FRANCHISE DISCLOSURE DOCUMENT

Dessange Franchising, LLC
a Delaware limited liability company
6901 East Fish Lake Road, #170
Maple Grove, Minnesota 55369
Telephone: 978.232.5600
E-mail: franchise@dessange-inc.com
Website: *www.dessange-inc.com*

A franchisee operating under our system will operate a French hair and beauty salon (a "Salon") or a Salon with a Spa (a "Salon+Spa") using our marks, such as "Dessange" and "Dessange Paris" (collectively, a "Dessange Salon" or "Dessange Salons").

The total initial investment necessary to begin operation of a single Salon ranges from $543,500 - $813,690. The total initial investment to begin operation of a single Salon+Spa ranges from $785,500 - $1,149,700. This includes $81,000 - $155,000 that must be paid to us or our affiliates for a Salon or for a Salon+Spa.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchise Contract Specialist at 6901 East Fish Lake Road, #170, Maple Grove, Minnesota 55369 (tel: 978.232.5600).

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 an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

The issuance date of this Franchise Disclosure Document is April 29, 2024, as amended May 28, 2024.

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 B.
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 C 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 Dessange business 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 Dessange franchisee?	Item 20 or Exhibit B 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 requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Delaware. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Delaware than in your own state.

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.

DESSANGE
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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

Dessange Franchising, LLC ("**us,**" "**our**" or "**we**") is the franchisor. We maintain our principal place of business at 6901 East Fish Lake Road, #170, Maple Grove, Minnesota 55369 (tel: 978.232.5600).

We are a Delaware limited liability company formed on June 9, 2006. We were formed under the name New DF, LLC, and on November 7, 2014 changed our name to Dessange Franchising, LLC. We conduct business under the names and marks "**DESSANGE**" and "**DESSANGE Paris**," but we do not conduct business under any other name. We have offered franchises for Dessange Salons in the U.S. since June 9, 2006, the date we were formed.

We franchise the right to operate Dessange Salons in the U.S. and Canada under the "**DESSANGE**" and "**DESSANGE Paris**" marks and operating system. We do not own or operate any Dessange Salons, do not offer franchises in any other line of business and do not engage in any business activity other than the franchising and operation of Dessange Salons using the "**DESSANGE**" and "**DESSANGE Paris**" name and marks. As of the date of this Disclosure Document, there were 3 Dessange Salons operating in the U.S.

Our agents for service of process are listed in Exhibit A to this disclosure document.

Our Parent, Predecessors and Affiliates

We are a subsidiary of Dessange USA, Inc. (formerly known as DJD International, Inc.), a Delaware corporation ("**Dessange USA**"), which, in turn, is a subsidiary of Dessange Group North America, Inc. ("**DGNA**"), a Delaware corporation formed on November 17, 2011. D. Participations SAS, a French corporation ("**D. Participations**") is the parent of DGNA. D. Participations is also the parent of Dessange International SAS ("**DISAS**"), also a French corporation. The principal place of business of D. Participations and DISAS is 39 Avenue Franklin Roosevelt, 75008, Paris, France (Tel: +33 1 53 83 99 10).

From 1994 to 1997, French Hair Style and Beauty Corp, a New York corporation offered and sold licenses to operate hair salons and/or beauty salons in the U.S. under the "Jacques Dessange" name ("**Predecessor License Agreements**"). The Predecessor License Agreements are generally license agreements with limited or no support required of us. On June 1, 1998, the rights of the licensor under the effective Predecessor License Agreements were assigned to French Beauty Services, Inc., a Delaware corporation ("**DFI**"). From August 10, 2004, to June 9, 2006, franchising activities in the U.S. under the name "Jacques Dessange USA" were conducted by French Beauty Products and Services USA LLC, a Delaware corporation ("**FBPS**"). The right to franchise under the names "Jacques Dessange" and "Dessange Paris" along with the rights under the effective Predecessor License Agreement were transferred to us by FBPS on June 9, 2006. From June 9, 2006 until April 11, 2011, we were 100% owned by Butterfly DF, LLC,

a Delaware corporation, formed on July 2, 2004. On April 11, 2011, DF Export SAS, a French corporation ("**DFX**") purchased 100% of the shares of our parent, Dessange USA. On December 1, 2014, DGNA acquired all of the issued and outstanding stock of Dessange USA from DFX and Dessange USA became a subsidiary of DGNA.

Our affiliate, Dessange Salons, Inc. (formerly known as EJD International, Inc.), a Delaware corporation ("**DSI**"), has owned and operated 1 Dessange Salon in Chevy Chase, Maryland since 1996. The principal place of business of DGNA, Dessange USA and DSI is the same as ours, 6901 East Fish Lake Road, #170, Maple Grove, Minnesota 55369. The Dessange Salon that DSI currently operates is located at 5480 Wisconsin Avenue, Chevy Chase, MD 20815. Neither DSI nor Dessange USA have ever offered franchises in any line of business.

Dessange Operations Outside the U.S.

DISAS owns, operates, and grants franchises and master franchise rights outside the U.S. and Canada for beauty salon businesses under the "**DESSANGE Paris**" and "**CAMILLE ALBANE**" marks and operating systems. DISAS and/or its subsidiaries have offered Franchises for salons operating under the **DESSANGE Paris** marks outside of the U.S. since 1977 and have offered franchises for salons operating under the **CAMILLE ALBANE** marks and operating system since 1994. DISAS operates and/or franchises 281 Dessange Salons in 36 countries (including France) and operates and/or franchises 160 Camille Albane salons in 10 countries (including France). DISAS and its affiliate have their principal place of business at 39 Avenue Franklin Roosevelt, 75008, Paris, France (Tel: +33 1 53 83 99 10).

Camille Albane Salons in the U.S.

Our affiliate, C.Alb Franchising, Inc. ("C.Alb Franchising"), a Delaware corporation began franchising Camille Albane salons in the United States in April 2013 but no longer actively franchises Camille Albane salons in the United States. As of December 31, 2022, there were no franchised Camille Albane salons in the United States and 160 Camille Albane salons outside the United States. C.Alb Franchising shares our principal business address. C.Alb Franchising has never owned or operated any Fantastic Sams salon or sold franchises for any business other than Camille Albane salons, but may do so in the future.

Fantastic Sams Franchises

Fantastic Sams Franchise Corporation (formerly known as Fantastic Sams Salons Corporation) ("**FSFC**"), a Delaware Corporation and subsidiary of DGNA formed on May 29, 2003 has offered franchises for value hair salons under the "FANTASTIC SAMS" marks and system ("**Fantastic Sams Salons**") throughout the world since September 11, 2003. FSFC is also a master franchisor who grants regional franchise rights to regional owners, who in turn grant local franchises to subfranchisees. As of December 31, 2022, there were 614 franchised Fantastic Sams Salons operating in the U.S. and no Fantastic Sams Salons operated by FSFC. FSFC does not operate any Dessange Salons and has never offered franchises in any line of business. FSFC are owned by Fantastic Sams

International Corporation ("**FSIC**"), a Delaware corporation, which is itself owned by DGNA. FSIC does not own or operate Dessange Salons and does not franchise any line of business. The principal business address for the FSIC and FSFC is 6901 East Fish Lake Road, #170, Maple Grove, Minnesota 55369.

The Franchise Rights Offered

All Dessange Salons will offer a full menu of French hair styling, hair cutting, hair coloring, and related hair and beauty services ("**Services**") and the sale to customers of related hair care, hair coloring, cosmetics, beauty products, and other personal grooming products at retail ("**Products**"). Salon+Spas will, in addition, offer a full line of skin care and body treatments, waxing, massage therapy, hydrotherapy treatments, and manicure and pedicure treatments ("**Spa Services**") and related Spa products ("**Spa Products**"). Among the Products and Spa Products are products that are proprietary to us and to our affiliates, which may include shampoos, conditioners and treatments, and make-up products that are manufactured or prepared according to our specifications and formulas ("**Proprietary Products**"). We may periodically adjust the list of Proprietary Products, for example, to include cosmetics and other hair- and beauty-care items. Additionally, we may specify that only certain Products (such as shampoos, conditioners, color treatments and others) that we designate may be used in providing Services to customers in Dessange Salons ("**Back Bar Products**") and certain Products to be offered for retail sale to customers in Dessange Salons for their personal use outside of the Dessange Salon (such as shampoos, conditioners, styling products and others) ("**Retail Products**"). Dessange Salons will also feature certain Products and Spa Products that you must buy from us, our affiliates, or our designees.

