;

(d) sign a General Release;

(e) pay us a $10,000 renewal fee;

(f) remodel the Salon and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications; and

(g) extend the term of your lease for the duration of the renewal term.

If we elect not to renew or offer you the right to renew, we will send you a notice of non-renewal at least 180 days before the expiration date that sets forth the basis for our decision. If you object to our non-renewal notice or dispute the basis for our decision, you must send us a notice of objection that sets forth the basis for your objection. Failure to send us an objection notice within 30 days after you receive our non-renewal notice constitutes your consent to the non-renewal of your franchise. Our failure to send you a non-renewal notice at least 180 days before the expiration date constitutes our offer to renew your franchise subject to your compliance with the renewal conditions set forth above.

4.3. **Interim Term**. If you do not sign a Successor Agreement but continue to operate your Salon after the Term expires, we may either treat this Agreement as: (a) expired as of the Term expiration date with you operating in violation of our rights; or (b) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior notice of termination

of the Interim Term. All your obligations remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations imposed on you upon expiration of the Term will take effect upon termination of the Interim Term.

5. TRAINING AND CONFERENCES

5.1. **Initial Training Program**. Your Managing Owner and initial Salon managers and Stylists must successfully complete our initial training program before your Salon opens. As part of initial training, we will send a representative to your Salon for a minimum of one (1) day to provide onsite training and assist you with the opening of your Salon. Any new Managing Owner or manager you appoint or hire after we conduct our preopening initial training program must successfully complete our then-current initial training program before managing your Salon. Any new Stylist you hire after opening must attend and successfully complete our then-current initial training program before providing hair extension services to clients at your Salon.

5.2. **Ongoing Training Programs**. We may offer periodic refresher or supplemental training courses for your Managing Owner, mangers and Stylists. We may designate each course as mandatory or optional. If we determine your Salon is not being operated in full compliance with this Agreement or the Manual, we may require that your Managing Owner, mangers and/or Stylists attend remedial training relevant to your operational deficiencies. We will also provide additional assistance or training that you request at a mutually convenient time.

5.3. **Training Locations**. Our training programs may take place at any location we designate. We reserve the right to conduct training programs virtually.

5.4. **Training Fees & Expenses**. We do not charge training fees for: (a) preopening initial training; (b) refresher or supplemental training; or (c) virtual training accessed through DAKOTA LONDON ACADEMY™. For any new Stylist hired after opening you may choose to: (a) send the Stylist to our training center for Stylist training and pay us a training fee of $1,250 per Stylist trained; or (b) have our trainer conduct Stylist training at your Salon and pay us a training fee of $750 per day (for up to four (4) Stylists) plus Travel Expenses. We may charge a training fee of up to $750 per Person per day for any Person who attends: (a) initial training after you open (excluding Stylist training); (b) retraining, after failing a prior attempt; (c) remedial training; or (d) additional training you request. The training fee may vary (not to exceed $750 per Person per day or $1,250 for Stylist training) depending on the nature of the program and/or identity of the trainer. If we provide onsite training or assistance you must also reimburse all Travel Expenses we incur (this reimbursement obligation does not apply to onsite training we provide at the time your Salon opens). You are responsible for all wages and Travel Expenses you and your personnel incur to attend training. We may charge you the noncompliance fee set forth in §11.16 for any failure to complete a required training program available through DAKOTA LONDON ACADEMY™.

5.5. **Conferences**. We may hold periodic conferences to discuss business and operational matters relevant to Salons. Attendance is mandatory unless we designate attendance as optional or we waive your obligation to attend based on showing of good cause. We may charge you a conference registration fee of up to $500 per Person per conference. You are still responsible for the conference registration fee if you fail to attend a required conference without a waiver. You are also responsible for wages and Travel Expenses you and your personnel incur to attend conferences.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. **Manual**. We provide you with access to our Manual during the Term. The Manual will help you develop and operate your Salon. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. **Supply of Inventory**.

(a) Hair Extension Products. We have developed and sourced a proprietary line of hair extension products. You must purchase your entire supply of hair extension products exclusively from the supplier (or suppliers) we designate. Our affiliate DKL Products, LLC is currently the exclusive

designated supplier for all hair extension products. You agree to pay the commercially reasonable wholesale price designated by our affiliate for the hair extension products it sells.

(b) Hair Care Products. We currently require that you purchase your entire supply of hair care products exclusively from our affiliate DKL, LLC. You agree to pay the commercially reasonable wholesale price designated by our affiliate for the hair care products it sells.

(c) Opening Inventory Package. You must order an initial supply of hair extension and hair care products (the "Opening Inventory Package") from DKL Products. The current Opening Inventory Package, and the estimated purchase price, is set forth in Part C of ATTACHMENT "A". The purchase price is due as follows: (i) $30,000 is due upon execution of this Agreement; and (ii) the balance is due at the time you sign the lease or purchase contract for your Salon's premises. DKL Products will deliver these items to your Salon prior to opening. We may require you to purchase some (or all) items included in the Opening Inventory Package directly from third-party suppliers that we designate, instead of DKL Products.

(d) Automated Restocking Program. We and our affiliate reserve the right to develop and implement an automated inventory restocking program to replenish your inventory of hair extension and/or hair care products on a recurring periodic basis. The automated program would be designed to: (i) monitor your inventory of hair extension and hair care products; (ii) ship additional products to your Salon to replace depleted inventory on a recurring periodic basis (e.g., weekly, monthly or quarterly); and (iii) invoice you for the additional inventory either at the time the inventory is shipped or at such other time we designate. Details of the program would be listed in the Manual. We may require that you maintain a reasonable minimum daily balance in your Account to ensure sufficient funds are available for inventory purchases.

6.3. **General Guidance**. We will periodically review and evaluate your Salon, and reports you submit to us, and provide our guidance and recommendations on ways to improve the operation of your Salon. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by phone, email or other means of communication.

6.4. **Field Visits**. We may, but need not, conduct periodic field visits to provide onsite consultation, assistance and guidance regarding Salon operations. We will provide a report detailing any problems or concerns observed during the visit together with our instructions to address or resolve them. You must implement all mandatory corrective measures in the time and manner we reasonably specify.

6.5. **Dakota London Academy**. We will allow you and certain authorized staff members to access and utilize DAKOTA LONDON ACADEMY™, which is our proprietary online technology platform that houses a variety of tools and resources such as business forms, operational documents, learning modules, approved marketing materials and the Manual. The costs associated with DAKOTA LONDON ACADEMY™ are covered by the technology fee. You must use DAKOTA LONDON ACADEMY™ in compliance with our policies and procedures, including restricting access to staff members we designate. We may discontinue DAKOTA LONDON ACADEMY™ at any time.

6.6. **Website**. We currently maintain a corporate website for our brand. We will also develop and host a webpage for your Salon that will be linked to our corporate website and list information about your Salon we deem appropriate, such as location, contact information, hours of operation, new client pricing and special offers. It will also include a new client consult widget. We control all content on your Salon's webpage but will consider your suggestions in good faith. We will own your Salon's webpage and domain name. We may change or discontinue our website and/or your Salon's webpage at any time.

6.7. **Purchase Agreements**. We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for franchisees. We will arrange for you to be able to purchase the goods or services directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We or our affiliates may also purchase goods from suppliers in bulk and resell them to you at cost plus shipping fees and a reasonable markup.

6.8. **Communication Management Programs.** We may administer, or designate a third-party provider

to administer, a call center and/or other client communication program for purposes of responding to existing or prospective client inquiries, scheduling appointments, routing client leads to an appropriate Salon or for any other purpose we deem appropriate. We may designate each program as mandatory or optional. You must participate in any program we designate as mandatory. Participation in a program may require, among other things:

(a) paying reasonable setup and monthly fees designated by us or a third-party provider (the maximum amount we may require you to pay us for these programs is $3,000 per month);

(b) using and publishing a telephone number that we designate;

(c) engaging a designated service provider (which may be us, our affiliate, or a third party) to provide communication management services;

(d) acquiring, installing and using related technology; and

(e) executing any related user or service agreement designated by us or the third-party provider.

At any time that (a) we do not implement a communication management program or (b) you decline to participate in an optional communication management program, you are responsible for responding to all incoming phone calls, text messages and other client communications in a timely manner during regular business hours.

6.9. **New Developments**. We may, but need not, create new retail products, merchandise or other goods or services for sale at your Salon.

7. ESTABLISHING YOUR BUSINESS

7.1. **Site Selection**. You must identify and obtain our approval of the site for your Salon within 180 days after the Effective Date. The site must be located in the Site Selection Area and conform to our minimum site selection criteria. You must send us a complete site report that includes all documents, information, photos and video we require. We may accept or reject sites you propose in our commercially reasonable judgment. We try to notify you of our decision within five (5) business days after we receive all requisite materials and answers to our questions. Your site is deemed disapproved if we do not issue our approval within the five (5) business-day period. If we approve the site for your Salon before signing this Agreement, we will list the address of your approved site in Part E of ATTACHMENT "A". Otherwise, we list the address of your approved site in a Site Approval Notice we send to you within 15 days after approving your site. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our approval of the site (and designation of your Territory) is immediately effective and binding on you at the time we issue the Site Approval Notice even if you do not send us a signed acknowledgment. Our approval of a site is not a representation or warranty of any kind, express or implied, of the suitability of the site for a Salon. It only means we believe the site meets our minimum criteria.

7.2. **Lease**. If you lease the premises for your Salon, you must use best efforts to ensure your landlord signs the prescribed form of Lease Addendum attached to this Agreement as ATTACHMENT "C". If your landlord refuses to do so we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require you to find a new site for your Salon. You must promptly send us an executed copy of your lease and Lease Addendum for our records.

7.3. **Construction**. The Manual includes generic prototype plans and our standards and specifications for the design, layout, equipping and trade dress for a Salon. You must hire a licensed and bonded architect to prepare the initial design plans for the construction of your Salon and leasehold improvements. We must approve the initial design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all Laws (including the Americans with Disabilities Act), building codes, permits and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. The limited purpose of our review is to verify the

construction plans are consistent with our system standards. Once approved, you must, at your sole expense, construct and equip the premises according to the approved construction plans and the specifications in the Manual. You must also purchase (or lease) and install all equipment, fixtures, signs and other items we require. We may require that you obtain our approval of the architects, contractors and other suppliers you hire to design and construct your Salon. At all times during the construction process, you must maintain the minimum general liability and property damage insurance required by the Manual.

7.4. **Opening**. You must open your Salon to the public within 12 months after the Effective Date. You must send us a notice identifying your proposed opening date at least 30 days before opening. We may conduct an in-person or virtual preopening inspection of your Salon. You must help facilitate any virtual inspection we conduct in accordance with our instructions. You must make all changes and modifications we require before you open. You may not open your Salon prior to receipt of our written authorization to open, which we we will not issue before: (a) the Managing Owner successfully completes our initial training program; (b) you secure all required Licenses; (c) you purchase all required insurance policies and provide us with evidence of coverage; (d) we review and approve the construction, build-out and layout of your Salon; (e) you hire the necessary staff to operate the Salon including at least one (1) Stylist who successfully completed initial training; and (f) you fulfill all your other preopening obligations under this Agreement and the Manual.

7.5. **Relocation**. You may relocate your Salon with our prior approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) locate your new Salon in the Site Selection Area (but outside any territory assigned to another Salon); (b) comply with §7.1 through §7.4 with respect to your new Salon (excluding the 12-month opening period); (c) deidentify your former Salon in accordance with §21.1(i); (d) pay us a $2,500 relocation fee at the time we approve your request to relocate; and (e) open your Salon at the new site and resume operations within 30 days after closing your Salon at the former site; *provided, however*, that if you relocate because your Salon is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, then: (a) you have 270 days after closing to reopen at the new site; and (b) if the period of closure exceeds 30 days and you receive insurance proceeds from your business interruption insurance policy, you must pay us royalty fees during the closure period, starting 30 days after the closure, in an amount equal to average monthly royalty fees imposed during the 12-month period immediately preceding the closure date. We may require you to conduct another pre-opening marketing campaign in accordance with §10.3(a) to promote the opening of your Salon at the new site.

8. MANAGEMENT AND STAFFING.

8.1. **Owner Participation**. You must designate an Owner with primary responsibility for the management and operation of your Salon (the "Managing Owner"). The Managing Owner must: (a) be approved by us; (b) have binding decision-making authority on matters involving your Salon; (c) successfully complete all training we require; (d) dedicate full-time efforts to the Business; (e) provide onsite management and supervision during normal business hours unless a trained manager is onsite; (f) maintain a primary residence that is located in the Territory (or the Development Territory if this Agreement is signed pursuant to an Area Development Agreement) or not more than 20 miles from your Salon (unless otherwise approved); and (g) at all times own at least 20% of the Equity Interests in the Business or Franchisee Entity, unless we waive this requirement.

8.2. **Managers**. You may hire managers to assist the Managing Owner with onsite management of the Salon. Any Person you hire as a manager must: (a) successfully complete all training we require; (b) pass a background check; and (c) sign a Nondisclosure and Nonsolicitation Agreement. Either the Managing Owner or a manager must be onsite at your Salon during normal business hours. The Managing Owner must supervise each manager to ensure the Salon is operated in accordance with this Agreement and the Manual.

8.3. **Stylists**. You must hire or otherwise engage the Stylists who will provide hair extension services at your Salon. Any Person who works as a Stylist at your Salon must: (a) successfully complete all training we require; (b) hold an active cosmetology (or similar) License at all times while working at

your Salon; and (c) sign a Nondisclosure and Nonsolicitation Agreement. We recommend, but do not require, that you conduct a background check on all Stylists. You may not allow any Person to provide hair extension services at your Salon other than a Stylist who satisfies all criteria set forth in this Section.

8.4. **Employees**. You must determine appropriate staffing levels for the Salon to ensure full compliance with this Agreement and our system standards. You will hire, train and supervise employees to assist you with the proper operation of the Salon. You must pay all associated wages, commissions, benefits, worker's compensation premiums and payroll taxes (and other withholdings required by Law). These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business Entity name (not our Marks or a fictitious name) on employee applications, paystubs, pay checks, employment agreements and similar documents. We do not control the hiring or firing of your employees. You have sole authority and responsibility for employment-related decisions, including hiring, promotion, hours worked, rates of pay, benefits, work assignments, training and working conditions. We do not provide guidance or advice on these matters. You must ensure each employee signs our prescribed acknowledgment form explaining the nature of the franchise relationship and clarifying you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-house area explaining your franchise relationship with us and that you (and not we) are their sole employer. We may prescribe the form and content of this notice.

8.5. **Interim Manager**. We may, but need not, designate a Person (an "Interim Manager") to manage your Salon if: (a) you fail to appoint an approved and fully-trained replacement Managing Owner within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner; or (b) you fail to cure a material breach before the expiration of the cure period. The Interim Manager will cease to manage your Salon at the time you appoint an approved and fully-trained replacement Managing Owner or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to: (a) pay us a management fee equal to $275 per day during the period of time the Interim Manager manages your Salon; and (b) reimburse all Travel Expenses the Interim Manager incurs. The Interim Manager has no liability to you except for gross negligence or willful misconduct. We have no liability to you for an Interim Manager's actions unless we are grossly negligent in appointing the Interim Manager

9. **FRANCHISEE ENTITY**. You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing. Each Owner of the Franchisee Entity, and the spouse of each Owner who is a natural Person, must sign an Owner Agreement.

10. **ADVERTISING & MARKETING**.

10.1. **Brand Fund**. We may (but need not) administer a brand and system development fund to promote public awareness of our brand and improve our System. If we establish the brand fund, you must pay us a brand fund fee in the amount we specify (not to exceed 2% of Gross Sales) on each royalty fee due date. We may use the fund to pay for any of the following at our sole discretion:

(a) developing, administering or distributing advertising and marketing materials and programs;

(b) conducting and administering promotions, contests or giveaways;

(c) public and consumer relations and publicity;

(d) brand development;

(e) sponsorships and charitable and non-profit donations and events;

(f) research and development of technology, products and services;

(g) website development and search engine optimization;

(h) development, maintenance and promotion of an ecommerce platform;

(i) development and implementation of quality control programs and client satisfaction surveys;

(j) conducting market research;

(k) changes and improvements to the System;

(l) reimbursing us for costs we incur to host franchisee conferences;

(m) fees and expenses charged by advertising agencies we engage to provide marketing services;

(n) collecting and accounting for brand fund fees and preparing financial accountings of the fund;

(o) any other programs or activities we deem appropriate to promote or improve the System; and

(p) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates relating to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, employees or independent contractors based on time spent working on any brand fund matters described above.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to marketing or advertising activities. Any surplus in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. We will prepare, and make available to you upon request, an annual statement of fund operations, including deposits and disbursements. In terms of marketing activities paid for by the fund, we do not ensure that: (a) expenditures in (or affecting) a given geographic area are proportionate or equivalent to the brand fund fees paid by franchisees in that geographic area; or (b) franchisees benefit directly or in proportion to their brand fund fees. We may suspend or discontinue the fund at any time in our sole discretion upon 30 days' prior notice.