Franchise Agreement

We offer to enter into franchise agreements ("**Franchise Agreements**") with qualified corporations and persons that wish to establish and operate a Dessange Salon. Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate a Salon or a Salon+Spa at an agreed–upon specified location (the "**Approved Location**"). In this disclosure document, "**you**" or "**your**" refers to the person or legal entity with whom we enter into an agreement. If you are a partnership, corporation, or other entity, the term "you" also refers to the direct and indirect owners of a corporation, partnership, limited liability company, or limited liability partnership that signs a Franchise Agreement as the "franchisee." A copy of our current form of Franchise Agreement is attached to this disclosure document as Exhibit D-1. Unless otherwise defined in this disclosure document, all initially capitalized terms appearing in this disclosure document have the same meaning as set out in the Franchise Agreement included as Exhibit D-1.

Dessange Salons

Each Dessange Salon offers a full menu of Services and Products to guests in a building that bears our trade dress (both interior and exterior). Dessange Salons are characterized by our system (the "**System**"). Some of the features of our System are a distinctive interior and exterior design; equipment layouts and specifications; hair cutting and coloring

techniques for Services, innovative and cutting edge hair “collections”; Proprietary Products; operational procedures; quality and uniformity of Services and Products offered; procedures for management and inventory control; training and assistance; and marketing programs; all of which we may periodically change, improve, and further develop. If you develop a Salon+Spa, the System will include design and specifications for spa equipment, training and techniques for providing designated Spa Services and Spa Products.

You must operate your Dessange Salon according to our standards and procedures, as described in our written bulletins, standards, guidelines, procedures and protocols, as updated from time to time (collectively, the “**Manual**”). We will allow you access to the Manual for the duration of the Franchise Agreement. In addition, we will grant you the right to use our marks, including the marks “DESSANGE and “DESSANGE Paris” and any other trade names and marks that we designate in writing for use with the System (the “**Proprietary Marks**”).

Industry–Specific Regulations

You must comply with all local, state, and federal laws that apply to your Dessange Salon operations, including for example health, sanitation, no–smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. For example, you must obtain real estate permits (such as zoning), real estate licenses, and operational licenses. There are also regulations that pertain to the operation, maintenance and sanitation of hair and beauty salons. For example, all stylists in the Dessange Salon that provide Services must maintain a current state cosmetology license at all times. You will also need to obtain permits and approvals required in your locality for your Dessange Salon to offer Salon Services. You must also comply with all applicable federal, state, and local laws and regulations during the operation of your Dessange Salon. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Dessange Salons.

In some states, there are also regulations issued or enforced (and in some states, licenses required) by a cosmetology board or similar agency that pertain to hair cutting, cosmetologists, estheticians, nail specialists, natural hair styling specialists, hair cutting specialists, waxing specialists, and certain other services in connection with the operation of the Dessange Salon. You and your hair stylists, and other employees, must comply with all of those laws and regulations, as well as applicable federal, state, and local laws and regulations in connection with the operation of the Dessange Salon. If you operate a Salon+Spa you must also comply with all laws, regulations and licensing requirements relating to the offer and application of Spa Services, including, but not limited to required state licensing of estheticians, waxing specialists, massage therapists and nail technicians. Other than the regulations referred to above, we are not aware of any federal or state laws or regulations that pertain to your operation of the Dessange Salon. You

should consult with your attorney concerning those and other local laws and ordinances that may affect your Dessange Salon's operation.

Competition

You can expect to compete in your market with locally–owned, and national and regional chain hair and beauty salons including those operating under the "*Fantastic Sams"* and "*Camille Albane*" trademarks and system owned by our affiliates, all of which may compete with the products and services offered at a Dessange Salon. If you operate a Salon+Spa you will also compete with national, regional and local Spas, Day Spas, Resort Spas and other such businesses that offer Spa Services. The market for these products and services is well–established and highly competitive. Businesses like ours compete on the basis of many factors, such as service quality, price, location, atmosphere, product quality, product appearance, cleanliness, and promotions and marketing programs. These businesses are often affected by other factors as well, such as changes in economic conditions, seasonal population fluctuation, consumer taste, and travel patterns. To the extent that customers may be able to buy "DESSANGE" branded products from other sources (for example, from our website and retail stores, should our products ever be offered in those venues) you may appear to, or actually, compete with other sellers of these branded products.

ITEM 2
BUSINESS EXPERIENCE

The following is a list of directors, principal officers, and other individuals who have management responsibilities for the sale of franchises or the operation of our business relating to the franchises for Dessange Salons described in this Disclosure Document. Unless otherwise indicated, the employee serves from our office in Wilmington, Delaware.

Chief Executive Officer: Thomas A. Boitz

Mr. Boitz has been our Chief Executive Officer and the Chief Executive Officer of FSFC since December 2021. Since July 2020, Mr. Boitz has also been the President and Chief Executive Officer of Boitz Investments LLC, whose principal office is located in Ely, Minnesota. Prior to that, Mr. Boitz was on a sabbatical. Mr. Boitz also has been on our Board of Directors and the Board of Directors of FSFC since December 2021. Mr. Boitz plans to step down from his role as our Chief Executive Officer in July 2024.

Board of Directors: Emmanuel Gasnot

Mr. Gasnot has served as our Chairman of the Board and has been the CEO of D Participations in Paris, France since December 2018. Mr. Gasnot has also served on the Board of Directors of FSFC since January 2023. Mr. Gasnot was the Managing Director for D Participations in Paris, France from June 2012 through December 2018.

ITEM 3
LITIGATION

The following actions relate to our affiliate, FSFC:

Prior Actions

Francounsel Group, LLC vs. Dessange International S.A.S., DF Export, S.A.S, Fantastic Sams Distribution Corporation, Fantastic Sams Franchise Corporation, Fantastic Sams Holding Corporation, Fantastic Sams International Corporation, Fantastic Sams Retail Corporation, Fantastic Sams Salons Corporation, et al., Case No. 1:12-CV-11071-NMG, U.S. District Court, District of Massachusetts (served June 22, 2012). Plaintiff, Francounsel filed this case against FSFC, FSIC and FSFC's predecessors, Fantastic Sams Franchise Corporation ("**Old FSFC**"), Fantastic Sams Distribution Corporation, Fantastic Sams Holding Corporation, Fantastic Sams Retail Corporation, and Fantastic Sams Salons Corporation (collectively, the "**FS Entities**") and against DISAS and DFX (the "**Dessange Entities**") based on an alleged agreement between plaintiff and the Dessange Entities under which plaintiff would have received a brokers fee in the event the FS Entities had purchased franchise rights to the Dessange or Camille Albane concepts from the Dessange Entities for the U.S. Plaintiff, under several causes of action, including breach of contract and fraud, claims to be entitled to a brokers' fee and other damages (in an amount no less than $5,000,000 USD) arising from the January 12, 2012 purchase of the FS Entities by the Dessange Entities. On December 14, 2012, defendants filed a Motion to Dismiss the Complaint on numerous grounds including that the matter should be tried by Tribunals of Paris France under the doctrine of *forum non convenient*. On September 30, 2013 the court dismissed all claims against the Dessange Entities. The court also dismissed all of plaintiff's claims against the FS Entities except the allegation of fraud and violation of c.93A of the Massachusetts General laws. In October 2014, in order to avoid further legal expenses of a trial, the parties without admitting any liability, settled the case and executed a settlement agreement. Under the terms of the settlement, a settlement amount of $258,776 was paid to plaintiff with FS Entities' insurance carriers paying 2/3 of the amount and FS Entities and Dessange Entities paying 1/3 of the amount.

Envision Investments, LLC and R.U.T. 13, LLC. vs. Fantastic Sam's Franchise Corporation d/b/a Fantastic Sam's, JAS Investments, Inc. and John Shand: Case No. 12CVS01944, North Carolina General Court of Justice, Superior Court Division, County of Union. Filed July 6, 2012. Plaintiffs are former subfranchisees of defendant JAS Investments Inc. ("**JAS**"), a subfranchisor of FSFC. Defendant John Shand ("**Shand**") is the principal shareholder of JAS. JAS offered plaintiffs the right to rescind their respective franchise agreements with JAS in March 2012 as a result of alleged deficiencies in JAS' franchise disclosure documents provided to them by JAS and Shand before purchasing their franchises. Both plaintiffs accepted the rescission offer and filed this action (the "**Subfranchisee Claims**") seeking damages against all defendants for an amount in excess of $300,000 each, alleging fraud, breach of contract, breach of Federal and North Carolina franchise disclosure requirements and unfair and deceptive trade practices. Defendants JAS and Shand filed a Cross-Claim against Old FSFC dated

September 6, 2012, alleging that JAS's failure to issue a proper franchise disclosure document to Plaintiffs resulted from Old FSFC's failure to provide them (JAS and Shand) with a current FDD for RLAs (defined in the FSRO Association, Ltd. case above), seeking indemnification against the claims of Subfranchisee Claims and damages in excess of $10,000 for breach of contract and unfair and deceptive trade practices under Chapter 75 of the North Carolina General Statutes (collectively, the "**JAS/Shand Cross-Claims**"). On September 12, 2012, Old FSFC filed a Cross-Claim against JAS and Shand alleging unfair trade practices, violation of the Lanham Act and breach of contract, and seeking: (i) an order directing JAS to assign all of its franchise agreements with subfranchisees to Old FSFC; (ii) treble damages for unfair and/or deceptive trade practice pursuant to Chapter 75 of the North Carolina General Statutes; (iii) treble damages for unlawful infringement of Old FSFC's trademarks and an injunction enjoining Shand and JAS from continued infringement of the Fantastic Sams trademarks; (iv) an injunction enjoining JAS and Shand from engaging in the hair care business in North Carolina for 5 years in North Carolina, South Carolina and Georgia; and (v) indemnification from the Subfranchisee Claims (collectively, the "**Old FSFC Cross-Claims**"). On June 11, 2013, the court granted Old FSFC's Summary Judgment Motion against JAS and Shand, ruling that: (i) Old FSFC properly terminated JAS' Regional Franchise Agreement for a material breach; (ii) JAS violated the Lanham Act by continuing to use the Proprietary Marks; (iii) JAS violated the non-competition provision of JAS' Regional Franchise Agreement after termination by continuing to act as subfranchisor to the subfranchisees; and (iv) enjoining JAS from continuing to act as subfranchisor. In October 2014, in order to avoid further legal expenses of a trial, the plaintiffs and Old FSFC without admitting any liability, settled the case related to claims between them and executed a settlement agreement. Under the terms of the settlement: (i) a settlement amount of $296,000 was paid to the plaintiffs by Old FSFC; (ii) the plaintiffs agreed to dismiss their claims against Old FSFC with prejudice; and (iii) the plaintiffs agreed to dismiss their claims against JAS and Shand without prejudice and not refile any claims related to this matter against JAS and Shand prior to August 7, 2015 in order to preserve and give priority to Old FSFC claims against JAS and Shand (including Old FSFC's right to seek indemnification).

Fantastic Sams Franchise Corporation v. Eridon Enterprises, Inc. and Eric Hardaway, AAA Case No. 01-17-0000-3092, filed January 14, 2017 before the American Arbitration Association in Boston, Massachusetts. Eridon Enterprises, Inc. and Eric Hardaway (the "**Eridon defendants**") are the franchisee and guarantor under a franchise agreement with FSFC for the operation of a salon (the "**Eridon Salon**"). FSFC brought this action in connection with the Eridon defendants' closure of the Eridon Salon in default of the franchise agreement. The Eridon defendants asserted counterclaims alleging (i) breach of the franchise agreement, (ii) negligence, and (iii) that in connection with the IFA MinorityFran program, there were misrepresentations and a fraudulent inducement all related to the Eridon defendants' belief that there was a franchise program for salons focused on minority consumers (including assertions that the alleged misrepresentations were unfair and deceptive practices). On July 1, 2017, the parties entered into a confidential settlement agreement under which the Eridon defendants agreed to pay FSFC $90,000 and the parties exchanged general releases. The claims and counterclaims were dismissed with prejudice pursuant to the settlement agreement on July 18, 2017.

Fantastic Sams Franchise Corporation v. HopeWorks, LLC, Asha Vasant, and Umar Latif AAA Case No. 01-17-0002-7304, filed on May 10, 2017 before the American Arbitration Association ("**AAA**") in Boston, Massachusetts. HopeWorks, LLC, Asha Vasant, and Umar Latif (the "**HopeWorks defendants**") are the franchisee and guarantors under a franchise agreement with FSFC for the operation of a salon (the "**HopeWorks Salon**"). FSFC brought this action in connection with HopeWorks defendants' closure of the HopeWorks Salon in default of the franchise agreement. The HopeWorks defendants argued that our claims were outside the scope of the arbitration provision and, in the alternative, sought to transfer the final hearing locale to Orange County, California. The AAA overruled both objections and appointed a three-arbitrator panel. The HopeWorks defendants renewed their objections before the panel, which similarly overruled them. On December 1, 2017, two of the HopeWorks defendants filed a lawsuit styled Hope Works and Vasant ("plaintiffs") v. FSFC, Fantastic Sams Salons Corporation, and John Does 1-10, No. 30-2017-00958860 (Superior Court of the State of California, Orange County), asserting claims for breach of the franchise agreement, intentional misrepresentation, breach of the covenant of good faith and fair dealing, as well as a declaratory judgment. The claims were based on allegations that certain FSFC representatives misrepresented to plaintiffs that the existing franchised salon that the plaintiffs acquired had been profitable when allegedly it was not. Plaintiffs further alleged that FSFC misrepresented the support it would provide to plaintiffs to induce them to acquire the existing salon and breached the franchise agreement and implied covenant by failing to provide that support as well as advertising and training. Plaintiffs sought unspecified general and punitive damages, a declaratory judgment that the arbitration provision is unenforceable, and attorneys' fees and costs. On March 16, 2018, the parties reached a confidential settlement agreement to fully resolve all claims and counterclaims in the arbitration and state court matter. Under the settlement agreement, the Vasant defendants agreed to pay FSFC $50,000, and the parties exchanged releases. On March 26, 2018, the state court matter was dismissed with prejudice. On April 16, 2018, the arbitration was dismissed with prejudice.

Sharon Halter and CMH Ventures One, LLC v. Fantastic Sams Franchise Corporation, AAA Case No. 01-18-0001-3212, filed on March 29, 2018 before the American Arbitration Association in Boston, Massachusetts. Franchisee and personal guarantor of a franchised salon in Acton, Massachusetts (the "**Acton Salon**") filed a demand against FSFC seeking a declaration that the franchise agreement's post-expiration noncompetition covenant was unenforceable based on the allegedly unique circumstances under which the Salon operated. On October 23, 2018, the parties fully resolved all claims by executing a confidential amendment to claimants' franchise agreement. The amendment required claimants to pay FSFC $25,000, extended the term of the franchise agreement to January 31, 2019, and eliminated certain post-expiration covenants, including the noncompetition covenant and requirement to return the Acton Salon's phone number. The parties also exchanged mutual releases. The matter was dismissed with prejudice on November 6, 2018.

Fantastic Sams Franchise Corporation v. F.S. Salons Sandy Springs, LLC, FS Salons Store #2, LLC, FS Salons Store #3, LLC, and Todd A. Stafford, AAA Case No. 01-18-0003-1581, filed on August 29, 2018 before the American Arbitration Association in

Boston, Massachusetts. FSFC brought this action against three related franchisees and the personal guarantor of each that operated two current and one former franchised salons in Georgia. Our action was brought in connection with their violation of the franchise agreements' in-term and post-term noncompetition covenants. On September 19, 2018, respondents filed counterclaims against us, alleging that FSFC had materially breached each franchise agreement by committing unspecified actions that allegedly violated sections 4, 6, and 7 of each franchise agreement and by failing to attempt to resolve the dispute in good faith before filing the arbitration. Respondents further alleged that unspecified conduct had breached the covenant of good faith and fair dealing, breached an alleged duty owed under Section 5 of the Federal Trade Commission Act, and violated the Massachusetts Consumer Protection Act and Georgia Fair Business Practices Act. Respondents sought unspecified damages, including exemplary and treble damages, and costs and attorneys' fees. On December 3, 2018, the parties fully resolved all claims and counterclaims under a confidential settlement agreement. The settlement agreement required respondents to pay FSFC $53,500, terminated the remaining two franchise agreements, and waived the respondents' post-termination noncompetition covenants. The parties also exchanged mutual releases. The matter was dismissed with prejudice on January 15, 2019.