10.2. Marketing Assistance From Us. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis. We will assist you in developing a customized pre-opening marketing plan to promote the opening of your Salon. The Manual may also include our recommended post-opening marketing plan. We may designate any aspects of our recommended marketing plans as mandatory, such as our prescribed digital marketing program. We may create and make available to you advertising and marketing materials for your use. We may: (a) deliver these materials to your Salon at no charge other than reimbursement of any shipping costs we incur; (b) provide online access to these materials, in which case you must print the materials at your expense; and/or (c) contract with third-party suppliers to create and sell these materials to you.

10.3. Your Marketing Activities.

(a) Pre-Opening Marketing. You must implement a pre-opening marketing campaign that you develop and we approve. You must spend at least $5,000 on pre-opening marketing activities in accordance with the marketing plan.

(b) Post-Opening Marketing. You must participate at your own expense in all advertising, promotional and marketing programs we require. After your Salon's opening date, you must spend a monthly amount equal to or greater than your Local Marketing Commitment on local advertising to build brand awareness and generate new clients. Your Local Marketing Commitment is $3,000 per month. We may recommend (but will not require) a higher amount based on our evaluation of various factors in your local market. We measure compliance with your Local Marketing Commitment on a quarterly basis, meaning as long as your average monthly expenditure on local advertising over the three-month period equals or exceeds your Local Marketing Commitment, you are deemed in compliance even if your expenditure in a given month is less than the Local Marketing Commitment. Your Local Marketing Commitment is in addition to your brand fund fees and pre-opening marketing expenditures.

(c) Advertising Standards. All your advertising must be completely factual, conform to the highest standards of ethical advertising, comply with all Laws and list your approved tradename. You must ensure your advertising does not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish from time to time.

(d) Extraterritorial Advertising. You may advertise and market outside your Territory as long as you: (i) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (ii) do not engage in targeted marketing directed into another Salon's territory. Marketing that is distributed, circulated or received in both your Territory and another Salon's territory is not "targeted marketing" if: (i) you use reasonable efforts to limit circulation or distribution of the advertising to areas in your Territory; and (ii) most recipients of the advertising are located in your Territory and there is only incidental circulation or distribution in another Salon's territory. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual. Examples include direct mail sent to addresses in a given territory, digital advertising sent to devices with IP addresses registered in a given territory and conducting promotional events in a given territory.

(e) Advertising Approval. Prior to use, we must approve all advertising and marketing programs and materials you intend to use, including all materials we did not prepare or previously approve, or that we prepare or approve and you modify. We must also approve the media you use. You may not use any advertising materials, programs or media that we have not approved or that we approve and later disapprove. We have five (5) business days to review and approve or disapprove advertising and marketing materials and programs you submit. Our failure to approve them within the five (5) business-day period constitutes our disapproval. Any advertising you propose and we approve is an "Improvement" for purposes of §17.6.

(f) Social Media. You may promote your Salon using social media provided that: (i) you only utilize social media platforms we approve; (ii) you strictly comply with our social media policy, as revised from time to time; (iii) you immediately remove any post we disapprove; (iv) you contract with and exclusively utilize any social media company we designate; and (v) we own all social media accounts relating to your Salon and retain full administrator rights.

(g) Internet & Websites. Except as we may require or approve from time to time, you may not: (i) develop, host or otherwise maintain a website (or other digital presence) that references our Marks; (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce.

11. OPERATING STANDARDS.

11.1. Operations Manual. You must develop and operate your Salon in full compliance with this Agreement, the Manual and our standards in order to maintain the goodwill associated with the Marks. The Manual may contain, among other things: (a) architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Salon; (b) a list of (i) goods and services (or specifications for goods and services) you must purchase to develop and operate your Salon and (ii) designated and approved suppliers; (c) a description of the services and products that we authorize for sale from your Salon; (d) specifications, techniques, methods, operating procedures and quality standards; and (e) policies and procedures pertaining to any matters we deem appropriate, including: reporting and data entry; accounting and bookkeeping; insurance; marketing and advertising; gift card, loyalty and membership programs; AI Technology; and data ownership, use, transfer and protection. The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by Salons. We can modify the Manual at any time. Modifications are binding at the time we notify you of the change, subject to any "grace period" we provide to implement the change. All mandatory provisions in the Manual (whether included now or in the future) are binding on you. The Manual may consist of written text as well as videos, tutorials, training modules, recordings and/or other means of communication.

11.2. Authorized Goods & Services. You must offer all goods and services we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services without our prior approval. We may change authorized goods and services at any time and you must comply

with our instructions regarding same.

11.3. **Sales Restrictions**. Unless you receive our prior approval, you may not: (a) offer, sell or provide goods or services, or perform hair extension services, from any location other than your Salon's premises; (b) produce, sell or provide goods or services through any other channel of distribution, including through an ecommerce site; (c) sell goods or services (including our proprietary hair extension products) to any Person for purposes of resale; or (d) use your Salon, or permit your Salon to be used, for any purpose other than offering the goods and services we authorize.

11.4. **Inventory Management**. At all times, you agree to maintain at your Salon a reasonable inventory of hair extensions, merchandise and retail items that we require. You must comply with any minimum inventory stocking requirements that we impose through the Manual.

11.5. **Pricing**. We will provide you with our suggested retail pricing, which may vary by market. You may deviate from our suggested pricing at your discretion except: (a) we may require you to obtain our approval of any deviation more than 5% higher or lower than our suggested pricing unless such pricing is part of a temporary advertising campaign we approved; and (b) we may set maximum or minimum prices on the goods and services you sell to the extent permitted by applicable Law.

11.6. **Client Payments**. You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all other credit card issuers we designate, in order for you to be able to accept such methods of payment from clients. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, Apple Pay and/or Google Wallet) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.

11.7. **Suppliers and Purchasing**.

(a) Generally. You must purchase, lease or license, as applicable, all goods, services and other items required by the Manual. You must only purchase goods and services that satisfy all standards and specifications we designate. You must comply with all sourcing and supplier restrictions we impose from time to time.

(b) System Suppliers. In accordance with the Manual, you must purchase certain goods and services exclusively from suppliers we designate or approve. The Manual may designate us or our affiliate as a designated or approved supplier. Our affiliate currently serves as the exclusive designated supplier of required inventory items, as further described in §6.2. We and our affiliate may generate a profit from these purchases. Our right to specify the suppliers you use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and operation of Salons, protect our trade secrets, negotiate bulk purchase discounts, and protect the reputation and goodwill associated with the System and the Marks. You must immediately discontinue purchasing from any supplier we disapprove.

(c) Approval Process. If you wish to purchase alternative goods or services or purchase from alternative suppliers, you must send us a request for approval that: (i) identifies the proposed supplier and the goods/services to be purchased; (ii) includes all information we require about the goods/services and the supplier (including the supplier's qualifications, reputation, financial strength and production capabilities); and (iii) includes product samples for examination and testing purposes. We may condition our approval on the supplier's agreement to comply with our minimum insurance, indemnification, reporting and confidentiality requirements for system suppliers. We will approve or disapprove your request within 30 days after receive all required information and samples. Your request is deemed disapproved if we fail to issue our approval within the 30-day period. You must reimburse all costs and expenses we incur to review suppliers or products you propose. We need not consider alternative suppliers (or substitute products) for any products that are proprietary to us and/or branded with our Marks.

(d) Payment Disputes. You understand that: (i) your failure to timely pay a system supplier may jeopardize the supplier's relationship with us and other franchisees; and (ii) a supplier's

termination of its relationship with us or refusal to supply goods or services to our franchisees may cause significant harm to us and our franchisees. Accordingly, you agree to promptly pay all amounts owed to system suppliers except as otherwise permitted by this Section. If you have a bona-fide dispute with a supplier that you believe justifies non-payment or partial payment, you must promptly notify the supplier of the particulars of your Claim and diligently pursue resolution of the Claim or prosecution of appropriate legal action. Any trade debt that remains unpaid more than 30 days after its due date constitutes a material breach of this Agreement unless, before the end of the 30-day period: (i) you and the supplier agree to alternative payment terms; or (ii) you initiate appropriate legal action to contest the trade debt.

(e) Supplier Payments. We may receive rebates, benefits and other consideration from suppliers based on your purchases, leases or licenses. If we receive rebates or other consideration from suppliers based on your purchases, we have no obligation to pass them through to you or use them for any particular purpose.

(f) Disclaimer of Liability. Provided that we designate or approve system suppliers in good faith, we have no liability to you for their acts, errors or omissions, including defective or tainted goods, delayed delivery or inability to meet demand. If you have any type of Claim relating to the purchase of goods or services from a system supplier, your sole recourse shall be against the supplier. If we or our affiliate are the supplier, your sole recourse shall be against the manufacturer or supplier from whom we or our affiliate acquired the goods unless both: (i) the Claim arises from our (or our affiliate's) failure to supply the goods in breach of our obligations under this Agreement; and (ii) our (or our affiliate's) failure to supply the goods is not caused by a Force Majeure event. ***We and our affiliates make no warranties or representations and expressly disclaim all warranties and representations, including the implied warranties of merchantability and fitness for a particular purpose, regarding goods or services purchased from system suppliers***, ***including goods or services purchased from us or our affiliate***.

11.8. Equipment Maintenance & Changes. You must maintain your equipment in good condition and promptly repair or replace damaged or obsolete equipment. We may require that you change your equipment. Our right to require these changes is critical to our ability to administer and change the System and you must comply with these changes within the time period we reasonably specify.

11.9. Technology Systems.

(a) Generally. You must acquire and utilize all Technology Systems we require from time to time. Technology Systems may relate to matters such as: purchasing; pricing; accounting; order entry; inventory control; security; data storage, retrieval and transmission; client information; client loyalty; marketing; communications; copying, printing and scanning; or any other business purpose we deem appropriate. We may require that you acquire new or substitute Technology Systems and/or replace, upgrade or update existing Technology Systems at your expense upon reasonable prior notice. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of your Technology Systems; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems.

(b) Use & Access. You must use Technology Systems in accordance with the Manual and comply with all associated data entry policies. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected by or through your Technology Systems, including Gross Sales data for purposes of calculating fees owed. You must also obtain any necessary signed consents from clients in order for us to access Client Data. Upon request, including upon termination or expiration of this Agreement, you must provide us with user IDs and passwords for your Technology Systems.

(c) AI Technology. Except as otherwise provided below or in the Manual, you may not use AI Technology without our approval. You do not need our approval to use commercially available off-the-shelf productivity software with embedded AI Technology features (e.g., Microsoft Office with Copilot or Google Workspace with Gemini) for internal business purposes provided that: (i) you only use commercially available standard features and configurations (e.g., no beta, preview, experimental or custom features, third-party plugins, extensions or integrations); (ii) you do not input, upload, submit, expose or otherwise make available to AI Technology any Confidential Information; (iii) you do not authorize, permit or enable training, fine-tuning, grounding or improvement of any AI models, algorithms, products or services based on Confidential Information (if available, you must affirmatively opt out of any such training or improvement features and send us confirmation of same upon request); (iv) you do not use AI Technology (1) for consumer-facing, client-facing or other external communications, content or materials, (2) for marketing analytics, targeting, lead qualifying, profiling or other activities involving clients or third parties, (3) in violation of any Law, (4) in a manner that may cause physical or psychological harm or materially impact the health, safety or fundamental rights of any natural Person or (5) in any other manner prohibited by the Manual; and (v) you maintain commercially reasonable security measures to prevent unauthorized access to or disclosure of any data processed through such AI Technology and immediately notify us of any suspected or actual data breach, security incident or unauthorized use involving AI Technology.

(d) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems and attacks by unauthorized Persons. Upon request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions. ***We and our affiliates: (i) make no representations or warranties that the Technology Systems will be free from defects or that your use of the Technology Systems will be uninterrupted or error-free; and (ii) have no liability for any indirect, consequential, incidental, special or punitive damages (including damages associated with loss of use, interruption of business, loss of data or loss of profits) arising from or relating to the Technology Systems.***

(e) Third-Party Technology. You understand and agree that we and our affiliates: (i) do not own certain Technology Systems (or components thereof) you must use to operate your Salon (i.e., Third-Party Technology); and (ii) have no liability to you for any losses, damages or expenses you incur as result of Third-Party Technology not functioning properly. Accordingly, you hereby: (i) waive any and all Claims against us or our affiliates relating to Third-Party Technology; and (ii) acknowledge your sole recourse for any liabilities, losses, damages or expenses you incur due to improperly functioning Third-Party Technology shall be against the owner or licensor of such Third-Party Technology.

(f) Email Accounts. We will provide you with a minimum of two (2) DAKOTA LONDON™ email addresses. You may request additional email addresses from us. We may charge you our then-current fee for each email address we provide (this fee is added to the technology fee described in §11.9(f) below). You must exclusively use these email addresses for all communications with us, clients, suppliers and other Persons relating to your Salon. You may not use them for any purpose unrelated to your Salon. We own the email addresses and accounts but allow you to use them during the Term.

(g) Fees & Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading Technology Systems. Certain Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary Technology Systems (or components thereof) that become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, sign our prescribed form of license agreement governing use of proprietary Technology Systems (or components thereof). We may enter into master agreements with licensors of Third-Party Technology and charge you for amounts we pay them based on your use of their Third-Party Technology. We may charge you a technology

fee, which includes all amounts you pay us and our affiliates relating to Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to suppliers of Third-Party Technology. The technology fee may change based on changes to Technology Systems or prices charged by third parties with whom we enter into master agreements. The technology fee may include a reasonable administrative fee for the time, money and resources we invest to administer the technology platform and associated components, negotiate and manage contracts with third-party licensors, and collect and remit technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include amounts you pay directly to third-party suppliers. The technology fee is due 10 days after invoicing or as we otherwise specify. We list the current technology fee in the Manual, but it will not exceed $750 per month.

11.10. Remodeling & Maintenance. We may periodically require you to remodel and renovate your Salon to conform to our then-current standards and specifications. There is no limit to the cost of these obligations. We will not require you to significantly remodel or renovate your Salon more than once during any five (5) year period, except as a condition to Transfer or renewal of your franchise rights. You may not remodel or renovate your Salon without our prior approval. We will not approve any remodeling or renovations that conflict with our then-current standards and specifications. You must maintain your Salon in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to conform to our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Salon's premises at the intervals we prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Salon's premises as needed. You must comply with any maintenance, cleaning or facility upkeep schedule we prescribe.

11.11. System Programs.

(a) Generally. We may periodically develop and implement membership, loyalty, gift card and other system-wide programs. You must fully participate in all programs we designate as mandatory. In order to participate you must: (i) comply with all policies and procedures we establish for program participation; (ii) purchase or license and utilize all equipment, software, mobile applications, technology and others items we designate as being necessary for program participation and pay all associated fees and costs; and (iii) pay us, our affiliate, or a third party we designate, all program fees, contributions or other amounts we require for program participation (collectively, "Program Participation Rules"). Program Participation Rules may be set forth in the Manual. We may change Program Participation Rules at any time and you must comply with the change. We may develop and implement new or successor programs and/or modify or terminate existing programs at any time.

(b) Membership Program. We may require that all Salons operate under a membership model, in which case your Salon must honor memberships and the associated benefits and privileges even if the member purchased their membership from another Salon. We have the right to: (i) determine how membership fees are divided or otherwise accounted for; (ii) require that all membership fees be paid to us or deposited into a trust account we control for subsequent disbursement to the Salons(s) visited by the member; (iii) adopt policies regarding cooperation between franchisees relating to members who utilize the services of, or enjoy membership privileges at, multiple Salons; and (iv) designate the use of new Technology Systems to monitor sales and allocate payments to the Salon(s) visited by the member, either in whole or on a percentage basis. We may require you to utilize the form of membership agreement we specify. You must hire an attorney, licensed in your state, to review the membership agreement and advise you of any changes necessary to comply with local Laws. You must obtain our approval of any such changes prior to implementation.

(c) Loyalty Program. You must fully participate and implement all required customer loyalty, rewards and other affinity programs designed to increase customer loyalty, generate new clients or improve overall demand for hair extension services and related products offered by Salons.