Litigation Against Franchisees in the Last Fiscal Year

During fiscal year 2023, FSFC initiated lawsuits against franchisees as follows:

Suits for Damages Arising out of Abandonment

None.

Suits for Damages Arising out of Termination and to Enforce Registered Trademarks

None.

Suit to Confirm Arbitration Awards

None.

Other than the actions described above, 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

The Initial Franchise Fee for an individual Dessange Salon is $30,000, payable when you sign the Franchise Agreement. The Initial Franchise Fee must be paid in lump sum, is not refundable, and will be fully-earned upon receipt.

Initial Training Fees

Your "Managing Member" (this means you, if you are an individual or one of your owners if you are an entity) and your Salon Manager must both attend our initial training program prior to the opening of the first Dessange Salon that you and your affiliates have developed (the "First Salon"). Your Managing Member may serve as your Salon Manager if you obtain our approval for the individual to serve in both positions. The Salon Manager for all subsequent Dessange Salons that you develop after the First Salon must also attend initial training prior to the opening of such subsequent Dessange Salon. There is no fee for the initial training, but you will be responsible for all costs for travel (except airfare), lodging and meals for two trainers to visit your Dessange Salon from our affiliate's training center in Paris, France for five days of training, ranging from $1,000 to $10,000. You are also responsible for all costs of travel, lodging, other meals, personal expenses, wages, benefits, and other compensation to your employees that attend training, to the extent applicable. The initial training program is provided to protect our brand and the Proprietary Marks and not to control the day-to-day operation of your Dessange Salon. Payment of all training fees and material fees, if applicable, must be made in full before the individual attends initial training.

If your Salon Manager ceases active management or employment at the Dessange Salon, or if we disapprove the Salon Manager, then you must enroll a qualified replacement in our initial training program within thirty 30 days and pay us training fees ranging between $1,000 to $10,000 to cover costs of trainer's period from our affiliate's training center in Paris, France, to visit your Dessange Salon for the additional training, including travel, lodging and meals.

Pre-Opening Purchases from Us

As described further in Items 7 & 8, you must purchase from us certain equipment and supplies necessary to open your Dessange Salon. These items include all shampoo stations, bowls and chairs, your initial order of Proprietary Products, and certain other salon equipment, tools and supplies such as, hair dryers, utility tables, hygiene equipment, brushes and other small accessories including private label hair care tools and appliances, textiles (towels, uniforms etc.), disposables, styling equipment, retail accessories and merchandising materials (bags, packaging, etc.) that we designate (collectively, the "Salon Pre-Opening Order"). If you are developing a Salon+ Spa you also agree to purchase from us certain additional furniture (spa beds, utility tables and make-up chairs), equipment for Spa Services including spa treatments, and other spa

specific small equipment, tools and supplies that we designate ("Spa Pre-Opening Order," herein, together with Salon Pre-Opening Order, referred to collectively as the "Pre-Opening Order"). The Pre-Opening Order shall be paid for, in full, at the time we submit a written invoice to you for such items (the "Pre-Opening Invoice"). You will also be responsible for all cost of shipping and storage for such items as well as any applicable customs duties and/or import taxes or duties. Your failure to pay for the Initial Order within ten days of receipt of the Pre-Opening Invoice shall be deemed a material default of this Agreement. We expect that the purchases of these items will range from $50,000 to $115,000 for both a Salon and a Salon+Spa (exclusive of the Initial Franchise Fee and Training).

We do not regularly finance or allow installment payments for Initial Franchise Fees or other payments. Financing alternatives may be available to qualified candidates from outside financing sources.

ITEM 6
OTHER FEES

Type of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
Royalty Fee	6% of Gross Sales per week (see Note 2)	By Tuesday of each Week, based on the Gross Sales for the previous Week.	Gross Sales means all revenue related to the Dessange Salon (excluding sales taxes collected and remitted to the proper authorities, customer refunds and coupon sales). Payment must be made by electronic funds transfer using the Automated Clearing House (ACH) Network.
Initial Salon Technical Training	Free, except for travel (besides airfare) and lodging costs for two of our trainers to travel to your Dessange Salon from France for the initial Salon Technical Training. We also may charge a fee for persons who attend after the initial opening of your Dessange Salon, which is currently $700 per person.	Before training begins.	After the initial Salon Technical Training, any replacement Highly Trained Personnel (defined in Item 11) must successfully completed Salon Technical Training.
Training	Our then-current standard training fee for these programs (our	Before attendance	We may offer or require further training during the franchise term. We

Type of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
	current standard training fee is $700 per day), and out-of-pocket expenses, including travel (including airfare) and lodging costs for two of our trainers to travel to your Dessange Salon, if applicable, for additional training that you request at your location or for training replacement Salon Managers.		have the right to charge a fee, which will usually be in the form of a flat fee plus any out-of-pocket expenses, whether the training is mandatory or optional. Additionally, if you request (and we are able to provide) additional on-site assistance, then you must pay our then-current per diem training charges and out-of-pocket expenses. (Note 3)
eLearning Fee	Currently included in Royalty Fees. See Note 2	On a Weekly Basis	
Fees relating to POS and Computer System and Software	If we provide computer or communications equipment, software or assistance or services, we may charge a fee. At this time, we expect that that fee could range from $75-100 per month. At this time, third parties provide these services directly to you.	Upon demand	See Item 11 under the heading “Computer System.”
Transfer Fee	$30,000	At the time of transfer	Must be paid if you sell or transfer your franchise or ownership in your company.
Supplier Testing Fee	Varies – but not to exceed the costs of inspections and testing. We estimate the charges will not exceed $2,000.	Upon your written request to purchase Products or other items from an unapproved supplier	We estimate we will notify you of our decision within 30 days of your written request.
Interest on Late Payments	18% per year on the overdue payment (Note 5)	On demand	Payable only on overdue amounts, from the date originally due to the date when all principal and interest has been fully paid.

Type of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
Attorney's Fees and costs	Varies	On demand	Payable only if you default under the Franchise Agreement. If so, you must reimburse us for our costs (including attorneys' fees) in enforcing or terminating the Franchise Agreement.
Audit Costs	All costs and expenses associated with the audit, accounting and legal costs; and interest on the underpayment	Upon demand	Audit costs and expenses are payable only if we audit because you did not submit sales statements or keep books and records, or if sales are underreported by 2% or more. (If there is an underpayment, you will also have to pay interest on the underpayment - see "interest" above.) (See Note 6)
Re- inspection Costs	All our actual costs. We estimate the charges will not exceed $450	Upon demand	We may require that you participate in independent evaluation service programs and pay the costs for these services. If you receive an unsatisfactory or failing report, you must take remedial actions and reimburse us for all costs that we incur for the evaluation service to re-evaluate your Dessange Salon and for us to re-inspect your Dessange Salon.
Indemnification	Will vary under circumstances	As incurred	See Note 7.
Securities Offering Fee	$7,500 or our actual expenses, whichever is greater, when you issue your securities. After initial offering, you must simply reimburse us for our costs of reviewing	Upon demand	If you (or an affiliate) offer securities, then you must reimburse us for our costs and expenses (including legal and accounting fees) to evaluate your proposed offering and you also must

Type of Fee (Note 1)	Amount	Due Date	Remarks
	later submissions, filings, etc.		indemnify us (see above).
Liquidated Damages	Will vary under circumstances (Note 8)	On demand.	If the Agreement is terminated because of your default, you must pay us liquidated damages. See Note 8 for calculation.

Notes:

(1) General. We impose and collect all fees described above. For all fees and charges, you must use the payment method we designate, which may include electronic funds transfer. All fees are non-refundable. All fees are uniformly applied to new System franchisees and are non-refundable. However, in some instances in which we determine it appropriate to do so, we may waive some or all of these fees for a particular franchisee. Licensees operating under Predecessor License Agreements or successor agreements to the Predecessor License Agreements have a completely different fee structure than the Franchise Agreement.

We have the right to adjust, for inflation, all fixed dollar amounts under the Franchise Agreement, once a year, according to the Index. The term "**Index**" means the Consumer Price Index (1982-84=100; all items; CPI-U; all urban consumers) as published by the U.S. Bureau of Labor Statistics ("**BLS**"). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

We do not currently charge a marketing fee or contribution, but we encourage you to spend your own funds on local advertising during the term of the Franchise Agreement.

(2) Royalty and eLearning fee. The Royalty Fee and eLearning fee, if applicable, are payable on Tuesday of each Week for the preceding Week (each "Week" will start on Monday and end on the following Sunday). These fees will be collected by automatic bank draft each week from your account for the entire term of your Franchise Agreement, starting when you open your Dessange Salon. If you fail to report Gross Sales, we will be authorized to debit your bank account in an amount equal to the amount transferred from your account for any Week that we choose (including your highest grossing sales) for which a report of Gross Sales of the Dessange Salon was provided to us. During the past fiscal year, in various and unique circumstances, our collection of these fees has varied.

(3) Additional Training and Expenses. For any training that we provide to you and your personnel, you are responsible for expenses incurred while they attend training, including salaries, benefits, travel, lodging, meals and other related expenses. We reserve the right to charge you for additional training, including repeat training or

training of replacement personnel. The training fees may vary depending on the position the individual will serve in your Dessange Salon and the training that we require for their respective positions. Additional details are in Item 11 of this disclosure document.

(4) eLearning. We may require your employees (or those of your employees who perform such tasks as we may designate) to obtain additional training through a web-based eLearning program as we may designate. We or our affiliates may be providers of the web-based training, or we may designate a third-party vendor for these services. Currently, we provide the web-based training and the cost of such web-based training is included with payment of Royalty Fees.

(5) Interest. Interest starts to accrue when your payment was initially due. Interest rates will not exceed any maximum rate permitted by law.

(6) Audit Costs. If audit costs are incurred at all, the amount will vary depending upon the charges from our auditors, legal advisors and other professionals. These costs will be based on the fees charged by these professionals, travel costs, the scope of the audit needed, the degree to which you cooperate in terms of providing information, and the time it takes the auditors to review your records.

(7) Indemnification. You must indemnify us, and reimburse us for our costs (including our attorneys' fees), if we are sued or held liable in any case: (a) having anything to do with any securities offering you make; (b) your use of the marks (other than as we approve); or (c) that has anything to do with a claim arising out of the operation of your Dessange Salon.

(8) Liquidated damages. If the Franchise Agreement is terminated due to your default, then liquidated damages will be an amount calculated as follows: (a) the average of your Royalty Fees that were due for the last 12 months before our delivery of notice of default (or, if you were open for fewer than 12 months, the average over the number of months you had been operating before our delivery of notice of default); (b) multiplied by the lesser of 36 or the number of months remaining in the term of this Agreement.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Dessange Salon (Without Spa)

Type of Expenditure	Amount (Low-High)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (Notes 1)	$30,000	Lump Sum	When you sign the Franchise Agreement	Us

Type of Expenditure	Amount (Low-High)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Training Fee (Note 2)	$0 - $10,500	Lump Sum	Before Training begins	Us
Travel and Living Expenses For You and Your Employees During Training (Note 3)	$1,500 - $3,000	As Incurred	During Training	Airlines, Hotels & Restaurants
Leasehold Improvements/General Construction (including architectural fees) (Note 4)	$149,500 - $198,000	As Incurred	Before you open your Dessange Salon	Landlord, Suppliers & Contractors
Rent (Note 5)	$34,000 to $75,000	Lump Sum	Before you open your Dessange Salon	Landlord & Suppliers
Utility Deposits (Note 6)	$1,000 - $2,000			
Initial Salon Product Inventory (Note 7)	$13,800 - $27,600	As Incurred	Before you open your Dessange Salon	Us or Other Suppliers
Shampoo Stations, Bowls and Chairs (Note 8)	$60,000 - $80,000	Lump Sum	Before you open your Dessange Salon	Us
Other Furniture Fixtures, and Equipment (Note 9)	$90,000 - $145,000	Lump Sum	Before you open your Dessange Salon	Suppliers
Salon Tools and Supplies (Note 10)	$20,700 - $28,750	As Incurred	Before you open your Dessange Salon	Us or Other Suppliers
Signage	$10,000 - $25,000	Lump Sum	Before you open your Dessange Salon	Suppliers
Advertising (Note 11)	$10,000 - $35,000	As Incurred	As Arranged	Suppliers
Insurance (Note 12)	$3,000 - $3,840	Non-refundable as required	As Incurred	Insurance Company
Additional Funds - 3 Months (Note 13)	$120,000 - $150,000	As Incurred	As Arranged	Employees, Suppliers & Utilities
TOTAL (Note 14)	**$543,500 - $813,690**			

Dessange Salon+Spa

Type of Expenditure	Amount (Low-High)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (Notes 1)	$30,000	Lump Sum	When you sign the Franchise Agreement	Us
Training Fee (Note 2)	$0 - $10,500	Lump Sum	Before Training begins	Us
Travel and Living Expenses For You and Your Employees During Training (Note 3)	$1,500 - $3,000	As Incurred	During Training	Airlines, Hotels & Restaurants
Leasehold Improvements/General Construction (including architectural fees) (Note 4)	$247,000 - $336,000	As Incurred	Before you open your Dessange Salon	Landlord, Suppliers & Contractors
Rent (Note 5)	$56,000 - $126,000	Lump Sum	Before you open your Dessange Salon	Landlord & Suppliers
Utility Deposits (Note 6)	$1,000 - $2,000	As Incurred	Before you open your Dessange Salon	Utility Companies
Initial Salon Product Inventory (Note 7)	$13,800 - $27,600	As Incurred	Before you open your Dessange Salon	Us or Other Suppliers
Shampoo Stations, Bowls and Chairs (Note 8)	$60,000 - $80,000	Lump Sum	Before you open your Dessange Salon	Us
Other Furniture Fixtures, and Equipment (Note 9)	$120,000 - $156,000	Lump Sum	Before you open your Dessange Salon	Suppliers
Salon Tools and Supplies (Note 10)	$20,700 - $28,750	As Incurred	Before you open your Dessange Salon	Us or Other Suppliers
Signage	$10,000 - $25,000	Lump Sum	Before you open your Dessange Salon	Suppliers
Advertising (Note 11)	$10,000 - $35,000	As Incurred	As Arranged	Suppliers
Insurance (Note 12)	$3,000 - $3,840	Non-refundable as required	As Incurred	Insurance Company

Type of Expenditure	Amount (Low-High)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Additional Funds - 3 Months (Note 13)	$150,000 - $210,000	As Incurred	As Arranged	Employees, Suppliers & Utilities
SPA Furniture Package (Note 15)	$35,000 - $45,000	As Incurred	As Arranged	Suppliers
Spa Tools & Supplies (Note 16)	$10,000 - $15,000	As Incurred	As Arranged	Suppliers
Initial Spa Product Inventory (Note 17)	$7,500 - $9,000	As Incurred	As Arranged	Suppliers
Other Spa Furniture, & Equipment (Note 18)	$10,000 - $12,000	As Incurred	As Arranged	Supplier
TOTAL (Note 14)	**$785,500 - $1,149,700**			

Notes:

The Charts above describe your initial investment for a single, new Salon and Salon+Spa. Please read these charts together with the notes below. None of the fees or costs estimated in this Item 7 are refundable except to the extent that you can negotiate those arrangements with vendors. Payments to us are not refundable.

We do not offer direct or indirect financing for any items. The availability and terms of financing from other sources will likely depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions.