(d) Gift Card Program. You must participate in any gift card program we establish and honor all gift cards, even if purchased from us or another Salon. You may not sell gift cards we have not approved. We have the right to: (i) determine how gift card proceeds are divided or otherwise accounted for; (ii) require that gift card proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Salon(s) where the gift card is redeemed; and (iii) retain proceeds from unredeemed gift cards.

11.12. Package Sales. If we require or allow Salons to sell "series" or "packages" of hair extension services that may be redeemed on multiple visits, we may adopt policies governing cooperation between Salons relating to clients who purchase a series or package at one Salon and redeem services at a different Salon. We have the right to: (a) determine how sales proceeds are divided or otherwise accounted for; (b) require that sales proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Salons(s) where services are redeemed; and (c) retain proceeds from unredeemed services. You must comply with all policies and procedures we specify from time to time.

11.13. Hours of Operation. Your Salon must be open for business during the minimum days and hours of operation set forth in the Manual, subject to any conflicting requirements in your lease or imposed by Law. You must establish specific days and hours of operation and submit them to us for approval.

11.14. Standards of Service & Professionalism. You must treat your employees and clients, and our staff, with honesty and respect. You and your staff must provide prompt, courteous, friendly and efficient service to all clients and ensure all interactions with clients are conducted in a professional and ethical manner. If you receive a client complaint, you must follow the complaint resolution process we specify to protect the goodwill associated with the Marks.

11.15. Quality Assurance Programs. For quality control purposes we may periodically: (a) inspect your Salon in accordance with §6.4 and §16.1; (b) hire mystery shoppers or quality assurance firms to inspect your Salon; and/or (c) implement client satisfaction programs (including use of evaluation cards and surveys). These inspections and programs may address a variety of issues, including customer service, sanitation, inventory rotation, etc. You must fully cooperate with all inspections. We may require that you directly pay any mystery shopper or firm we hire for the cost of the inspection. Alternatively, we may pay for the cost of the inspection and require you to reimburse us. We may implement a scoring system pursuant to which each Salon receives a "grade" or "score" based on inspection or survey results. Failure to achieve a passing grade or score constitutes a default under this Agreement. You must implement all corrective measures we require, in the time we specify, to rectify any noncompliance issues revealed by an inspection or survey.

11.16. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and goodwill associated with the Marks. If we notify you of a breach of our standards or operating procedures (including failure to submit required reports or complete training in a timely manner) and you fail to cure within the time period we prescribe, we may (in addition to our other remedies under this Agreement) impose a noncompliance fee of $100 per occurrence. We may impose a separate $100 fee every 24 hours the same noncompliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If you fail to cure a breach before the expiration of the cure period (if any) and we take steps to cure the breach (for example, obtaining required insurance coverage on your behalf or paying amounts you owe to system suppliers), then you must reimburse all costs and expenses we directly or indirectly incur in connection with our efforts to cure the default. Your payment of noncompliance fees and default expense reimbursements does not preclude us from terminating this Agreement pursuant to §20.2 if the default continues after we collect these amounts.

12. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council (FAC) to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We consider all suggestions in good faith but are not bound by them. The FAC would be established and operated according to rules and regulations we periodically prescribe or

approve, including procedures governing the selection of FAC representatives to communicate with us on matters raised by the FAC. You are eligible to be appointed as an FAC member as long as you comply with this Agreement and do not act in a disruptive or abusive manner. As a member, you would be entitled to all voting rights and privileges granted to other FAC members. Each member would have one vote on all matters on which members are authorized to vote.

13. FEES

13.1. **Initial Franchise Fee**. You agree to pay us an initial franchise fee in the amount set forth in Part B of ATTACHMENT "A" in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and nonrefundable once this Agreement is signed.

13.2. **Royalty Fee**. On the 10th day of each month, you must pay us a royalty fee equal to 7% of Gross Sales generated during the immediately preceding month. We may change the royalty fee due date on 30 days' prior notice.

13.3. **Other Fees and Payments**. You must pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in §13. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you, excluding income taxes imposed on us based on fees you pay us under this Agreement.

13.4. **Due Date & Late Fee**. Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement is not received by us when due or there are insufficient funds in your Account to cover the sum when due, then in addition to this sum you must pay us $100 plus default interest on the amount past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. We will not impose a late fee for any amount paid pursuant to §13.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due; *provided, however*, that if we are unable to determine the amount due because you fail to record sales or submit Gross Sales reports in a timely manner, we may assess a late fee on the entire amount that was due. This §13.4 does not constitute our agreement to accept late payments or extend credit to you. Fees are nonrefundable unless otherwise noted.

13.5. **Method of Payment**. No later than the date you sign a lease or purchase contract for the premises, you must send us a completed and executed ACH Agreement authorizing us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date. You must sign all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late fee imposed pursuant to §13.4. We may also impose a $50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.

13.6. **CPI Adjustments**. We may periodically adjust all fees (including minimum fees) expressed as a fixed dollar amount based on changes to the U.S. Consumer Price Index (CPI). We may periodically review and increase these fees up to the increase in CPI, but only if the then-current CPI ("Current CPI") is more than 5% higher than the corresponding CPI in effect on: (a) the Effective Date of this Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments) ("Baseline CPI"). The adjusted fee is calculated by multiplying the current fee by the sum of one (1) plus a fraction: (a) the numerator of which is Current CPI minus Baseline CPI; and (b) the denominator of which is Baseline CPI. We may utilize any CPI index series published by the U.S. Department of Labor or any comparable Governmental Authority that we deem appropriate. We currently use the following index: All Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average (1982-84 = 100), "All Items". We will notify you of any CPI adjustment at least 60 days before it becomes effective. We may implement no more than one (1) fee adjustment during any five (5) year period. If we decline to exercise our right to increase fees in a given five (5) year period despite a 5% or greater CPI increase, that potential fee increase will

accumulate and may be carried forward and applied in connection with a subsequent fee adjustment.

14. BRAND PROTECTION COVENANTS.

14.1. **Reason for Covenants**. The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize our franchise system because you and the Owners received an advantage through knowledge of our day-to-day operations and Know-how. You and the Owners agree to comply with the covenants in §14 to protect the Intellectual Property and our franchise system.

14.2. **Intellectual Property & Confidential Information**. You and the Owners agree to: (a) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Salon pursuant to this Agreement; (b) maintain the confidentiality of all Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).

14.3. **Unfair Competition**. You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period as long as the Competing Business is not located in the Restricted Territory. If you or an Owner engage in a Prohibited Activity during the Post-Term Restricted Period (except as permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity. For purposes of clarity, you and the Owners remain bound by non-competition covenants in other Definitive Agreements that remain in effect for a period of time that extends beyond the expiration of the Post-Term Restricted Period under this Agreement, and the expiration of the Post-Term Restricted Period under this Agreement does not diminish your or the Owners' obligation to comply with such covenants.

14.4. **Family Members**. Because (a) an Owner could circumvent the intent of §14 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of §14 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.

14.5. **Employees**. All employees, officers, directors, independent contractors and other Persons associated with you or your Salon must sign and send us a Nondisclosure and Nonsolicitation Agreement before accessing our Confidential Information (and prior to accessing DAKOTA LONDON ACADEMY™). You must: (a) use best efforts to ensure these individuals comply with the Nondisclosure and Nonsolicitation Agreements; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse all expenses we incur to enforce a Nondisclosure and Nonsolicitation Agreement, including attorneys' fees and court costs.

14.6. **Covenants Reasonable**. You and the Owners agree that: (a) the covenants in §14 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with other franchisees benefits you and the Owners by preventing them from unfairly competing with your Salon; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in §14.

14.7. **Breach of Covenants**. You and the Owners agree that: (a) any breach of §14 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breach §14, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires us to post a bond despite our agreement to the contrary, the bond amount may not exceed $1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

15. YOUR OTHER RESPONSIBILITIES

15.1. **Insurance**. For your protection and ours, you agree to maintain the insurance policies (with the minimum coverage) set forth in the Manual from time to time. These policies reflect our minimum requirements and may not be adequate to fully protect your interests. You may wish to procure additional coverage. You must provide us with proof of coverage: (a) prior to opening; (b) within 10 days after a policy renewal; and (c) any other time on demand. You must obtain these policies from licensed insurance carriers rated A- VII or better by AM Best. Each policy must satisfy all requirements in the Manual and be endorsed to: (a) name us and our owners, officers and directors as additional insureds on a primary and non-contributory basis; (b) waive all subrogation rights against us; and (c) provide us with at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. We may disapprove any policy that fails to meet these criteria, and you must immediately secure a new policy meeting our criteria. Upon 30 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance due to inflation, special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may obtain the policy on your behalf. If we do so, you must promptly sign any application or other form required to obtain the policy and reimburse all premiums and other costs we incur.

15.2. **Books & Records**. You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. We may require you to prepare your books and records in compliance with our bookkeeping and accounting standards and policies in the Manual. You must maintain, and send to us upon request, a written list of all clients serviced at your Salon. You must send us copies of your books and records within seven (7) days of our request. You must provide us with independent access to your QuickBooks Online account with permission to read all reports.

15.3. **Reports**.

(a) Generally. You must prepare all reports we require in the form and manner we specify. You must send us copies of required reports upon request. We may independently access your Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate, including Gross Sales reports.

(b) Report of Initial Investment Costs. To assist us in updating our Franchise Disclosure Document, you must complete and send us a report, in the form we designate, listing all expenses you incur to develop and open your Salon. You must send us the completed report within 60 days after the opening date of your Salon.

(c) Gross Sales Reports. No later than each royalty fee due date, you must prepare and send us a statement of your Gross Sales for the prior month. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next reporting period. Otherwise, you will not be entitled to a refund or credit of any fees paid to us based on previously reported Gross Sales.

(d) Advertising Expenditure Reports. No later than 30 days after the expiration of your grand opening period, you must prepare and send us a report detailing your expenditures on your pre-opening marketing campaign in accordance with §10.3(a). No later than the 10th day of each month, you must prepare and send us a monthly report detailing your expenditures incurred

during the prior month on local advertising required by §10.3(b). All advertising expenditure reports must include copies of receipts for the reported expenditures.

15.4. Financial Statements. No later than the 15th day after the end of each calendar quarter, you must prepare and send us a quarterly balance sheet and profit and loss statement for your Business for the prior calendar quarter. Within 90 days after the end of each calendar year, you must prepare and send us a balance sheet (as of the end of the calendar year) and profit and loss statement for the prior calendar year. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by Law.

15.5. Legal Compliance. You must secure, and maintain throughout the Term, all required Licenses and operate your Salon in compliance with all applicable Laws.

15.6. Reportable Events. You must notify us within two (2) business days after you become aware of any of the following (each, a "Reportable Event"): (a) the occurrence of an incident at your Salon involving significant personal injury; (b) the issuance of a citation or notice of violation by a Governmental Authority (or the commencement of an inquiry you believe is reasonably likely to lead to a citation or notice of violation) relating to a health or safety matter involving your Salon; (c) the commencement (or written threat) of an action, suit or proceeding against you, your Owners and/or your Salon that is reasonably likely to materially and adversely affect you, your Salon or the goodwill associated with the Marks; (d) a cancellation, termination or non-renewal of a required License; (e) the conviction or indictment of any Owner for a felony or other crime reasonably likely to materially and adversely affect you, your Salon or the goodwill associated with the Marks; (f) the discontinuation of the employment relationship between you and any employee who was given access to DAKOTA LONDON ACADEMY™; or (g) receipt of a default notice from your landlord.

15.7. Ownership & Protection of Data & Client Relationships.

(a) Ownership & Use. We exclusively own all: (i) Business Data, whether collected by you, us or another Person; and (ii) client relationships and accounts. We license you the right to use the Business Data solely for purposes of operating your Salon in compliance with this Agreement.

(b) Protection. You must protect Client Data with a level of control proportionate to the sensitivity of data. You must comply with all applicable privacy Laws, data protection Laws and our data processing and data privacy policies in the Manual (if any). Upon request, you must sign any data processing or data privacy agreement required by Law (or required by us). You may not enter Business Data into public/open AI models or any other AI model that uses such information to train the AI without our prior approval.

(c) PCI-DSS. You agree to: (i) adhere to all applicable compliance standards established by PCI-DSS; (ii) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of all credit card information (in any form) you store, process, transmit or access; (iii) promptly notify us of any suspected or actual security breach or potential compromise of credit card information; (iv) send us updates regarding the status of PCI-DSS via completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other mutually-agreed method; and (v) promptly notify us of any PCI-DSS noncompliance to discuss your remediation efforts and timeline.

(d) Data Breach. In the event of a data breach, we reserve the right to exclusively control the response, but we have no liability to you for any damages arising from the data breach. You must cooperate with us and follow our instructions relating to the data breach.

16. INSPECTION AND AUDIT

16.1. **Inspections**. For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Salon, evaluate your operations, inspect your books, records, accounts and tax returns, and take pictures and/or video of your Salon, staff and Business operations. We will determine the scope of the inspection, which may include, among other things:

(a) evaluating the physical condition of your Salon for cleanliness, sanitation and state of repair;

(b) examining and copying your books, records, accounts and tax returns;

(c) auditing your use of AI Technology and related data handling practices;

(d) inspecting and testing your equipment;

(e) sampling your hair extension and hair care products;

(f) removing samples of inventory items for testing purposes;

(g) monitoring and speaking with your staff; and

(h) contacting your landlord and clients.

We may conduct inspections at any time without prior notice. We (or our representative) will use reasonable efforts to minimize any interference with the operation of your Salon. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems to retrieve Business Data. You must reimburse all Travel Expenses and other costs we incur to conduct an inspection to verify whether you remedied a: (a) health or safety issue identified by a Governmental Authority; or (b) breach of system standards we brought to your attention. We bear the cost of all other inspections.

16.2. **Audit**. We may audit your books and records at any time. You must fully cooperate with us and any Person we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, you must immediately pay us all additional fees you owe together with any late fee imposed pursuant to §13.4. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that: (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement; or (b) reveals you understated Gross Sales by at least 3%. We bear the cost of all other audits. Your reimbursement of our audit costs does not preclude us from terminating this Agreement.

17. INTELLECTUAL PROPERTY

17.1. **Ownership & Use**. You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; and (b) your right to use the Intellectual Property is derived solely from this Agreement and is limited to a license to operate your Salon during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property relating to the sale of unauthorized goods or services or in any manner not expressly authorized by us. Any unauthorized use of the Intellectual Property is an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property. Any goodwill arising from your use of the Marks insures exclusively to us (or our affiliate) with no obligation to pay you compensation attributable to any goodwill from your use of the Marks.

17.2. **Intellectual Property Changes**. We may change the Intellectual Property at any time in our sole discretion, including the Copyrighted Materials, Know-how, Marks and/or System. You must, at your expense, implement all Intellectual Property changes we require in accordance with our instructions. We are not liable for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark) due to a change to the Intellectual Property.

17.3. **Use of Marks**. You agree to: (a) use the Marks as the sole identification of your Salon; *provided, however*, that you must identify yourself as the independent owner of your Salon in the manner we prescribe; (b) prominently display the Marks in the manner we prescribe on or in connection with

any advertising, promotional materials, displays, receipts, stationery and forms we designate to give notice of trademark and service mark registrations and copyrights; and (c) obtain any fictitious or assumed name registrations required by applicable Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) register or attempt to register a Mark, or a trademark confusingly similar to a Mark, with a Governmental Authority; or (d) challenge or contest the validity or ownership of our Marks.

17.4. **Tradename**. You must obtain a tradename (i.e., a fictitious or assumed name) registration if required by applicable Law. The tradename must be for "DAKOTA LONDON of (name of your Territory or other geographic descriptor)". You must submit your proposed tradename to us for approval. We will notify you of our approval through the issuance of a Tradename Approval Notice. You may not use any tradename we have not approved. You must surrender, cancel or abandon the tradename upon the termination, expiration or transfer of this Agreement.

17.5. **Use of Know-how**. We disclose our proprietary Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. You do not acquire any interest in the Know-how other than the right to utilize it, during the Term, solely for purposes of developing and operating your Salon in compliance with this Agreement and the Manual.

17.6. **Improvements**. If you (or your Owner or employee) conceive of or develop an Improvement, you must send us a notice describing the Improvement. You must obtain our approval prior to using the Improvement. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to any Improvement we approve, including the right to grant sublicenses. If applicable Law precludes assigning ownership to us, you or your Owner or employee, as applicable, must grant us a fully-paid, royalty-free license to use and sublicense use of the Improvement anywhere in the world for a term of 100 years.

17.7. **IP Disputes**. You must immediately notify us of any IP Dispute. You may not communicate with any Person other than us and our counsel in connection with the IP Dispute. We have sole discretion in deciding what action, if any, to take in response to an IP Dispute. We exclusively control all litigation and other proceedings relating to IP Disputes. You must execute all documents, render all assistance, and perform all acts that our counsel deems necessary or advisable to protect or maintain our interest in the proceeding and/or protect the Intellectual Property.

18. **INDEMNITY**. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses they incur as a result of or in connection with:

(a) the marketing, use or operation of your Salon;

(b) the breach of a Definitive Agreement committed by you or your Owners or affiliates;

(c) the breach of an agreement with a third party committed by you or your Owners or affiliates;

(d) any representations made by you or your Owners to a transferee in connection with a Transfer;

(e) any Claim relating to taxes or penalties a Governmental Authority assesses against us as a direct result of your failure to pay or perform functions required of you under this Agreement;

(f) libel, slander or disparaging comments made by you or your Owners, officers, employees or independent contractors regarding the System, a Salon or an Indemnified Party (this provision does not apply to disclosure of truthful information to Governmental Authorities or other franchisees);

(g) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or

(h) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or

National Labor Relations Board) relating to your employees.

You must immediately notify us of a Claim or proceeding described above. The Indemnified Parties have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them; (b) control the response thereto and defense thereof; and (c) settle the Claim. You may participate in the defense at your expense. You must cooperate with the Indemnified Parties and reimburse all Losses they incur to defend the Claim including mediation, arbitration or court expenses, expert fees and Travel Expenses incurred by attorneys or expert witnesses to attend proceedings or hearings relating to the matter. Your indemnification obligations survive, and remain in full force and effect after, the Transfer, termination or expiration of this Agreement.

19. TRANSFERS

19.1. **By Us**. We have the unrestricted right to assign this Agreement to any Person without prior notice to you; *provided, however*, that we will remain liable for obligations we incur prior to the assignment date. We may also delegate any of our obligations under this Agreement.

19.2. **By You**. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you franchise rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold our approval of a proposed Transfer if all of the following conditions are satisfied:

(a) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate a Salon and meets our minimum criteria for franchisees;

(b) you and your affiliates and Owners are in full compliance with all Definitive Agreements;

(c) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;

(d) your landlord consents to the assignment of your lease to the transferee;

(e) the transferee and its owners obtain all required Licenses to own and operate the Salon;

(f) the transferee assumes your obligations under this Agreement and other Business contracts (including client contracts, supplier contracts, and service plans) and signs any agreement we require to confirm the foregoing;

(g) the transferee and its owners sign our then-current form of franchise agreement (unless we instruct you to assign this Agreement to the transferee) except that: (i) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (ii) the transferee need not pay a separate initial franchise fee;

(h) the transferee agrees to remodel the Salon and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications (these changes must be completed within 12 months after the Transfer or such shorter period of time we specify);

(i) you or the transferee pay us a $2,500 transfer fee to defray our Transfer-related expenses (if our broker finds the transferee, you must also reimburse any commission we pay our broker);

(j) you and your Owners sign a General Release;

(k) you agree to subordinate the transferee's financial obligations owed to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement);

(l) we choose not to exercise our right of first refusal described in §19.5; and

(m) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any Claims we have against the transferor or our right to demand the transferee comply with all terms of the franchise agreement.

19.3. **Permitted Transfers**. You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior notice; and (b) upon our request, cause the former Franchisee Entity to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements (if the Permitted Transfer results in a new Franchisee Entity). You and the Owners (and transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.

19.4. **Owner Death or Disability**. Within 180 days after an Owner's death or permanent disability, the Owner's Equity Interest in the Business or Franchisee Entity must be Transferred to another Person in compliance with §19.2 or §19.3. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

19.5. **Our Right of First Refusal**. If you or an Owner wish to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receiving the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 60 days to prepare for closing. You or the Owner, as applicable, must provide us with all customary representations and warranties regarding the title to and condition of the assets or Equity Interest that we purchase, or at our option, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §19.2, including our approval of the transferee. If the sale is not completed within 120 days after we receive the offer, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

20. TERMINATION

20.1. **By You**. You may terminate this Agreement if we fail to cure a material breach within 90 days after you send us a default notice specifying the nature of the breach. If you terminate pursuant to §20.1, you must still comply with your post-term obligations described in §21 (other than payment of liquidated damages) and all other obligations that survive the termination of this Agreement.

20.2. **By Us**. We may terminate this Agreement, effective upon delivery of a notice of termination, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

(a) if you are insolvent due to your inability to pay your debts as they become due;

(b) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(c) if your Salon, or substantially all of its assets, are seized by a government official or taken over or foreclosed upon by a creditor, lienholder or lessor;

(d) if a final judgment against you remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;

(e) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within five (5) days of the levy;

(f) if the Managing Owner fails to satisfactorily complete initial training as required by §5.1;

(g) if you fail to identify an approved site or open your Salon before the associated deadlines set forth in §7.1 or §7.4, respectively;

(h) if you abandon or fail to operate your Salon for three (3) consecutive business days unless due to Force Majeure (in which case §24.6 governs) or another reason we approve;

(i) if a Governmental Authority suspends or revokes a License required to lawfully operate the Salon unless the suspension or revocation is overturned within 20 days thereafter;

(j) if you operate the Salon in a manner that presents a health or safety hazard to your clients, employees or the public and fail to cure within 24 hours after notice from us;

(k) if you underreport Gross Sales by at least 3% on two (2) or more occasions;

(l) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment (subject to your right to dispute, in good faith, amounts owed to third-party suppliers in accordance with §11.7(d));

(m) if you fail to timely notify us of a Reportable Event in accordance with §15.6;

(n) if you (or an Owner) (i) are subject to a material administrative disciplinary action or (ii) plead no contest to, or are convicted of, a felony or other material crime;

(o) if you (or an Owner) fail to comply with a material Law applicable to your Salon;

(p) if you (or an Owner) commit an act that can reasonably be expected to materially and adversely affect the reputation of the System or goodwill associated with the Marks;

(q) if you (or an Owner) make a material misrepresentation to us at any time;

(r) if you (or an Owner) make an unauthorized Transfer;

(s) if you (or an Owner) use the Intellectual Property in an unauthorized manner;

(t) if you (or an Owner) breach a brand protection in §14 or representation in §23.3;

(u) if an Owner (or their spouse) breaches an Owner Agreement;

(v) if the lease for your premises is terminated due to your default;

(w) if we send you three (3) or more default notices within a 12-month period (even if cured);

(x) if we (or our affiliate) terminate any Definitive Agreement, other than an area development agreement, due to a default committed by you (or your affiliate or an Owner); or

(y) if you (or an Owner) breach any other provision of this Agreement, including any mandatory provision in the Manual, and fail to cure within 30 days after receipt of a default notice.

If we send you a default notice we may cease to perform our obligations under this Agreement until you cure the breach, unless our failure to perform would materially impair your ability to cure.

20.3. **By Mutual Agreement**. If you and we mutually agree in writing to terminate this Agreement, any notice or cure period that might otherwise apply shall be deemed waived.

21. POST-TERM OBLIGATIONS.

21.1. **Obligations of You and the Owners**. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(a) immediately cease use of the Intellectual Property and discontinue all access to or use of DAKOTA LONDON ACADEMY™;

(b) comply with all post-term covenants described in §14 or an Owner Agreement;

(c) cancel all fictitious or assumed name registrations relating to your use of the Marks;

(d) pay us all amounts you owe including, if applicable, liquidated damages pursuant to §21.3;

(e) provide us with a list of current, former and prospective clients of the Salon;

(f) comply with our data retention policies pertaining to the Business Data;

(g) transfer Client Data and, if we request, assign all client contracts to us or our designee;

(h) comply with our instructions to return, destroy or transfer all copies of the Manual and Copyrighted Materials and all signs, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;

(i) alter the interior and exterior of the premises to the extent necessary, or to the extent we require, to prevent any further resemblance to or connection with a Salon or our System, including repainting the exterior and interior with new colors and removing trade dress, fixtures, signage, window decals and décor items associated with a Salon;

(j) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (i) any telephone numbers and/or domain names associated with your Salon; and (ii) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so);

(k) sell your remaining inventory of our proprietary hair extension products to us for a purchase price calculated as your cost to acquire the inventory less a 20% restocking fee; and

(l) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (g), (h), (i), (j), (k) above do not apply if you Transfer your Salon to an approved transferee or we exercise our right to purchase your Salon. If an Owner transfers his or her entire Equity Interest in the Business or Franchisee Entity but you continue to operate the Salon pursuant to this Agreement, then this Section will not apply to you (or to any remaining Owner) and the former Owner is subject only to the obligations set forth in subsections (a) and (b) above.

21.2. Purchase Option.

(a) Generally. Upon the termination or expiration of this Agreement we have the option to purchase your Salon and/or its assets. If we choose to exercise our purchase option, we will notify you of the assets we wish to purchase (the "Acquired Assets") within 20 days after the termination or expiration date. If we exercise our purchase option we may require that: (i) you assign your lease to us at no additional charge (if you lease the premises); or (ii) you or your affiliate enter into a lease with us upon standard and commercially reasonable leasing terms, including rent at fair rental value, for a term of 10 years or such shorter term that we specify (if you or your affiliate own the real estate). The purchase price for the Acquired Assets will be: (i) the purchase price established by the parties (if mutually agreed upon); or (ii) the Appraised Value established in accordance with §21.2(b) below; *provided, however*, that the purchase price for proprietary hair extension products we repurchase from you shall be calculated as your cost to acquire the inventory less a 20% restocking fee. We may, at our option, assign our purchase option to a designee of our choosing.

(b) Appraisal Process. If the parties cannot agree on the purchase price, the purchase price shall be the Appraised Value established in accordance with this Section. "Appraised Value" means the fair market value of the Acquired Assets as of the date this Agreement terminates or expires, as applicable; *provided, however*, that fair market value shall not include any value for goodwill and/or the franchise rights granted by this Agreement. The parties shall attempt to mutually agree upon a single independent appraiser. If they fail to do so, either party may demand the appointment of three (3) appraisers in accordance with the following: (i) no later than 15 days after the demand, each party shall appoint one (1) appraiser and notify the other party of the appointed appraiser's name and contact information; and (ii) no later than 30 days after the

demand, the two (2) appraisers appointed by the parties will jointly appoint a third (3rd) appraiser. If either party fails to appoint an appraiser within the 15-day period, then the appraiser appointed by the other party is deemed the single appraiser approved by the parties. You must promptly provide any documents or information requested by the appraisers. If a single appraiser is appointed, the purchase price shall be the Appraised Value established by the appraiser. If three (3) appraisers are appointed, the purchase price is: (i) the Appraised Value agreed upon by at least two (2) of the appraisers; or (ii) the average of the two (2) Appraised Values that are closest to each other if none of the appraisers agree upon the Appraised Value. Each party shall promptly pay 50% of the cost of the appraisal.

(c) Closing. To memorialize the acquisition, the parties will sign a form of Asset Purchase Agreement we reasonably prescribe that includes customary representations and warranties regarding title to and the condition of the Acquired Assets. At closing you must transfer good and clean title to the Acquired Assets, subject to any exceptions in the Asset Purchase Agreement, and we must pay you the purchase price. We may deduct from the purchase price: (i) amounts you owe us or our affiliates under Definitive Agreements including, if applicable, liquidated damages and other damages owed (other than lost profits) as a result of your breach; and (ii) the amount of any liabilities we assume on your behalf, including future rent and pre-paid liabilities (e.g., gift cards or package purchases). We have 60 days after the purchase price is established to close the transaction.

21.3. Liquidated Damages. You must pay us liquidated damages if either: (a) we terminate this Agreement due to your default; or (b) you terminate this Agreement in any manner other than as permitted by §20.1 or §20.3. Liquidated damages are calculated as the product of Average Monthly Fees multiplied by the lesser of (a) 24 or (b) the total number of full months remaining under the Term as of the termination effective date. "Average Monthly Fees" means the combined average monthly royalty fee and brand fund fee (without regard to any fee waivers or other reductions, and regardless of collection) imposed by this Agreement during the 12-month period preceding the termination date (or during the period of time you operated the Business if less than 12 months). Liquidated damages are due 30 days after we send you an invoice detailing our calculation of same. Liquidated damages are in addition to and not in lieu of: (a) any fees or other amounts incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the terms of this Agreement; or (b) any damages we or our affiliate incur as a result of your breach of this Agreement; *provided, however*, that we may not pursue a Claim against you for recovery of lost future profits if you pay us all liquidated damages owed when due. The parties agree the amount of liquidated damages set forth in this Section is in proportion to, and is necessary to protect, our legitimate interests, including: (a) encouraging our franchisees to commit to the 10-year franchise relationship in which both parties have already invested time and expense to develop; (b) the time and expense we will incur to ensure your timely and orderly departure from our franchise network and recruit a new franchisee to acquire franchise rights to the Territory; (c) protecting the reputation and goodwill associated with our Marks; and (d) partially compensating us for financial damages we expect to incur as a result of your breach or wrongful termination. If this liquidated damages clause is unenforceable under applicable Law, then we are only entitled to actual damages we incur as a result of your default or improper termination.

22. DISPUTE RESOLUTION.

22.1. Negotiation & Mediation. Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, either party may submit the Dispute to mediation before a mutually-agreeable mediator prior to litigation. All negotiations and mediation proceedings (including discovery, statements and settlement offers): (a) are strictly confidential; (b) constitute "settlement negotiations" for purposes of federal and state rules of evidence; and (c) may not be admitted or used for any purpose in any court or arbitration proceeding (except evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in mediation). The mediator may not be called as a witness for any purpose

in any court proceeding. Any Dispute involving Claims alleging a breach of §14, §17 and/or §21 or a Claim seeking injunctive relief (an "Excluded Claim") is not subject to mandatory negotiation or mediation unless both parties agree otherwise.

22.2. Litigation. If a Dispute either (a) is not successfully resolved by mediation within 60 days after a party makes a demand for mediation or (b) involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance with the choice of venue provision below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator, has exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an Excluded Claim (i.e., whether any Claim alleges a breach of §14, §17 or §21 or seeks injunctive relief).

22.3. Venue. All mediation and litigation will take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Maricopa County, Arizona). The parties irrevocably waive any objection to such venue and consent to the jurisdiction of such courts.

22.4. Attorneys' Fees & Costs. If a Dispute is resolved through a judicial proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees and court costs. In addition, if you or an Owner breach a Definitive Agreement, you must reimburse all reasonable legal fees and other expenses we incur as a result of the breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.

22.5. Waivers. ***Unless prohibited by applicable Law, any Claim (other than for payment of monies owed or an Excluded Claim) must be brought by filing a written demand for mediation (or if permitted, litigation) within one (1) year following the conduct, act, event or occurrence giving rise to the Claim, or the right to a remedy will be deemed forever waived and barred. We and you irrevocably waive: (a) trial by jury; and (b) the right to litigate a Dispute on a class action basis.***

23. REPRESENTATIONS.

23.1. Corporate. You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets are bound; (b) violate any order, injunction, decree, judgment or ruling of a Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement constitutes the legal, valid and binding obligation of, and is enforceable against, the Franchisee Entity in accordance with its terms.

23.2. General. You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

23.3. Anti-Terrorism. You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of an Equity Interest in the Business or Franchisee Entity) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name, alias, pseudonym, nickname or address on any Terrorist List, including the list 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.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other U.S. Laws currently in effect, or enacted in the future, that prohibit corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you must immediately notify us of the occurrence of an event or development of a circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

24. GENERAL PROVISIONS

24.1. **Governing Law**. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship are governed by the Laws of Arizona without reference to its principles of conflicts of law, but any Arizona Law that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

24.2. **Relationship of Parties**. Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party an agent, legal representative, partner or employee of the other party. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Salon. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Salon we specify. You must also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. Neither party is obligated by any agreement or representation made by the other party unless expressly authorized by this Agreement.

24.3. **Severability**. Each section of this Agreement (and portion thereof) is severable. If applicable Law imposes mandatory terms that conflict with this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court concludes any promise or covenant in this Agreement is unreasonable or unenforceable, we or the court may modify such promise or covenant to the minimum extent necessary to make it enforceable.

24.4. **Waivers**. Each party may waive any obligation imposed on the other party in writing. Neither party is deemed to have waived or impaired any of its rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement if the other party fails to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by a party to exercise any right under this Agreement or require the other party to strictly comply with any term of this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payment from you after your breach.

24.5. **Approvals**. Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

24.6. **Force Majeure**. Neither party is liable for loss or damage or deemed in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that Force Majeure will not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving notice of termination to the other party.

24.7. **Binding Effect**. This Agreement is binding on the parties hereto and their respective executors,

administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however*, that the additional insureds listed in §15.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §15.1 and §18, respectively.