(1) Initial Franchise Fee. The details of the Initial Franchise Fee are described in Item 5, including the amount and the fact that the Initial Franchise Fee is non-refundable. The Initial Franchise Fee must be paid in a lump sum, is not refundable, and will be fully-earned when we receive it from you. See Item 5 for more details.

(2) Training Costs. As described in Items 5 and 11, your Managing Member and your Salon Manager must both attend our initial training prior to the opening of the First Salon. Your Managing Member may serve as your Salon Manager if you obtain our approval for the individual so serve in both positions. The Salon Manager for all subsequent Dessange Salons that you develop after the First Salon must also attend initial training prior to the opening of such subsequent Dessange Salon. There is no initial training fee, but you are responsible for all costs for travel (except airfare), lodging and meals for two trainers to visit your Dessange Salon for a 5-day period from our affiliate's training center in Paris, France. You are also responsible for all travel, lodging, other meals, personal expenses, wages, benefits, and other compensation to your employees that attend training, to the extent applicable. If your Salon Manager ceases active management or

employment at the Dessange Salon, or if we disapprove the Salon Manager, then you must enroll a qualified replacement in our initial training program within thirty 30 days and pay us training fees ranging between $1,000 to $10,000 to cover costs of trainers period from our affiliate's training center in Paris, France to visit your Dessange Salon for the additional training, including travel, lodging and meals. In the event that we determine that we disapprove of an individual to serve as the position of Salon Manager, then upon our decision we will notify you of the disapproval. Payment of all training fees and material fees, if applicable, must be made in full before the individual attends initial training.

(3) Training Expenses. The estimate provided for Travel and Living Expenses during initial training is a general figure and will vary depending upon the number of people sent, accommodations available, distance traveled and a variety of other factors. The lower estimate described above approximates the cost for one person attending (i.e., if your Managing Member is also your Salon Manager), while the higher estimate approximates the cost for two people attending.

(4) Leasehold Improvements and General Construction. Our estimate for leasehold improvement costs is based on the following parameters: (i) a Salon that is 1,300 square feet to 1,650 square feet, and costs ranging from $115 to $120 per square foot and (ii) a Salon+Spa that is 2,150 square feet to 2,800 square feet, and costs ranging from $125 to $130 per square foot. You must modify your Dessange Salon location to meet our standards of decor established for Dessange Salons ("leasehold improvements"). You may be adapting a location that was previously a hair salon or you may choose to build an entirely new salon in the premises. Costs of leasehold improvements for all Dessange Salons may include, but are not limited to, architectural and engineering fees, building permit and inspection fees, demolition of existing improvements to the premises, construction of building shell (i.e., walls, ceiling, doors, storefront, etc.), ADA upgrades, electrical, lighting, plumbing, sanitary sewer, bathrooms, HVAC, prefabrication and installation of cabinetry and other fixtures, floor covering, wall treatment, carpentry and related work and contractors' fees, and any other cost related to construction of your Dessange Salon. Costs are likely to vary due to many factors (for example, the location and size of the Dessange Salon, the condition of any existing premises and any construction allowances granted by the landlord after negotiations), and may be much higher, if you wish to establish your Dessange Salon in an area where special requirements of any kind (such as historical, architectural, or preservation requirements) will apply. As noted in Items 1 and 7 and in Note 15 below, if you develop a Salon+Spa, the size of the premises occupied by the Salon+Spa will be from 2,150 to 2,800 square feet, which is significantly larger than a Salon, which generally occupies 1,300 to 1,650 square feet. The lager premises are necessary to accommodate a dedicated area for you to perform Spa Services which typically includes a guest waiting room, relaxation room, changing area, a minimum of 3 treatment rooms, including: 1 skincare rooms, 1 body care room and 1 waxing room. The leasehold improvement costs reflected in the Item 7 Chart labeled "Dessange Salon+Spa" reflects the additional costs resulting from the build-out of the larger premises, the areas dedicated to providing Spa Services

referred to in the preceding sentence, as well as the installation of the Spa Equipment referred to in Note 15 below. The costs of leasehold improvements, including architectural expenses, depending on the lease, may be amortized over the lease term thus increasing the rent, or the landlord may provide a cost allowance for leasehold improvements. In some cases, leasehold improvements must be paid in full by you. Due to variable materials and labor costs, leasehold improvement costs cannot be estimated with precision. The higher figure in the Charts assumes you pay the full cost of leasehold improvements before opening your Dessange Salon.

(5) Rent. Our estimate for rental costs is based on an assumption that the typical Salon occupies 1,300 square feet to 1,650 square feet, with annual rent costs falling in the range of $105 to $180 per square foot, and the typical Salon+Spa occupies 2,150 square feet to 2,800 square feet, with annual rent costs falling in the range of $105 to $180 per square foot. These figures may vary, of course, depending upon the market in your area. The rental cost is calculated at net rent, which does not include common area maintenance fees, which may be charged on a monthly, quarterly or yearly basis. Your security deposit equals approximately 1 to 2 month's rent. Depending on the landlord, you may be required to pay a security deposit as well, which is typically equal to 1 month's rent. The typical lease term is a 5 year lease with one option to renew for an additional 5 years. We anticipate that you will probably need to lease a space at least 3 months in advance of the opening; however, you may attempt to negotiate rent abatement from the landlord. The estimate assumes that you will have to pay a security deposit equal to 1 month's rent and that you will have to pay for 2 months of rent before you open for business. Therefore, the entire Item 7 chart assumes the payment of 6 months' rent (security, plus the pre-opening period, plus the 3 months after you open).

(6) Utility Deposits. This figure reflects the estimated costs for various utility deposits.

(7) Initial Salon Products Inventory. This figure represents the cost of the initial inventory of Products such as shampoo, conditioner, color and treatments that you will need to provide Services and for retail sale when you open your Dessange Salon. You will be required to purchase all Proprietary Products from us or our affiliates. You must buy all other Products and Spa Products only from an approved supplier, which may include us. We estimate that the range given will be sufficient to cover a supply for approximately 90 days following the opening of your Dessange Salon. The amounts quoted assume cash payment.

(8) Shampoo Stations, Bowls and Chairs. You must purchase certain salon equipment, including shampoo stations, bowls and chairs only from us or our affiliate. The amounts quoted assume cash payment. The cost of these items includes an estimated amount of $20,000 to cover shipping and customs duties for all items shipped from Europe from where they are currently manufactured and distributed. This amount may be larger depending on where the items are being shipped from and to, and may be less if and when we approve a source for these items in the U.S.

(9) Other Furniture, Fixtures & Equipment. Other salon equipment and fixtures such as styling stations, color stations, make-up stations, reception station, retail display cases, dryers, POS System (including training on the POS System), video systems, etc., must be acquired before the opening of your Dessange Salon. If purchased, the price to you for a Salon is approximately $105,000 to $145,000, and $145,000 to $156,000 for a Salon+Spa. You may choose to lease the equipment; however, there is no leasing program available through us for salon equipment. You may purchase or lease the equipment from any approved supplier. The estimates provided assume cash payment for the equipment necessary to furnish a 9 station salon. The amounts quoted assume cash payment.

(10) Salon Tools and Supplies. This figure represents the cost of the initial non-technical Salon Supplies such as uniforms, combs and brushes, miscellaneous hairstyling accessories, bags and packaging, point of purchase materials and displays, and office supplies that you will need to open and operate your Dessange Salon. You will be required to purchase your initial inventory all of these items from us or our affiliates. You must buy all other Dessange Salon supplies only from an approved supplier, which may include us. We estimate that the range given will be sufficient to cover a supply for approximately 90 days following the opening of your Dessange Salon. The amounts quoted assume cash payment.

(11) Opening Advertising. Advertising is essential to the successful operation of a Dessange Salon. Currently, we do not require that you make contributions to a System-wide marketing fund, but we encourage spending funds on advertising. We do not currently require that you spend a minimum amount in conjunction with the Dessange Salon opening, but advertising during the first 3 months is crucial to the eventual success of the salon, and we expect initial advertising costs (for advertising during the period from 30 days before, and until 60 days after, the Dessange Salon opens for business) to range from $10,000 to $35,000. These amounts could be paid to local media suppliers for targeted digital campaigns, newspapers, advertising, radio advertising, television advertising and/or direct mail advertising.