24.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.1 AND §24.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of a Site Approval Notice is deemed to amend this Agreement to identify the approved site and Territory for your Salon, regardless of whether you countersign and/or return the Site Approval Notice. No email or informal electronic communication will modify this Agreement unless it is signed by both parties and expressly states it is intended to modify this Agreement. The attachments are part of this Agreement, which together with any Amendments or Addenda executed on or after the Effective Date, constitute the entire understanding and agreement of the parties. There are no other oral or written understandings or agreements between the parties about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

24.9. Good Faith Covenant. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant may not imply any right or obligation inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment to exercise this discretion based on our assessment of our own interests and balancing our interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

24.10. Rights are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy under this Agreement precludes any other right or remedy available to such party under this Agreement or by Law.

24.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement or the Transfer of an Equity Interest in the Business or Franchisee Entity remain in effect subsequent to and notwithstanding its termination, expiration or Transfer until they are satisfied in full or by their nature expire, including §13, §14, §16, §18, §21, §22 and §24.

24.12. Construction. Headings are for convenience only and do not affect the meaning of the Section. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. All references to "including" shall be construed as references to "including, but not limited to".

24.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

24.14. Notices. All notices and notifications given under this Agreement must be in writing and must be delivered by: (a) hand delivery; (b) registered or certified air mail, postage prepaid, return receipt requested; (c) special delivery service (*e.g.*, Federal Express, DHL, UPS, *etc.*); or (d) email, in each case to the following addresses (which may be changed upon 10 business days' prior notice):

YOU: As set forth in Part A of ATTACHMENT "A"

US: DKL Franchising, LLC
7625 E. Redfield Rd., Suite 160
Scottsdale, Arizona 85260
Attention: Scott Cotten
Email: Franchise@dakotalondon.com

Notice is deemed given on the earliest to occur of: (i) the date delivered by hand; (ii) the third (3rd) business day after placed in the mail or provided to special delivery services in accordance with clause (b) or (c) above; or (iii) the first (1st) calendar day after sent by email.

24.15. Counterparts. This Agreement may be signed in multiple counterparts, each of which is deemed an original and all of which together constitute but one and the same document.

* * *

The parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

DKL Franchising, LLC, an Arizona limited liability company

By:_____
Name:_____
Title:_____

YOU (If you are an Entity):

_____,
a(n)_____

By:_____
Name:_____
Title:_____

YOU (If you are not an Entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEAL TERMS

A. Franchisee Details

Name of Franchisee: [_____]

Is the franchisee one or more natural Persons signing in their individual capacity? **Yes**: _____ **No**: _____

Type of Entity and State of Formation* (if applicable): [_____]

* *If the franchisee is a business Entity, each Person holding a direct or indirect Equity Interest in the Franchisee Entity, and spouse of each such Person who is a natural Person, must sign the Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each Person holding a direct or indirect Equity Interest in the Business or Franchisee Entity, as applicable, along with a description of their Equity Interest.

Owner's Name	% Equity Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: _____
_____
_____
Attention: _____
Email: _____

B. Fees

Your initial franchise fee will be the following (franchisor to confirm applicable initial franchise fee):

_____ $49,500 (standard)

_____ $44,550 (veteran's discount)

_____ $[_____] (other)

C. Opening Inventory Package

The Opening Inventory Package you must purchase in accordance with §6.2(c) is set forth below:

OPENING INVENTORY PACKAGE	
ITEMS PURCHASED	ESTIMATED COST
Hair Extension Products	$110,000 to $115,000
Hair Care Products (hair brushes, shampoo, conditioner, hair treatments & styling products)	$10,000 to $15,000
Estimated Shipping	$100 to $250
Total	$120,100 to $130,250

D. Site Selection Area

The Site Selection Area referenced in the Franchise Agreement consists of [the following geographic area: _____.] ***OR*** [the same geographic area that comprises your Territory, as set forth in Part F below.]

* *The Site Selection Area is not your territory and there are no protections associated with this area.*

E. Approved Site

We hereby approve the site listed below for your Salon.

Approved Address: [_____]

* *If the site for your Salon has not been approved by us at the time this Agreement is signed, we will send you a Site Approval Notice in accordance with §7.1 listing the address of your approved site.*

F. Territory

The Territory referenced in the Franchise Agreement consists of, and shall be limited to, the geographic area within the state of [_____] that (a) is reflected on the map below and (b) includes the zip codes listed beneath the map.

[INSERT MAP AND LIST OF ZIP CODES]

If the boundaries that define the Territory change during the Term (for example, if zip codes are added, deleted or geographically revised), the boundaries of your Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date, as depicted on the map above.

* *If the site for your Salon has not been approved by us before this Agreement is signed, we will send you a Site Approval Notice in accordance with §3 to identify the geographic area that comprises your Territory.*

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

FORM OF SITE APPROVAL NOTICE

[See Attached]

SITE APPROVAL NOTICE

DKL Franchising, LLC ("we" or "us") is issuing this Site Approval Notice (this "Notice") to _____ ("you"), effective _____, 202___, in connection with the Dakota London Franchise Agreement (the "Franchise Agreement") that we executed with you on _____, 202___. The purpose of this Notice is to confirm our approval of the site you proposed for your Salon and our designation of the boundaries of your "Territory".

Approved Address:

Pursuant to §7.1 of the Franchise Agreement, we hereby approve the site listed below for your Salon:

_____
_____
_____

Territory:

Pursuant to §3 of the Franchise Agreement, we hereby designate the following geographic area as your Territory under the Franchise Agreement. Your Territory consists of, and shall be limited to, the geographic area within the state of [_____] that (a) is reflected on the map below and (b) includes the zip codes listed beneath the map.

[INSERT MAP AND LIST OF ZIP CODES]

If the boundaries that define the Territory change during the Term (for example, if zip codes are added, deleted or geographically revised), the boundaries of your Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date, as depicted on the map above.

* * *

By signing below, you and we agree that: (a) the address identified in this Notice shall be deemed the approved site for your Salon established and operated pursuant to the Franchise Agreement; and (b) the geographic area described in this Notice under "Territory" shall be deemed your Territory under the Franchise Agreement. You acknowledge and agree that our acceptance of the site you proposed is in no way a representation by us that your site will be successful. Rather, our acceptance merely indicates the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Notice, shall be binding on you effective as of the effective date listed in the first paragraph in this Notice.

Franchisor	**Franchisee**
DKL Franchising, LLC	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

LEASE ADDENDUM

This Lease Addendum (this "Agreement") is executed as of _____, 202__ by and among DKL Franchising, LLC, an Arizona limited liability company ("Franchisor"), [_____], a(n) [_____], with principal offices located at [_____] ("Landlord"), and [_____], a(n) [_____], with principal offices located at [_____] ("Tenant").

Background

A. On [_____], 202[__], Franchisor and Tenant executed a Dakota London Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor granted Tenant the right and obligation to develop, open and operate a DAKOTA LONDON™ salon at the premises described in Exhibit "A" (the "Premises").

B. Concurrently with the execution of this Agreement, Landlord and Tenant are executing a lease agreement (the "Lease"), pursuant to which Landlord will lease the Premises to Tenant.

C. To protect Franchisor's rights and interests under the Franchise Agreement, Landlord agrees to grant certain rights to Franchisor as set forth below.

Agreement

1. Default Notices. Landlord agrees to provide Franchisor with copies of all written default notices sent to Tenant at the same time such notices are sent to Tenant. Landlord agrees to send such copies to Franchisor by email and registered mail as set forth below (Franchisor may change the notice email and address from time to time by sending written notice to Landlord):

   DKL Franchising, LLC
   7625 E. Redfield Rd., Suite 160
   Scottsdale, Arizona 85260
   Attention: Scott Cotten
   Email: Franchise@dakotalondon.com

2. Right to Cure. If Tenant defaults under the Lease, Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. In such event, Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining Landlord's or Tenant's consent. Franchisor may thereafter assign the Lease to another DAKOTA LONDON™ franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time, including, without limitation, upon the expiration or termination of the Franchise Agreement, and without Landlord's prior consent, Tenant may assign the Lease to Franchisor. In such event, Franchisor may thereafter assign the Lease to another DAKOTA LONDON™ franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. Right of First Refusal. Landlord hereby grants Franchisor the first right of refusal to lease the Premises as the new tenant upon the expiration or termination of the Lease. Franchisor shall have a period of 30 days after the expiration or termination of the Lease to decide whether to exercise its right of first refusal.

5. Expiration or Termination of Franchise Agreement. Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant's interests under the Lease in accordance with §2 above.

6. Acknowledgement of Rights. Landlord acknowledges Franchisor's rights under the Franchise Agreement

to enter the Premises, without being guilty of trespass or any other tort or crime, to: (a) make any modifications or alterations to the Premises that Franchisor deems necessary to protect its franchise system or trademarks; and (b) remove any trade fixtures, interior or exterior signs and other items bearing Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. Landlord and Tenant will not amend, modify, supplement, terminate, renew or extend the Lease without Franchisor's written consent.

8. Miscellaneous.

   (a) In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

   (b) All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

   (c) This Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

   (d) This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

In witness whereof, this Agreement has been executed the date and year first above written.

FRANCHISOR:

DKL Franchising, LLC, an Arizona limited liability company

By:_____
Name:_____
Title:_____

LANDLORD:

_____, (a)n _____
_____

By:_____
Name:_____
Title:_____

TENANT:

_____, (a)n _____
_____

By:_____
Name:_____
Title:_____

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

[_____]

ATTACHMENT "D"

TO FRANCHISE AGREEMENT

OWNER AGREEMENT

[See Attached]

OWNER AGREEMENT

This Owner Agreement (this "Agreement") is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner who is a natural Person, in favor of DKL Franchising, LLC, an Arizona limited liability company, and its successors and assigns ("us"). Each signatory to this Agreement is referred to as "you".

1. DEFINITIONS. Capitalized terms not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement:

"*Development Agreement*" means, if applicable, the Area Development Agreement pursuant to which the Franchise Agreement was executed.

"*Franchise Agreement*" means the Dakota London Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

"*Franchisee*" means _____. For purposes of this Agreement, the term "Franchisee" shall be deemed to refer to both: (a) [_____], as Franchisee under the Franchise Agreement; and (b) the Person who signed the Development Agreement (if applicable), as Developer, if such Person is different than Franchisee.

"*Restricted Period*" means the two-year period after the earliest to occur of: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own an Equity Interest in the Business or Franchisee Entity; *provided however*, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Restricted Period means the one-year period after the earliest to occur of: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own an Equity Interest in the Business or Franchisee Entity.

"*Salon*" means any DAKOTA LONDON™ hair extension salon we authorize to operate under the Marks and use our System.

2. BACKGROUND. In your capacity as an Owner (or the spouse of an Owner), you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to "Owners" and not just Franchisee. You agree to comply with this Agreement to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to Owners.

3. BRAND PROTECTION COVENANTS.

(a) Intellectual Property and Confidential Information. You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee's Salon in compliance with the Franchise Agreement and Manual; (ii) maintain the confidentiality of the Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an Owner. You must assign to us or our designee, without charge, all rights to any Improvement you develop, including the right to grant sublicenses. If applicable Law precludes you from assigning ownership to us, you must grant us a fully-paid, royalty-free license to use and sublicense use of the Improvement anywhere in the world for a term of 100 years.

(b) Unfair Competition. You shall not engage in any Prohibited Activities at any time: (i) that you are (or your spouse is) an Owner; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing

Business is not located in the Restricted Territory. If you engage in any Prohibited Activity during the Restricted Period (except as permitted by this Section) your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not constitute a waiver of your breach or impair any of our rights or remedies relating to your breach. For purposes of clarity, you remain bound by any non-competition covenants in other Definitive Agreements that remain in effect for a period of time that extends beyond the expiration of the Restricted Period under this Agreement, and the expiration of the Restricted Period under this Agreement does not in any way diminish your obligation to comply with such other covenants.

(c) Family Members. You could circumvent the purpose of §3 by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member: (i) engages in any Prohibited Activities at any time that you are prohibited from doing so; or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

(d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable Law.

(e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed $1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. **TRANSFER RESTRICTIONS**. We must approve all Persons who own an Equity Interest in the Business or Franchisee Entity. If you are an Owner, you agree that you will not Transfer an Equity Interest in the Business or Franchisee Entity except in accordance with §19 of the Franchise Agreement.

5. **FINANCIAL SECURITY**. In order to secure Franchisee's financial obligations under the Franchise Agreement and all other Definitive Agreements (the "Secured Agreements") you hereby personally and unconditionally: (a) guarantee to us and our successors and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (i) acceptance and notice of acceptance by us of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness guaranteed; (iv) any right you may have to require that an action be brought against Franchisee or any other Person as a condition of liability; and (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (a) your direct and immediate liability under this guaranty is joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability is not contingent or conditioned upon our pursuit of any remedies against Franchisee or any other Person; and (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence we grant to Franchisee or any other Person, including 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 guarantee, which remains continuing and irrevocable during the term of each Secured Agreement and following the termination, expiration or transfer of each Secured Agreement to the extent any financial

obligations under a Secured Agreement survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, released or limited in any manner whatsoever by any impairment, modification, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. **REPRESENTATION**. You represent to us that you received a copy of the executed Franchise Agreement.

7. **DISPUTE RESOLUTION**. Any Dispute between the parties relating to this Agreement shall be resolved in accordance with the dispute resolution provisions in the Franchise Agreement, which are incorporated into this Agreement by reference as if fully set forth herein. **You acknowledge and agree that your breach of this Agreement constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.**

8. **MISCELLANEOUS**.

   (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.

   (b) This Agreement is governed by the Laws of Arizona.

   (c) Any Claim or defense you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

   (d) Each section of this Agreement (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.

   (e) We may deliver to you any notice contemplated by this Agreement in the same manner and to the same address listed in the notice provision of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

Each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By:_____

Name:_____

Date:_____

OWNER / SPOUSE

By:_____

Name:_____

Date:_____

OWNER / SPOUSE

By:_____

Name:_____

Date:_____

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	☐ Checking ☐ Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes DKL Franchising, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature:_____ Date:_____

Name:_____

Title:_____

Federal Tax ID Number:_____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT "F"

TO FRANCHISE AGREEMENT

NONDISCLOSURE AND NONSOLICITATION AGREEMENT

[See Attached]

NONDISCLOSURE AND NONSOLICITATION AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of DKL Franchising, LLC, an Arizona limited liability company, and its successors and assigns ("us").

1. DEFINITIONS. Capitalized terms that are not defined above have the meanings given to them below:

"*Business Data*" means all data pertaining to Franchisee's Salon, clients and business operations, whether collected by you, Franchisee, us or any other person.

"*Confidential Information*" means and includes: (a) Know-How; (b) Business Data, including the names, contact information and other data pertaining to current, former, or prospective Salon clients; (c) information in the Manual or comprising the System; (d) terms of the Franchise Agreement (and related agreements) signed by Franchisee in connection with the Salon; and (e) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, client information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee's owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose the information to you without breaching a confidentiality covenant imposed on such third party.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Salon.

"*Franchisee*" means the DAKOTA LONDON™ franchisee for whom you are an employee or independent contractor.

"*Improvement*" means any idea, addition, modification or improvement to the (a) hair extension or other services or products sold at a Salon, including new hair extension technique, (b) method of operation of a Salon, (c) processes, systems or procedures utilized by a Salon, (d) marketing, promotional or advertising materials, programs or strategies utilized by a Salon or (e) trademarks, service marks, logos or other intellectual property utilized by a Salon, whether developed by you, Franchisee, us or any other person.

"*Intellectual Property*" means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Know-how*" means and includes our (and our affiliates') trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Salon including: architectural plans, drawings and specifications for a prototype Salon; site selection criteria; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; client lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

"*Manual*" means our confidential operations manual for the operation of a Salon.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Salons to use, including DAKOTA LONDON™ and the associated logos. The Marks also include any distinctive trade dress used to identify a Salon or the products it sells.

"*Salon*" means any DAKOTA LONDON™ hair extension salon we authorize to operate under the Marks and use our System.

"*System*" means our system developed for the operation of a Salon, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; proprietary line of high-quality hair extension products; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

2. BACKGROUND. You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to misuse our Intellectual Property or engage in unfair competition. To avoid such damage, you agree to comply with the terms of this Agreement.

3. YOUR COVENANTS AND OBLIGATIONS.

(a) Protection of Confidential Information & IP. You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the performance of your responsibilities to Franchisee in accordance with the terms of your employment or engagement with Franchisee; (ii) maintain the confidentiality of Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information when you no longer work at the Salon.

(b) Improvements. You must assign to us or our designee, without charge, all rights to any Improvement you develop, including the right to grant sublicenses. If applicable law precludes you from assigning ownership to us, you must grant us a fully-paid, royalty-free license to use and sublicense use of the Improvement anywhere in the world for a term of 100 years.