(12) Insurance. You must maintain the minimum insurance coverage set forth in the Franchise Agreement. For all insurance, you must include us as additional insureds as well as furnish us with proof of that coverage every 12 months. Because insurance premiums vary greatly with companies and with business insurance packages, it is difficult to give an exact figure or even an approximate figure for the annual or monthly insurance costs. Insurance fees are paid to an insurance agency, person or entity chosen by you. The estimate is for the first 3 months of premium for the policies required under the Franchise Agreement.

(13) Additional Funds. You will need capital to support on-going expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be 3 months. If your cash flow covers some or

most of these expenses, you may need less than these amounts during the start-up phase of your business. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after.

Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period.

You will need to have staff on-hand for at least 30 days before opening to prepare the Dessange Salon for opening, training, orientation, and related purposes. For a Salon, this will include a Salon Manager, a receptionist, a minimum of 3 stylists, 2 colorists, 1 nail technician and an assistant. If you develop and operate a Salon+Spa, you will also need to employ at least 1 esthetician and 1 massage therapist before you open. This amount may be lower if you or one of your owners acts as Manager of the Dessange Salon during this period without salary.

You will also need to pay rent for the second and third months following opening (the first months' rent is included in the Item 7 column labeled "Rent" and in Note 5, above).

The figures in the charts and the explanatory notes are only estimates. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the Dessange Salon; timing of your Dessange Salon opening; the prevailing wage rate; competition; the sales level achieved during the initial period of operation; and your management and training experience, skill, and business acumen.

You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. Extensive start-up costs may be involved, depending upon your circumstances.

(14) Total. We relied on our own business experience and the experience operating and franchising Dessange Salons in the U.S. and of our affiliate, DISAS, in operating and franchising Dessange Salons outside of the United States, when preparing these figures. You should review these estimates on your own, preferably with a business advisor of your own choosing.

(15) Spa Furniture Package. As noted in Item 1 and Item 7, there are two (2) formats for Dessange Salons, a Salon without a spa and one with a Spa ("Salon+Spa). If you develop a Salon+Spa, the size of the premises occupied by the Salon+Spa will be from 2,150 to 2,800 square feet, which is significantly larger than a Salon, which generally occupies 1,300 to 1,650 square feet. The larger premises are necessary to accommodate a dedicated area for you to perform Spa Services

which typically includes a guest waiting room, relaxation room, changing area, a minimum of 3 treatment rooms, including, 1 skincare rooms, 1 body care room and 1 waxing room. The additional equipment referred to in this item is installed in the Spa area, and will include, among other things, heated spa beds, facial/massage tables and beauty chairs, manicure stations with stools, pedicure stations and chairs, utility tables and make-up chairs. You must purchase these items from a designated supplier(s).

(16) Spa Tools and Supplies. This figure represents an estimate of additional spa tools and supplies you will need to purchase if you develop a Salon+Spa, including spa specific textiles, small equipment for facial and body treatments, manicures and other beauty services and disposable supplies such as gloves, hair & shower caps, slippers, spa bed covers and other spa related supplies. You must purchase your initial order of all Spa Tools and Supplies from a designated supplier.

(17) Initial Spa Product Inventory. This figure represents an estimate of initial order of spa product inventory you will need in order to provide facial and body treatments, manicures and other beauty services, if you purchase and develop a Salon+Spa. You must purchase your initial order of Spa Products from a designated supplier(s).

(18) Other Spa Equipment. This figure represents an estimate of additional spa-specific equipment you will need to purchase if you develop a Salon+Spa, including: hood hair dryers, spa-specific hygiene equipment and utility tables for providing Spa Services. You must purchase this Spa Equipment from us or our affiliates.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

To ensure that the highest degree of quality and service is maintained, you must operate the Dessange Salon in strict conformity with the methods, standards, and specifications as we may periodically prescribe in the Manual or otherwise in writing.

At all times during the term of the Franchise Agreement, you must:

- offer only those Services and sell only those Products for which we have given our written approval;
- sell and offer for sale all of the Services and Products that we require;
- in providing Services to customers, use only Back-Bar Products and the preparation standards and techniques, that we specify in writing;
- not deviate from our standards and specifications, including our requirements concerning Services and Products , unless you have received our prior written consent; and

- stop selling and offering for sale any Services or Products that we at any time disapprove.

If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

Additionally, we have the right to designate certain Products (including Proprietary Products) as Retail Products and/or as Back-Bar Products. We may limit Retail Products and Back-Bar Products to only Proprietary Products or third-party products that we designate. You may not offer for resale any products that we have designated as solely Back-Bar Products, and you also may not sell any products that we have not designated or approved as Retail Products.

Suppliers and Specifications. You must buy all Products (including Back Bar Products and Retail Products) supplies, other supplies, materials, and other products used or offered for sale at the Dessange Salon only from suppliers (including manufacturers, distributors, and other sources) that we have approved in writing. When considering whether to approve any particular possible supplier, we will consider (among others) the following factors: whether the supplier can demonstrate, to our reasonable satisfaction, the ability to meet our then–current standards and specifications; whether the supplier has adequate quality controls and capacity to supply the System's needs promptly and reliably; and whether the supplier's approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies. You may not buy from any supplier that we have not yet approved in writing, and you must stop buying from any supplier who we approve, but later disapprove. As explained above, we have the right to designate only one supplier for certain items (such as distribution of products, beverages, etc.) in order to take advantage of marketplace efficiencies.

If you want to buy any Products or any other items (except for Proprietary Products, which are discussed below) from an unapproved supplier, you first must submit to us a written request asking for our approval to do so. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, approved in writing the proposed new supplier.

Among other things, we will have the right to require that our representatives be permitted to inspect the proposed new supplier's facilities, and that samples from that supplier be delivered either to us or to an independent laboratory that we designate for testing. Either you or the proposed new supplier must pay us a fee (which will not exceed the reasonable cost of the inspection and the actual cost of the tests). We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers. We reserve the right, at our option, to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then–current criteria.

Although the Franchise Agreement does not obligate us to notify you of our approval or disapproval of a supplier within a specified time, we estimate that we will notify you of approval or disapproval within 30 days of our receipt of your written request. This is only an estimate, and the actual approval time may be shorter or longer than 30 days; in any event, we will notify you in writing of supplier approval or disapproval within 60 days from our receipt of your written request. Similarly, we estimate that our current charges associated with reviewing and approving a proposed supplier will not exceed $2,000.

The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval.

We may periodically establish distribution facilities, and we may designate these as approved (or required) manufacturers, suppliers, or distributors.

You must allow us or our agents, at any reasonable time, to remove samples of Products used in or offered at your Dessange Salon, without payment, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether those samples meet our then–current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Dessange Salon fails to conform to our specifications.

You agree not to install or permit anyone else to install at the Dessange Salon any vending machine, game or coin operated device, unless we have given you our prior written consent to do so.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the Dessange Salons in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all Products and Proprietary Products and other products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the franchised network of Dessange Salons. Our criteria for evaluating and approving proposed suppliers will not be made available to you. Except as described in this Item 8, we do not provide any material benefits to you based on your use of designated or approved suppliers.

Purchasing or Distribution Cooperatives and Purchase Arrangements. We plan in the future to negotiate purchasing arrangements (including price terms) with certain suppliers regarding various services and products. In doing so, we intend to seek to promote the overall interests of the System and our interests as franchisor. Currently, there are no purchasing or distribution cooperatives in existence.

Supplier Rebates. We and our affiliates reserve the right to collect and retain certain manufacturing allowances, marketing allowances, rebates, credits, monies, payments and benefits (collectively, "**Allowances**") offered to us or to our affiliates by manufacturers, suppliers and distributors based upon your purchases of Products, and

other goods and services. We and our affiliates have several arrangements in effect with suppliers of hair care products and supplies under which we and/or our affiliates will receive Allowances based on the purchases by Dessange Salons' (including franchisees' Dessange Salons) of items required to establish and operate Dessange Salons. The range or precise level of Allowances that we and/or our affiliates may receive from these suppliers will vary based on a variety of factors, including the particular product or services involved and the volume of purchases, but we expect these to be in the range of 5% to 15% of Dessange Salons' purchases from those vendors, in the aggregate.