(c) Client Information. All data and information pertaining to Salon clients (including names, contact information and other data) are exclusively owned by us and/or Franchisee and constitute Confidential Information and Know-How for purposes of this Agreement. You are strictly prohibited from using any such data or information for any purpose other than to perform your duties on behalf (and for the exclusive benefit) of the Salon. You may not maintain a list of Salon clients or remove any such information from the Salon's premises. You acknowledge the client list is a unique and valuable asset that constitutes a trade secret, and that we and Franchisee would be irreparably harmed if you were permitted to use the client list for any purpose other than for the benefit of the Salon in accordance with the terms of your employment or engagement with Franchisee.

(d) Nonsolicitation of Clients. If you are a Stylist, you understand that the clients you service while working at a Salon are acquired through our (and Franchisee's) marketing efforts and expenditures, the goodwill associated with our name and the training provided to you. Any solicitation of Salon clients or use of their information in an unauthorized manner constitutes a deceptive and unfair trade practice and a violation of our (and Franchisee's) rights and ownership interest in the client relationship and associated data. You may compete with the Salon (and other Salons) in a fair and ethical manner after you cease to work at a Salon. You may not, however, solicit Salon clients for any purpose at any time while you work, or after you cease to work, at a Salon. Any client to whom you provide hair extension services while you work at a Salon may decide, in their sole discretion, whether to continue to use you to provide hair extension services after you cease to work at a Salon. However, you are strictly prohibited from soliciting the client or initiating any communications with the client regarding: (i) the discontinuance of your relationship with the Salon; (ii) your contact information; or (iii) your future business activities or services.

4. FAMILY MEMBERS. You could circumvent the intent of this Agreement by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

5. BREACH. You agree that: (a) your breach of this Agreement is likely to cause substantial and irreparable

damage to us and Franchisee for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires us to post a bond despite our mutual agreement to the contrary, the bond amount may not exceed $1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

6. THIRD-PARTY BENEFICIARY. Franchisee is an express and intended third-party beneficiary of this Agreement with the right to directly enforce the terms of this Agreement against you.

7. MISCELLANEOUS.

(a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.

(b) This Agreement is governed by Arizona law. Any legal proceedings arising out of this Agreement must be brought exclusively in a court of competent jurisdiction in Maricopa County, Arizona.

(c) Each section of this Agreement (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.

This Nondisclosure and Nonsolicitation Agreement is executed as of the date set forth below.

By:_____

Name:_____

Date:_____

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

[See Attached]

DAKOTA LONDON
AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: _____
DATE: _____

TABLE OF CONTENTS

1. DEFINITIONS. 1
2. GRANT OF DEVELOPMENT RIGHTS 1
3. TERRITORIAL PROTECTIONS AND LIMITATIONS. 2
4. DEVELOPMENT OBLIGATIONS 2
5. DEVELOPMENT FEE 2
6. DEVELOPER ENTITY 3
7. TRANSFERS 3
8. TERMINATION 4
9. EFFECT OF TERMINATION 4
10. DISPUTE RESOLUTION 4
11. REPRESENTATIONS. 4
12. GENERAL PROVISIONS 5

ATTACHMENTS

ATTACHMENT "A" Deal Terms

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between DKL Franchising, LLC, an Arizona limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Initial Franchise Agreement.

"*Developer Entity*" means an Entity that: (a) signs this Agreement as the area developer (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

"*Development Business*" means the business you conduct pursuant to this Agreement consisting of developing and opening Salons within the Development Territory.

"*Development Schedule*" means the schedule described in §4.1 and Part C of ATTACHMENT "A" for the development of Salons within the Development Territory.

"*Development Territory*" means the geographic area that consists of and includes each of the individual Salon Territories described in Part D of ATTACHMENT "A".

"*Dispute*" means any Claim or dispute between the parties that involves or relates to a Definitive Agreement, the offer or sale of area development rights or the relationship between the parties.

"*Franchise Agreement*" means a Dakota London Franchise Agreement executed by us and you (or your affiliate) for the development and operation of a Salon pursuant to this Agreement.

"*General Release*" means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §7.2 in connection with a Transfer.

"*Initial Franchise Agreement*" means the Franchise Agreement you sign for the first Salon you develop.

"*Owner*" means a Person who: (a) directly signs this Agreement as the area developer or a Franchise Agreement as the franchisee, either alone or in conjunction with one or more other Persons; and/or (b) directly or indirectly through one or more intermediaries owns an Equity Interest in the Development Business, Developer Entity or any affiliate of yours that signs a Franchise Agreement pursuant to §6.

"*Permitted Transfer*" means a Transfer: (a) between existing Owners; or (b) by the Owners to a new Developer Entity for which such Owners collectively own and control 100% of the Equity Interests; *provided, however*, that a Permitted Transfer does not include any Transfer that results in the Managing Owner owning less than 20% of the Equity Interests in the Development Business or Developer Entity.

"*Salon Territory*" means one of the separate and distinct individual Salon territories described in Part D of ATTACHMENT "A" that together comprise the Development Territory.

"*Term*" means the period of time beginning on the Effective Date of this Agreement and expiring on the earlier to occur of: (a) the opening date listed in the Development Schedule for the last Salon you are required to open; or (b) the date this Agreement is effectively terminated.

"*Transfer*" means any direct or indirect, voluntary or involuntary, assignment, sale, sublicense or other transfer or disposition of: (a) this Agreement; (b) the area development rights granted by this Agreement; (c) your Development Business; or (d) an Equity Interest in the Development Business or Developer Entity; including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests (including public and private offerings); foreclosure of a security interest by a lender; or operation of Law, will or a trust upon an Owner's death (including via the Laws of intestate succession).

2. GRANT OF DEVELOPMENT RIGHTS. Subject to the terms of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Salons listed in the Development Schedule. Each Salon must be located in a separate Salon Territory. This Agreement does not grant you any right or license to use our Intellectual Property.

3. TERRITORIAL PROTECTIONS AND LIMITATIONS. During the Term we will not develop or operate, or license a third party to develop or operate, a Salon that is located in the Development Territory other than: (a) any Salon that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is (or will be) located in the Development Territory; and (b) any Salon otherwise permitted by this Section. At any time during the Term we reserve the right to engage in Acquisitions that involve, or subsequently result in, conversion of the acquired or acquiring company's outlets to DAKOTA LONDON™ salons; *provided, however*, that any such outlets located in your Development Territory will not be converted to DAKOTA LONDON™ salons during the Term without your consent. We have the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Development Territory through Alternative Channels of Distribution; *provided, however*, that we will only sell our proprietary line of semi-permanent professional-grade hair extension products to Salons in our System.

4. DEVELOPMENT OBLIGATIONS

4.1. **Development Schedule**. You must develop and open all Salons listed in the Development Schedule. You must open each Salon no later than the associated opening deadline in the Development Schedule. We may, in our sole discretion, extend an opening deadline if you demonstrate to our satisfaction that you used best efforts to comply with the deadline and the need for an extension is due to unforeseeable delays rather than your lack of diligence or funding. The opening deadline listed in the Development Schedule for a given Salon may be earlier than the opening deadline set forth in the associated Franchise Agreement. To comply with the Development Schedule you must open each Salon by the opening deadline listed in the Development Schedule even if such deadline is earlier than the opening deadline required by the associated Franchise Agreement.

4.2. **Reasonableness of Development Schedule**. You represent that you: (a) have conducted your own due diligence regarding the prospects of developing the Salons in the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any breach of the Development Schedule is a material breach of this Agreement.

4.3. **Site Selection**. Each site you select for a Salon: (a) must conform to our then-current site selection criteria; and (b) requires our prior approval in accordance with the applicable Franchise Agreement.

4.4. **Performance Criteria**. Before you may propose sites for a new Salon (excluding the first (1st) Salon you develop under this Agreement), you must demonstrate the last Salon you opened has achieved financial stability by generating average monthly revenue (including Stylist tips, but excluding taxes) of at least $65,000 per month over any period of three (3) consecutive months.

4.5. **Franchise Agreements**. You must sign a separate Franchise Agreement for each Salon. You must sign the Initial Franchise Agreement for your first (1st) Salon at the time you sign this Agreement. We will not review proposed sites for a Salon until you sign the associated Franchise Agreement. Each Franchise Agreement shall be our then-current form of Dakota London Franchise Agreement, the terms of which may vary materially and substantially from the terms of the Initial Franchise Agreement. The Development Fee set forth in §5 includes, and is deemed to satisfy in full, the initial franchise fee associated with each Salon listed in the Development Schedule. Accordingly, you do not pay us a separate initial franchise fee when you sign a Franchise Agreement for the Salon. You have no right to construct or operate a Salon until you and we sign the Franchise Agreement and all ancillary agreements for that Salon. You must develop, open and operate each Salon in compliance with the Franchise Agreement and the Manual.

4.6. **Additional Salons**. You may not develop any Salon other than the Salons listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which would be upon such terms that we specify, after you develop all Salons listed in the Development Schedule in accordance with this Agreement.

5. DEVELOPMENT FEE. At the time you sign this Agreement you must pay us the development fee set forth in Part B of ATTACHMENT "A", which is calculated as the sum of the initial franchise fees imposed for all Salons you must develop under this Agreement. The amount of the initial franchise fee is: (a)

$49,500 for the first (1st) Salon; (b) $40,000 for the second (2nd) Salon; (c) $35,000 for the third (3rd) Salon; and (d) $30,000 per Salon for each additional Salon you commit to develop pursuant to this Agreement. If you qualify for our veteran's discount, we will reduce your development fee by $4,950. The development fee is fully earned and nonrefundable upon execution of this Agreement.

6. DEVELOPER ENTITY. You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of its organizational documents and a current Certificate of Good Standing. You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the Person or Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in each such Entity must be the same Person or Persons owning the Equity Interests (with the same percentage of the Equity Interests owned) in the Developer Entity; and (b) each such Entity guarantees the performance of all other Entities formed under the authority of this §6. In such event, all references to "you" in this Agreement shall be deemed to also refer to such separate Entity or Entities. Each Owner, and the spouse of each Owner who is a natural Person, must sign an Owner Agreement.

7. TRANSFERS

7.1. By Us. We have the unrestricted right to assign this Agreement to any Person without prior notice to you; *provided, however*, that we will remain liable for obligations we incur prior to the assignment date. We may also delegate any of our obligations under this Agreement.

7.2. By You. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold our approval of a proposed Transfer if all of the following conditions are satisfied:

(a) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Salons to be developed under this Agreement and meets our minimum criteria for area developers;

(b) you and your Owners and affiliates are in full compliance with all Definitive Agreements;

(c) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;

(d) the transferee and its owners sign our then-current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee) except that: (i) the Term shall be the Term remaining under this Agreement; (ii) the transferee need not pay a separate development fee; and (iii) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the Transfer);

(e) you or the transferee pay us a $5,000 transfer fee (in addition to the transfer fee, you must reimburse any commission we pay our broker if our broker finds the transferee);

(f) unless we agree to the contrary, you assign all Franchise Agreements to the transferee in accordance with the transfer provisions under each such Franchise Agreement, including payment of any transfer fee imposed under each such Franchise Agreement;

(g) you and your Owners sign a General Release;

(h) we choose not to exercise our right of first refusal described in §7.5; and

(i) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than all development rights remaining under this Agreement (i.e., you may not retain the right to develop any Salon within the Development Territory); or (b) transfer your

development rights to multiple transferees. Our consent to a Transfer is not a waiver of any Claims we have against the transferor or our right to demand the transferee comply with all area development agreement terms.

7.3. **Permitted Transfers**. You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior notice; and (b) upon our request, cause the former Developer Entity to sign a corporate guarantee in the format we require to secure performance of the new Developer Entity's financial obligations under all Definitive Agreements (if the Permitted Transfer results in a new Developer Entity). You and the Owners (and the transferee) agree to sign all documents we reasonably request relating to the Permitted Transfer.

7.4. **Owner Death or Disability**. Within 180 days after an Owner's death or permanent disability, the Owner's Equity Interest in the Development Business or Developer Entity must be Transferred to another Person in compliance with §7.2 or §7.3. An Owner is deemed to have a "permanent disability" if he/she has a medical or mental problem that prevents him/her from substantially complying with his/her obligations under this Agreement for a period of at least three (3) months.

7.5. **Our Right of First Refusal**. If you or an Owner wish to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 60 days to prepare for closing. You or the Owner, as applicable, must provide us with all customary representations and warranties regarding the title to and condition of the assets or Equity Interest that we purchase, or at our option, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §7.2, including our approval of the transferee. If the sale is not completed within 120 days after we receive the offer, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

8. TERMINATION

8.1. **By Us**. We may terminate this Agreement, effective upon delivery of a notice of termination, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

(a) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or affiliates; or

(b) if you (or an Owner) breach any provision of this Agreement and fail to cure within 30 days after receipt of a default notice.

8.2. **By Mutual Agreement**. If you and we mutually agree in writing to terminate this Agreement, any notice or cure period that might otherwise apply shall be deemed waived.

9. EFFECT OF TERMINATION. Termination of this Agreement ends all your rights and development obligations under this Agreement, including your interests in the Development Territory and right to sign new Franchise Agreements or open new Salons. We will not refund any portion of the development fee.

10. DISPUTE RESOLUTION. Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Initial Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

11. REPRESENTATIONS.

11.1. **Corporate**. You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any agreement to which you are (or any

affiliate of yours is) a party or by which your (or your affiliate's) assets are bound; (b) violate any order, injunction, decree, judgment or ruling of a Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and your Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement constitutes the legal, valid and binding obligation of, and is enforceable against, the Developer Entity in accordance with its terms.

11.2. **General**. You and your Owners jointly and severally represent and warrant to us that you are aware: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.

11.3. **Anti-Terrorism**. You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of an Equity Interest in the Development Business or Developer Entity) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name, alias, pseudonym, nickname or address on any Terrorist List, including the list 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.home.treasury.gov); and (c) you and the Owners are in compliance, and will continue to comply, with the Anti-Terrorism Law and all other U.S. Laws currently in effect, or enacted in the future, that prohibit corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you must immediately notify us of the occurrence of an event or development of a circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

12. GENERAL PROVISIONS

12.1. **Governing Law**. This Agreement and the franchise relationship are governed by the Laws of Arizona without reference to its principles of conflicts of law, but any Arizona Law that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

12.2. **Severability**. Each section of this Agreement (and portion thereof) is severable.

12.3. **Waivers**. Each party may waive any obligation imposed on the other party in writing. Neither party is deemed to have waived or impaired any of its contractual rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by a party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other developers; or (d) our acceptance of payment from you after your breach.

12.4. **Approvals**. Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we are deemed to have disapproved your request.

12.5. **Force Majeure**. Neither party is liable for loss or damage or deemed in breach of this Agreement if

such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that Force Majeure does not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving notice of termination to the other party.

12.6. Binding Effect. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.

12.7. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. No email or informal electronic communication will modify this Agreement unless it is signed by both parties and expressly states it is intended to modify this Agreement. The attachments are part of this Agreement, which together with any Amendments or Addenda executed on or after the Effective Date, constitute the entire understanding and agreement of the parties. There are no other oral or written understandings or agreements between the parties about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

12.8. Good Faith Covenant. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

12.9. Rights are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.

12.10. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement or the Transfer of an Equity Interest in the Development Business or Developer Entity remain in effect subsequent to and notwithstanding its termination, expiration or Transfer until they are satisfied in full or by their nature expire.

12.11. Construction. Headings are for convenience only and do not affect the meaning of the Section. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. All references to "including" shall be construed as references to "including, but not limited to".

12.12. Time of Essence. Time is of the essence in this Agreement and every term thereof.

12.13. Notices. All notices and notifications given under this Agreement must be in writing and must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.

12.14. Counterparts. This Agreement may be signed in multiple counterparts, each of which is deemed an original and all of which together constitute but one and the same document.

The parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

DKL Franchising, LLC, an Arizona limited liability company

By:_____
Name:_____
Title:_____

YOU (If you are an Entity):

_____,
a(n)_____

By:_____
Name:_____
Title:_____

YOU (If you are not an Entity):

_____
Name:_____

_____
Name:_____

_____
Name:_____

_____
Name:_____

ATTACHMENT "A"

TO AREA DEVELOPMENT AGREEMENT

DEAL TERMS

A. Area Developer Details

Name of area developer: [_____]

Is the area developer one or more natural Persons signing in their individual capacity? **Yes**: _____ **No**: _____

Type of Entity and State of Formation* (if applicable): [_____]

* *If the area developer is a business Entity, each Person holding a direct or indirect Equity Interest in the Developer Entity, and spouse of each such Person who is a natural Person, must sign an Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each Person holding a direct or indirect Equity Interest in the Development Business or Developer Entity, as applicable, along with a description of their Equity Interest.

Owner's Name	% Equity Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: _____
_____
_____
Attention: _____
Email: _____

B. Development Fee

The development fee is $[_____].

C. Development Schedule

You must comply with the following minimum development obligations as specified in §4 of the Agreement:

SALON	OPENING DEADLINE (measured from ADA Effective Date)	CUMULATIVE NUMBER OF OPEN SALONS
Salon # 1	12 months after Effective Date	1
Salon # 2	30 months after Effective Date	2
Salon # 3	48 months after Effective Date	3
Salon # 4	66 months after Effective Date	4
Salon # 5	84 months after Effective Date	5
Salon #6	102 months after Effective Date	6
Total Number of Salons to be Developed: [___]		

D. Development Territory & Salon Territories

Set forth below is a description of each Salon Territory included within the Development Territory. The Development Territory is the total geographic area comprised by all Salon Territories on a combined basis.

TERRITORY	DESCRIPTION*
Salon Territory #1	[_____], as more specifically described below
Salon Territory #2	[_____], as more specifically described below
Salon Territory #3	[_____], as more specifically described below
Salon Territory #4	[_____], as more specifically described below
Salon Territory #5	[_____], as more specifically described below
Salon Territory #6	[_____], as more specifically described below
Development Territory	Total geographic area comprised by all Salon Territories above on a combined basis.

Salon Territory #1 – [_____]

Salon Territory #1 consists of the geographic area within the state of [_____] that (a) is reflected on the map below and (b) includes the zip codes listed beneath the map.

[INSERT MAP AND LIST OF ZIP CODES]

Salon Territory #2 – [_____]

Salon Territory #2 consists of the geographic area within the state of [_____] that (a) is reflected on the map below and (b) includes the zip codes listed beneath the map.

[INSERT MAP AND LIST OF ZIP CODES]

Salon Territory #3 – [_____]

Salon Territory #3 consists of the geographic area within the state of [_____] that (a) is reflected on the map below and (b) includes the zip codes listed beneath the map.

[INSERT MAP AND LIST OF ZIP CODES]

Salon Territory #4 – [_____]

Salon Territory #4 consists of the geographic area within the state of [_____] that (a) is reflected on the map below and (b) includes the zip codes listed beneath the map.

[INSERT MAP AND LIST OF ZIP CODES]

Salon Territory #5 – [_____]

Salon Territory #5 consists of the geographic area within the state of [_____] that (a) is reflected on the map below and (b) includes the zip codes listed beneath the map.

[INSERT MAP AND LIST OF ZIP CODES]

Salon Territory #6 – [_____]

Salon Territory #6 consists of the geographic area within the state of [_____] that (a) is reflected on the map below and (b) includes the zip codes listed beneath the map.

[INSERT MAP AND LIST OF ZIP CODES]

* If the boundaries that define the Development Territory or a Salon Territory change during the Term (for example, if zip codes are added, deleted or geographically revised), the boundaries of the Development

Territory or Salon Territory, as applicable, will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as depicted on the maps attached above).

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

OTHER AGREEMENTS

EXHIBIT "E"-1

STATE ADDENDA

[See Attached]

STATE ADDENDA AND AMENDMENTS TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES

BACKGROUND AND PURPOSE

The following modifications are made to the Dakota London Franchise Disclosure Document ("FDD" or "Disclosure Document") issued by DKL Franchising, LLC ("we" or "us" or "franchisor") to franchisee ("you" or "franchisee") and may supersede certain portions of the Franchise Agreement between you and us dated _____, 202__ (the "Franchise Agreement"). When the term "Supplemental Agreements" is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum ("State Addendum") will modify these agreements to comply with the applicable state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

CALIFORNIA

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.

2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

4. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreement restricting venue to a forum outside the State of California.

5. The Franchise Agreement and Supplemental Agreements require application of the laws of Arizona. In accordance with Section 310.114.1, this provision may not be enforceable under California law.

6. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

7. The Franchise Agreement and Supplemental Agreements contain a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

8. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

9. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

10. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

11. OUR WEBSITE (www. http://dakotalondon.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

12. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

13. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (b) 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 with the franchise.

14. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, 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.

HAWAII

1. The following is added to the Cover Page:

   THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT 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 YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

   THIS FRANCHISE 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 US AND YOU.

2. Our registered agent in the state authorized to receive service of process:

   Commissioner of Securities of the State of Hawaii
   Department of Commerce and Consumer Affairs
   Business Registration Division
   335 Merchant Street, Room 203
   Honolulu, Hawaii 96813

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".

4. The states in which this filing is or will be shortly on file include the following: _____

5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: _____

6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: _____

7. The states, if any, in which the filing of these franchises has been withdrawn include the following: _____

ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.

2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. 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.

5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

   To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

7. Item 5 of the Disclosure Document is amended to add the following:

   "Fee Deferral

   All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General's Office. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition."

8. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

   All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General's Office. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition.

[Signature Page Follows]

Dated: _____, 202____

FRANCHISOR:

DKL Franchising, LLC

By: _____

Title: _____

FRANCHISEE:

_____

By: _____

Title: _____

INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.

2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.

3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.

4. 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 material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.

5. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1(9).

6. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

   > Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.
   >
   > At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

7. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law"), the Disclosure Document is amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

   a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.

   b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

   c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

   d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

   e. The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

2. The Franchise Disclosure Questionnaire, which is attached as an Exhibit to the Disclosure Document, is amended as follows:

   All representations requiring prospective franchisees to assent to the release, estoppel or waiver of liability 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.

   In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement and Supplemental Agreements are amended to add the following:

3. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

4. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

5. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

6. The Franchise Questionnaire that you completed in connection with your application for the franchise requires you, as a prospective franchisee, to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law as a condition to your purchase of the franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.

7. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.

8. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (b) 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.

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.

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(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 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 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 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:

(v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(vii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(viii) 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80Cor (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which 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 and

   - that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights 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 the name.

4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

6. The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

7. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (b) 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 with the franchise.

NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. The following information is added to the cover page of the Disclosure Document:

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR 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 FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3 of the Disclosure Document:

   Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

   A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations..

   B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations..

   C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

   D. No such party 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 resulting from 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. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

   However, to the extent required by applicable law, 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; this proviso intends that the nonwaiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied..

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the "North Dakota Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.

2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.

3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.

10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

11. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.

2. Section 19-28.1-14 of the Rhode Island Franchise Law 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." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.

3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.

4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

5. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

   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. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.

3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.

4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.

5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

7. Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

8. Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements 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. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** 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. **Site of Arbitration, Mediation, and/or Litigation.** 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. **General Release.** 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. **Statute of Limitations and Waiver of Jury Trial.** 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.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** 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. **Fair and Reasonable Pricing.** 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. **Waiver of Exemplary & Punitive Damages.** 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. **Franchisor's Business Judgement.** 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. **Indemnification.** 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. **Attorneys' Fees.** 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. **Noncompetition Covenants.** 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. **Nonsolicitation Agreements.** 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. **Questionnaires and Acknowledgments.** 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. **Prohibitions on Communicating with Regulators.** 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. **Advisory Regarding Franchise Brokers.** 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.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

_____	_____
Signature of Franchisor Representative	Signature of Franchisee Representative
_____	_____
Title of Franchisor Representative	Title of Franchisee Representative

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement. We are responsible for checking the appropriate box or boxes.

☐ California	☐ Michigan	☐ South Dakota
☐ Hawaii	☐ Minnesota	☐ Virginia
☐ Illinois	☐ New York	☐ Washington
☐ Indiana	☐ North Dakota	☐ Wisconsin
☐ Maryland	☐ Rhode Island	

Dated: _____, 202____

FRANCHISOR:

DKL Franchising, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

[_____]

By:_____
Name:_____
Title:_____

EXHIBIT "E"-2

FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE[1]

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know DKL Franchising, LLC ("we" or "us), and you are preparing to enter into a Franchise Agreement for the operation of a DAKOTA LONDON™ franchise. We require that you complete this Questionnaire (a) so that we can determine whether our franchise sales team followed proper sales procedures and (b) to provide us with reasonable assurance that, prior to signing the Franchise Agreement, you have had an adequate opportunity to review the Franchise Disclosure Document and its attachments, consult with legal and/or business advisors of your choosing, and ask us questions about any disclosures or terms that you do not understand. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

Yes__	No__	l.	Have you received from us and personally reviewed the Franchise Agreement and, if applicable, Area Development Agreement ("ADA"), together with all attachments to those agreements? *[If you answer "no," please explain in Explanation Section]*
Yes__	No__	2.	Have you received from us and personally reviewed a Franchise Disclosure Document ("FDD")? *[If you answer "no," please explain in Explanation Section]*
Yes__	No__	3.	Did you sign a receipt for the FDD indicating the date you received it?
Yes__	No__	4.	Do you understand all the information contained in the FDD, Franchise Agreement and ADA (if applicable)? *[If you answer "no," please identify any information you don't understand in Explanation Section]*
Yes__	No__	5.	Did you receive the FDD at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
Yes__	No__	6.	Did you receive a complete execution copy of the Franchise Agreement and ADA (if applicable), with all material terms filled in, at least seven (7) calendar days before you signed it?
Yes__	No__	7.	Have you reviewed the FDD, Franchise Agreement and ADA (if applicable) with a lawyer, accountant or other professional advisor?
Yes__	No__	8.	Have you discussed the benefits and risks of developing and operating a DAKOTA LONDON™ franchise with an existing DAKOTA LONDON™ franchisee?
Yes__	No__	9.	Do you understand the risks of developing and operating a DAKOTA LONDON™ franchise?
Yes__	No__	10.	Do you understand the success or failure of your franchise will depend in part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
Yes__	No__	11.	Do you understand that the Franchise Agreement, ADA (if applicable) and the attachments to those agreements contain the entire agreement between us and you concerning the franchise for the DAKOTA LONDON™ franchise, meaning any prior oral or written statements not set out in the Franchise Agreement, ADA or the attachments will not be binding?

[1] Registration states include California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

Yes__ No__ 12. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the costs involved in operating a DAKOTA LONDON™ franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

[If you answer "yes," please describe the statement or promise in Explanation Section]

Yes__ No__ 13. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the training, assistance or support that will be provided to you that is not contained in the FDD or that is contrary to, or different from, the information in the FDD?

[If you answer "yes," please describe the statement or promise in Explanation Section]

Yes__ No__ 14. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the actual, average, projected or hypothetical profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a DAKOTA LONDON™ business may generate, other than any information included in Item 19 of the FDD?

[If you answer "yes," please describe the statement or promise in Explanation Section]

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated _____	Dated _____
_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated _____	Dated _____

EXPLANATION SECTION

Please include any explanations below and refer to the applicable question number.

_____

_____

_____

_____

_____

_____

EXHIBIT "E"-3

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this "Agreement") is made as of _____, 202__ (the "Effective Date") by _____, a(n) _____ ("you") and each individual holding a direct or indirect ownership interest in you (collectively "Owner") in favor of DKL Franchising, LLC, an Arizona limited liability company ("us," and together with you and Owner, the "Parties").

Background

A. We signed a Franchise Agreement with you, dated _____, 202____ (the "Franchise Agreement") pursuant to which we granted you the right to own and operate a DAKOTA LONDON™ salon.

B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**].

C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.

D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the "Franchisee Parties"), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the "Franchisor Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.

2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive §1542 of the California Civil Code, which provides the following:

   "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

   [Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

   [Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as

well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

6. Communications with Governmental Authorities. Nothing in this Agreement shall restrict or be deemed to preclude you from disclosing truthful information to governmental authorities in response to any request for information you receive from them.

7. Miscellaneous.

   (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

   (b) This Agreement shall be construed and governed by the laws of the State of Arizona.

   (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

   (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

   (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

   (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

   (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

   (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

[_____]

By:_____
Name:_____
Title:_____

FRANCHISE OWNERS:

_____
Name:_____

_____
Name:_____

_____
Name:_____

EXHIBIT "E"-4

TRADENAME APPROVAL NOTICE

[See Attached]

TRADENAME APPROVAL NOTICE

DKL Franchising, LLC, an Arizona limited liability company ("we" or "us") is issuing this Tradename Approval Notice (this "Notice") to [_____] ("you"), effective [_____], 202[___], in connection with the Dakota London Franchise Agreement executed by you and us on [_____], 202[___] (the "Franchise Agreement"). The purpose of this Notice is to confirm our approval of the tradename you have proposed. Capitalized terms not defined in this Notice have the meanings given to them in the Franchise Agreement.

Approved Tradename:

Pursuant to §17.4 of the Franchise Agreement, we hereby approve the following tradename for your use in connection with the Salon you develop and operate pursuant to the Franchise Agreement:

DAKOTA LONDON OF [_____]

By signing below, you agree that the tradename identified in this Notice will be your approved tradename and you will not use any other tradename without our prior written approval. You are responsible for submitting any fictitious name filing that may be required by the Laws of your state. Upon the termination, expiration or Transfer of the Franchise Agreement, you must surrender, cancel or abandon the tradename and cancel any associated fictitious name filing.

You understand and acknowledge that: (a) our tradename review and approval process will be performed in accordance with our then-current tradename selection procedures and criteria; (b) we may approve tradenames for other franchisees that have similarities in terms of geographic or other descriptors; and (c) you are not granted any exclusivity or protections with respect to tradenames. Accordingly, you waive any claims you may have against us or against any other franchisee based upon any tradename you propose and we approve.

You must sign below and send us an executed copy of this Notice to acknowledge your receipt. You shall have no right to use the tradename listed above until you have sent us a fully-executed copy of this Notice.

Franchisor	**Franchisee**
DKL Franchising, LLC	**[**_____]
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

EXHIBIT "E"-5

FRANCHISE RESALE AGREEMENT

[See Attached]

FRANCHISE RESALE AGREEMENT

This Franchise Resale Agreement (the "Agreement") is entered into as of [_____], 202[__] (the "Effective Date") between DKL Franchising, LLC, an Arizona limited liability company ("we" or "us") and [_____], a(n) [_____] ("you" and together with us, the "Parties").

BACKGROUND

A. On [_____], 202[__], the Parties entered into a Dakota London Franchise Agreement (the "Franchise Agreement"), pursuant to which we granted you the right, license and obligation to develop, open and operate a(n) DAKOTA LONDON™ Salon located at [_____] (your "Salon").

B. You have notified us that you desire to sell the Salon and you have requested our assistance in effectuating the sale and transfer of the Salon.

C. We have agreed to assist you in your efforts to sell the Salon subject to the terms and conditions set forth in this Agreement.

AGREEMENT

1. **Background Recitals**. The statements made in the Recitals above are true and accurate and are incorporated herein.

2. **Defined Terms**. Any capitalized term that is not defined herein shall have the meaning ascribed to it in the Franchise Agreement.

3. **Term**. The term of this Agreement (the "Term") begins on the Effective Date and expires on the expiration or earlier termination of the current term of the Franchise Agreement **OR** [_____], 202[__]. If the Parties renew the term of the Franchise Agreement, then the Parties may (but need not) renew the Term of this Agreement upon mutually agreeable terms and conditions.

4. **Engagement**. You hereby engage us to provide franchise brokerage services during the Term on a non-exclusive basis. We hereby accept the engagement and agree to assist you in your efforts to: (a) locate one or more qualified buyers for your Salon; and (b) sell your Salon to a qualified buyer that we approve as meeting our minimum qualifications and eligibility requirements for a franchisee. You agree that we may offer (and publicly list) your Salon for sale at any price equal to or greater than $[_____].

5. **Sales Assistance**. During the Term, we agree to provide reasonable assistance in connection with your efforts to sell your Salon. We will utilize our current franchise recruiting system and our internal and external franchise sales network (our "Franchise Recruitment Program") in an effort to identify qualified candidates to purchase your Salon. We shall pre-qualify all leads to ensure they meet our minimum qualifications and eligibility requirements for franchisees. We do not represent or guaranty that our efforts to identify a qualified buyer willing to purchase your Salon will be successful. Under no circumstances will we have any liability to you based on the services we render pursuant to this Agreement.

6. **Your Obligations**. We will expend valuable time and resources attempting to market and sell your Salon. For this reason, you may not refuse any purchase offer that we present to you for a purchase price of at least $[_____]. However, you will have an opportunity to negotiate a higher price after we introduce the potential buyer to you. You agree to cooperate with us in good faith and provide all reasonable assistance and information we request in order to effectuate the purposes of this Agreement and facilitate the sale of your Salon. You agree to promptly provide all potential buyers with full access to your books and records for due diligence purposes. Throughout the Term, you agree to remain in full compliance with all terms of the Franchise Agreement. You understand that all terms in the Franchise Agreement governing transfer of your Salon (including payment of the transfer fee) shall apply to any sale of your Salon notwithstanding the execution of this Agreement.

7. **Purchase Agreement**. We assume no responsibility for preparing or negotiating the asset or stock purchase agreement between you and the buyer. You and the buyer are solely responsible for preparing and negotiating the asset or stock purchase agreement pursuant to which you will transfer ownership of your Salon to the buyer.

8. **Fees and Costs**. If either (a) you sell your Salon to a buyer solicited through our Franchise Recruitment Program or (b) we materially assist you in your efforts to sell your Salon to a buyer solicited by you or an unaffiliated third party, then you agree to pay us a service fee equal to 50% of our then-current, non-discounted initial franchise fee for the purchase of a first (1st) Salon (the "Service Fee"). You must pay us the Service Fee in one lump sum concurrently with the closing of the sale of your Salon to the buyer. The Service Fee shall be in addition to: (a) any transfer fee imposed under the Franchise Agreement; and (b) any commissions we pay to a third party in connection with the sale that the Franchise Agreement requires you to reimburse to us.

9. **Indemnification**. Your indemnification obligation under the Franchise Agreement shall extend to and apply with respect to any damages we incur as a result of or in connection with: (a) your breach of this Agreement; or (b) your discussions, negotiations or relationship with potential buyers solicited through the Franchise Recruitment Program, including your breach of any agreement between you and such buyer.

10. **No Liability**. You hereby agree to hold harmless, and not assert any claims against, us, our affiliates, any of our (or our affiliates') owners, officers, employees or other representatives, or any member of our Franchise Recruitment Program, in connection with any dispute or disagreement between you and any prospective or actual buyer of your Salon.

11. **Default & Termination**. If you breach any obligation under this Agreement and fail to cure the breach within 10 days after notice from us, we may immediately terminate this Agreement upon notice to you and pursue any and all remedies available to us under this Agreement, the Franchise Agreement, at law or in equity. Your default under this Agreement constitutes a default under the Franchise Agreement. Similarly, your default under the Franchise Agreement constitutes a default under this Agreement.

12. **Effect of Expiration or Termination**. Upon expiration of the Term, we have no further responsibility or obligation to assist you with the sale of your Salon unless otherwise agreed to by both Parties in writing. If, following the expiration or termination of this Agreement, you sell your Salon to any person: (a) who was initially solicited through our Franchise Recruitment Program during the Term of this Agreement; and/or (b) with respect to whom we provided material assistance in connection with your sales efforts during the Term of this Agreement, then you agree to pay us the Service Fee in §8 notwithstanding the prior termination or expiration of this Agreement.

13. **Miscellaneous**.

    (a) No Waiver. By executing this Agreement, we shall not be deemed to have: (a) waived or impaired any right, power or option granted to us under the Franchise Agreement; or (b) waived or consented to any default or breach by you under the Franchise Agreement.

    (b) Effect on Franchise Agreement. All terms, conditions, covenants and representations set forth in the Franchise Agreement shall remain in full force and effect during the Term of this Agreement.

    (c) Binding Nature. This Agreement shall be binding upon the Parties hereto and their respective heirs, personal representatives, successors and assigns.

    (d) Time of Essence. Time is of the essence in this Agreement and every term thereof.

    (e) Headings. The headings in this Agreement are for convenience only and are not to be construed as a part of this Agreement or in any way defining, limiting or amplifying the provisions hereof.

    (f) Governing Law. This Agreement shall be governed by, construed and enforced under the laws of the State of Arizona.

    (g) Dispute Resolution. Any dispute between the Parties relating to this Agreement shall be resolved in accordance with the dispute resolution procedures set forth in the Franchise Agreement, all of which are incorporated herein by this reference.

    (h) Entire Agreement; Modification. This Agreement constitutes the entire agreement and understanding between the Parties regarding the subject matter hereof. This Agreement may not be modified except in a writing signed by both Parties.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document.

The Parties have executed this Agreement effective as of the Effective Date first above written.

"FRANCHISOR"

DKL Franchising, LLC

By:_____
Name:_____
Title:_____

"FRANCHISEE"

[_____]

By:_____
Name:_____
Title:_____

EXHIBIT "F"

TO DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATIONS MANUAL

[See Attached]

CONTENTS

DAKOTA LONDON QUALITY ASSURANCE	14
THE DAKOTA LONDON VISION	**15**
THE DAKOTA LONDON MISSION	15
THE DAKOTA LONDON CORE VALUES	15
TRAINING AND ASSISTANCE	16
PHASE I -- ONLINE LEARNING	16
PHASE II -- LIVE TRAINING AT HEADQUARTERS	16
PHASE III -- TRAINING AT FRANCHISEE'S LOCATION	17
CONSULTING TOOLS	18
DAKOTA LONDON ACADEMY	18
GOOGLE DRIVE	**18**
SUPPLY NECESSITIES	18
ADVERTISING MATERIALS	19
WEBSITE	19
RESPONSIBILITIES OF A FRANCHISEE	20
RESPONSIBILITIES TO YOUR CLIENTS	20
RESPONSIBILITIES TO YOUR FELLOW FRANCHISEES	21
RESPONSIBILITIES TO YOUR EMPLOYEES	22
RESPONSIBILITIES TO THE FRANCHISOR	23
VISITS FROM HEADQUARTERS	24
YOUR FRANCHISE ACCOUNT MANAGER	24

CONTENTS

INTRODUCTION 2
COUNTDOWN TO OPENING 3
YOUR STATUS AS A FRANCHISEE 5
BUSINESS NAME 5
CHECKS, STATIONERY, AND BUSINESS FORMS 6
REQUIRED/RECOMMENDED BANK ACCOUNTS 9
LICENSES AND PERMITS 9
REQUIRED SPACE LEASE INCLUSIONS 11
THE DAKOTA LONDON LOGO SPECIFICATIONS 16

CONTENTS

INTRODUCTION	3
A WORD ON LEGAL COMPLIANCE	4
DAKOTA LONDON PERSONNEL POLICIES	5
DAKOTA LONDON ACADEMY	**5**
RECRUITMENT	5
INTERVIEWING	6
HIRING	6
TRAINING	6

CONTENTS

INTRODUCTION	3
RECORD KEEPING	4
ACCOUNTING SERVICES	5
BANKING PROCEDURES	8
FRANCHISE REPORTING REQUIREMENTS AND PROCEDURES	9
REPORTS AND ROYALTY	9
ANNUAL REPORTS	9
ADVERTISING ACTIVITY REPORT	9
PAYING ADDITIONAL FEES	10

CONTENTS

INTRODUCTION	3
HOURS OF OPERATION	4
GUEST EXPERIENCE	5
THE CLIENT EXPERIENCE	5
SERVING BEVERAGES	6
SERVICES AND PRICING	7
PRICING	7
RETAIL	9
HOME OFFICE RESPONSIBILITIES	9
FRANCHISEE RESPONSIBILITIES	9
SOFTWARE	11
HARDWARE	12
POINT OF SALE	13
SALON TOOLS AND SUPPLIES	14
SALON ENVIRONMENT	15
ACCIDENT AND INCIDENT REPORTING	16

CONTENTS

INTRODUCTION	3
THE DAKOTA LONDON MARKETING PLAN	4
THE DAKOTA LONDON ADVERTISING PROGRAM	6
DIGITAL ADVERTISING	6
SEARCH ENGINE OPTIMIZATION	6
FACEBOOK & INSTAGRAM MANAGEMENT	7
COOPERATIVE ADVERTISING - TBD	7
ONLINE REVIEWS	8
GUIDELINES FOR USING DAKOTA LONDON MARKS	10
OBTAINING APPROVAL FOR ADVERTISING CONCEPTS AND MATERIALS	11

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists franchisees that were open as of December 31, 2025.

FRANCHISEES OPEN AS OF DECEMBER 31, 2025				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
None				

* These franchisees are also area developers that committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2025.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2025				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Utah	Herriman	To Be Determined	(801) 638-1887 (801) 891-4179	Danielle Heaps, Brandon Heaps, Barb Holmes & Andrew Holmes

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
None			

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT "H"

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

[See Attached]

DKL Franchising, LLC

Independent Auditor's Report
And
Financial Statements
December 31, 2025 and 2024

Table of Contents

Independent Auditor's Report 3
Balance Sheets 5
Statements of Operations 6
Statements of Members' Equity 7
Statements of Cash Flows 8
Notes To Financial Statements 9

Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
3535 Firewheel, Dr Ste D120, Flower Mound, Texas 75028
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Independent Auditor's Report

To the members of
DKL Franchising, LLC

Opinion

We have audited the accompanying financial statements of DKL Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, members' equity , and cash flows for the year ended December 31, 2025 and the period from November 26, 2024 to December 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, the results of its operations and its cash flows for the year ended December 31, 2025 and the period from November 26, 2024 to December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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 audit. 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 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 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.

Metwally CPA PLLC

Metwally CPA PLLC
Flower Mound, Texas
April 21, 2026

DKL Franchising, LLC

Balance Sheets

December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 277,472	$ 249,994
Prepaid expenses	7,958	-
Deferred commission - current portion	9,960	-
Total Current Assets	**295,390**	**249,994**
Non-Current Assets		
Deferred commission - net of current portion	89,449	-
Total Non-Current Assets	**89,449**	**-**
Total Assets	**$ 384,839**	**$ 249,994**
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 118,900	$ 2,700
Deferred revenue - current portion	9,270	-
Total Current Liabilities	**128,170**	**2,700**
Long-Term Liabilities		
Deferred revenue - net of current portion	83,252	-
Total Long-Term Liabilities	**83,252**	**-**
Total Liabilities	**211,422**	**2,700**
Members' Equity		
Members' equity	173,418	247,294
Total Members' Equity	**173,418**	**247,294**
Total Liabilities And Members' Equity	**$ 384,840**	**$ 249,994**

The accompanying notes are an integral part of the financial statements.

DKL Franchising, LLC

Statements of Operations

Year Ended December 31, 2025 and Period From November 26, 2024 to December 31, 2024

	2025	2024
Revenues		
Initial franchise fees	$ 61,978	$ -
Total Revenue	**61,978**	**-**
Operating Expenses		
Contractors	60,500	44,500
Legal and professional	43,250	25,206
General and administrative	31,914	-
Marketing and advertising	6,550	7,300
Commission expense	191	-
Total Operating Expenses	**142,404**	**77,006**
Net Income / (Loss)	**$ (80,426)**	**$ (77,006)**

The accompanying notes are an integral part of the financial statements.

DKL Franchising, LLC

Statements of Members' Equity

Year Ended December 31, 2025 and Period From November 26, 2024 to December 31, 2024

Members' Equity At November 26, 2024	**$ -**
Net income / (loss)	(77,006)
Members' contributions	324,300
Members' Equity At December 31, 2024	**$ 247,294**
Net income / (loss)	(80,426)
Members' contributions	6,550
Members' Equity At December 31, 2025	**$ 173,418**

The accompanying notes are an integral part of the financial statements.

DKL Franchising, LLC

Statements of Cash Flows

Year Ended December 31, 2025 and Period From November 26, 2024 to December 31, 2024

	2025	2024
Cash Flows From Operating Activities		
Net income / (loss)	$ (80,426)	$ (77,006)
Adjustments to reconcile net income to net cash provided by operating activities		
Changes in assets and liabilities		
Prepaid expenses	(7,958)	-
Deferred commission	(99,409)	-
Accounts payable and accrued liabilities	116,200	2,700
Deferred revenue	92,522	-
Net Cash Flows Provided By (Used In) Operating Activities	**20,928**	**(74,306)**
Cash Flows From Investing Activities		
Net Cash Flows Provided By (Used In) Investing Activities	**-**	**-**
Cash Flows From Financing Activities		
Members' contributions	6,550	324,300
Net Cash Flows Provided By (Used In) Financing Activities	**6,550**	**324,300**
Net Change In Cash And Cash Equivalent During The Year / Period	**27,478**	**249,994**
Cash and cash equivalents - beginning of the year / period	249,994	-
Cash And Cash Equivalent - End of The Year / Period	**$ 277,472**	**$ 249,994**

The accompanying notes are an integral part of the financial statements.

DKL Franchising, LLC
Notes To Financial Statements
December 31, 2025 and 2024

1. COMPANY AND NATURE OF OPERATIONS

DKL Franchising, LLC (the Company) is a Limited Liability Company was established in the state of Arizona on November 26, 2024, for the purpose of offering franchise opportunities to individuals and entities interested in owning and operating specialized salons focused exclusively on hair extensions. The Company aims to empower entrepreneurs by providing a proven business model, comprehensive support, and a recognizable brand to establish and grow their own salon.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

C. Federal Income Taxes

As a limited liability Company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision for income taxes has been included in the financial statements.

D. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the period, the total amount on deposits might exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

E. Use of Estimates

The preparation of the Company's financial statements 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 date of the financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

F. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark, and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned overtime as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales, less than any amount paid towards sales tax, payable monthly.

Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

G. Advertising and Marketing

Advertising and marketing costs are charged to operations in the year incurred.

H. Recent Accounting Pronouncements

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it does not have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company does not have any long-term leases

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends, and aging behavior of receivables, among others. ASC 326 is effective for the Company since inception. There was no impact on the Company's financial statements as a result of the implementation of this standard.

3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) might exceed the $250,000. On December 31, 2025 and 2024, the Company's cash balance exceeded the FDIC insurance limits by $27,472 and $0, respectively. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of December 31, 2025 and 2024, the Company has approximately $277,472 and $249,994 in cash in their operating bank account, respectively.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the year ended December 31, 2025 and the period from November 26, 2024 to December 31, 2024:

	2025	2024
Revenue recognized over time	$ 61,978	$ -
Revenue recognized at a point in time	-	-
Total Revenue	**$ 61,978**	**$ -**

Contract Balances

The following table provides information about the change in the franchise deferred expenses balances during the year ended December 31, 2025 and the period from November 26, 2024 to December 31, 2024:

	2025	2024
Beginning balance	$ -	$ -
Additional deferred expenses	99,600	-
Expenses recognized – additional deferred expenses	(191)	-
Deferred expenses	**99,409**	**-**
Less: current maturities	(9,960)	-
Deferred Expenses, net of current maturities	**$ 89,449**	**$ -**

Contract Balances

The following table provides information about the change in the franchise contract liability balances during the year ended December 31, 2025 and the period from November 26, 2024 to December 31, 2024, respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	2025	2024
Beginning balance	$ -	$ -
Additional deferred revenue	154,500	-
Revenue recognized – additional deferred revenue	(61,978)	-
Deferred revenue	**92,522**	**-**
Less: current maturities	(9,270)	-
Deferred Revenue, net of current maturities	**$ 83,252**	**$ -**

5. ADVERTISING AND MARKETING

Advertising and marketing costs for the year ended December 31, 2025 and the period from November 26, 2024 to December 31, 2024, were $6,550 and $7,300, respectively. These costs were expensed as incurred.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 21, 2026, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

EXHIBIT "I"

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, 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	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	November 6, 2025 (amended April 21, 2026)
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If DKL Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If DKL Franchising, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

____ Scott Cotten; 7625 E. Redfield Rd., Suite 160, Scottsdale, Arizona 85260; (480) 300-2588
____ Kathryn Cotten; 7625 E. Redfield Rd., Suite 160, Scottsdale, Arizona 85260; (480) 326-3179
____ Jenni Johnson; 7625 E. Redfield Rd., Suite 160, Scottsdale, Arizona 85260; (503) 568-3623
____ Megan Tewes; 14301 FNB Pkwy, Suite 312, Omaha, Nebraska 68154; (402) 740-3623
____ Jessica McLean; 14301 FNB Pkwy, Suite 312, Omaha, Nebraska 68154; (647) 448-2551
____ Name:_____; Address:_____; Phone:_____

Issuance Date: April 21, 2026

DKL Franchising, LLC's agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	List of State Administrators and Agents for Service of Process
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Other Agreements
EXHIBIT "E"-1	State Addenda
EXHIBIT "E"-2	Franchisee Disclosure Questionnaire
EXHIBIT "E"-3	General Release
EXHIBIT "E"-4	Tradename Approval Notice
EXHIBIT "E"-5	Franchise Resale Agreement
EXHIBIT "F"	Table of Contents of the confidential Operations Manual
EXHIBIT "G"	List of Franchisees
EXHIBIT "H"	Financial Statements of DKL Franchising, LLC
EXHIBIT "I"	State Effective Dates
EXHIBIT "J"	Receipts

_____
Print Name

_____ _____
Date (Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to DKL Franchising, LLC)

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