Proprietary Products. You must buy all of your requirements for Proprietary Products only from us, our affiliate, or from our designee(s), as described below. We will have the right to periodically introduce additional Proprietary Products. Proprietary Products are considered integral components of the franchise and are inextricably interrelated with the Proprietary Marks and the System.

The Proprietary Products that are offered and sold in Dessange Salons are manufactured in accordance with the trade secret standards, and specifications that we or our affiliates own. In order to maintain the high standards of quality and uniformity associated with Proprietary Products sold at all Dessange Salons in the System, you may not offer or sell any Proprietary Item that has not been purchased from us, our affiliate, or our designated supplier.

During the period from January 1, 2023 through December 31, 2023, we received $63,264 from the sale of Products (including Proprietary Products) to Dessange franchisees, which was 50.7% of our total revenue of $124,585.

Specific Requirements in Effect

Dessange Salons will use various furniture, furnishings, hair care and styling equipment and products to provide Services to customers. Dessange Salons will also offer for sale items that we approved as Retail Products for sale to customers at the Dessange Salon. At the present, we require that franchisees use certain designated vendors for various Products, equipment, furniture and other services as described below.

Purchases from us or our affiliates. Currently, we are the only approved vendor of Proprietary Products (including *DESSANGE Paris* and *Phytodess* hair products), shampoo stations, shampoo chairs, salon chairs, uniforms, private label hair care tools and appliances. You must also purchase your initial inventory of non-technical Salon supplies (such as uniforms, towels, bags and packaging, etc.) from us prior to opening your Dessange Salon. In the future, our affiliates may be the supplier for the Proprietary Products and non-technical Salon supplies.

Except for the items that are purchased from us or our affiliates, none of our officers owns an interest in any companies that are vendors or suppliers to our franchisees.

Hair Color Products: You must purchase all hair color products used in the Dessange Salon in providing Services and for retail sale to customers only from suppliers that we designate ("Color Products").

Computer System and Required Software. We have the right to require you to purchase the computer system and required software that we specify. The Computer System is described in more detail in Item 11, and the estimated costs are described in Item 11. Please refer to Item 11 for detailed disclosure (which can be found under the subheading "Electronic Point–Of–Sale and Computer Systems").

Insurance. Under the Franchise Agreement, you must obtain and maintain the following insurance:

- coverage against direct physical loss or damage to real and personal property, including improvements and betterments, for all–risk perils (including flood and earthquake if available and the relevant property is situated in a flood or earthquake zone) equal to at least 90% of the Dessange Salon's full insurable value;

- comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least $1,000,000 per occurrence and $2,000,000 in the aggregate;

- statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which the Dessange Salon is located, including statutory workers' compensation limits and employers' liability limits of at least $1,000,000;

- business interruption insurance to cover at least your obligations for leases, royalties, Marketing Contribution obligations, fixed costs, and other recurring expenses for a period at least 6 months after an interruption of business operations.

- commercial umbrella liability insurance with total liability limit of at least $4,000,000; and

- all other insurance coverages that we require in the Manual or that is required by law or by the lease or sublease for the Dessange Salon.

See the Franchise Agreement for more detailed specifications on insurance. Each insurance policy required under the Franchise Agreement must be issued by an issuer we approve, who must have a rating of at least "A -" in the most recent *Key Rating Guide* published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and must be licensed to do business in the state in which the Dessange Salon is located. All liability and property damage policies must name us as additional insureds and must provide that each policy cannot be cancelled unless we are given 30 days' prior written notice. We may periodically increase required coverage limits or require additional or different coverage to reflect inflation, identification of new risks, changes in the law or standards of liability, higher

damage awards and other relevant changes in circumstances. You must deliver to us (and in the future maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect.

Grand Opening Marketing and Ongoing Advertising. We do not currently require that you conduct a grand opening marketing program, however, we encourage you to spend monies on advertising for your Dessange Salon prior to opening. For any advertising that you conduct, you must comply with all our standards and requirements, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with our guidelines.

Required Purchases or Leases as Percentage of Overall Purchases or Leases. We estimate that your purchases from approved suppliers according to our specifications will represent approximately 95% of your total purchases in establishing the Dessange Salon, and approximately 95% in the continuing operation of the Dessange Salon.

We estimate that your purchases of Proprietary Products will represent approximately 8% to 9% of your total purchases in establishing your Dessange Salon, and approximately 45% to 55% of your total purchases of hair care products in the continuing operation of the Dessange Salon (on average). The prices charged for Proprietary Products may vary by geographic area.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under. the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section(s) in Franchise Agreement	Disclosure Document Item(s)
a Site selection and acquisition/lease	1, 5, Lease Rider (Ex. F) and Site Selection Addendum (Ex. G)	7 and 11
b Pre-opening purchases/leases	4.8, 5 and 7	7 and 8
c Site development and other pre-opening requirements	3.2, 3.3, 3.7, 5, and 13.6	7 and 11
d Initial and ongoing training	2.2.2, 3.1, 6, 8.2.4 16.5.8	11
e Opening	5.8 and 8.2	11
f Fees	2.2.9, 4, 6.4.2; 6.4.11;16.5.9; 16.11 and 18.11	5 and 6
g Compliance with standards and policies/Manual	1.2.4; 1.5.3, 2.2.4; 3.4, 5, 6.4.6; 6.5.3; 7; 8.1, 8.2; 8.6; 10; 13.3; 14; 15.1; 16.5; 28.7	11
h Trademarks and proprietary information	1.1,1.4; 5.7.4; 6.5.3; 7.1; 7.2; 8.5 9; 17 and 18;	13 and 14

	Obligation	Section(s) in Franchise Agreement	Disclosure Document Item(s)
i	Restrictions on products/services offered	1.5, 7.2 and 8.6.	16
j	Warranty and customer service requirements	8.6	
k	Territorial development and sales quotas	1.3, 1.4 and 1.5	12
l	Ongoing product/service purchases	7 and 8.6	8
m	Maintenance, appearance and remodeling requirements	2.2.4, 5.7 – 5.10, and 16.5.5	11
n	Insurance	15	7 and 8
o	Advertising	3, 4, 6 and 13	6 and 11
p	Indemnification	21.4, 21.5, and Ex. B	6
q	Owner's participation/ management/staffing	6, 8, 16, 19.1 and 28.7	11 and 15
r	Records/reports	4.2, 8.4, 8.8 and 12	6
s	Inspections/audits	3.7, 7.1.6, 8.6, 8.8 and 12	6 and 11
t	Transfer	8.7 and 16	17
u	Renewal	2.2	17
v	Post-termination obligations	18	17
w	Non-competition covenants	19	17
x	Dispute resolution	27	17
y	Taxes/permits	20	1
z	Other: Personal Guarantee	2.2.7; 8.7.4; 16.5.2 and Ex. B	15

ITEM 10
FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third party all or part of any financing arrangement of yours.

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

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

Pre–opening Obligations

Before you open your Dessange Salon:

(1) Before your Dessange Salon opens, we will provide to you (or to your Managing Member), and your Salon Manager(s), stylists, colorists, our standard initial training programs that we designate at a location that we designate. (Training is also discussed below in this Item 11 under the subheading "Training.") We will be responsible for the cost of instruction and materials except as described in Item 6 and as stated in the Franchise Agreement. (Franchise Agreement, Sections 3.1, 6.1 and 6.2)

(2) We will provide, at no charge to you, prototype plans and specifications for the construction of the Dessange Salon and for the exterior and interior design and layout, fixtures, equipment, furnishings, and signs. We will also provide you with certain site selection assistance. (Franchise Agreement, Sections 3.2 and 5.3, and Site Selection Addendum)

(3) We will inspect the Dessange Salon for opening before the initial opening. You may not start operation of your Dessange Salon until receiving our written approval to do so. (Franchise Agreement, Section 3.7)

(4) We may (but are not required to) provide a representative to be present at the Dessange Salon's initial opening. The Franchise Agreement does not require notice of our intent at a specific time, but we expect that we will inform you of our intention to send, or not send, a representative at least 30 days before your scheduled opening date. If we elect to do so, then you may not conduct the initial opening unless our representative is present. We will provide additional on– site pre–opening and opening supervision and assistance as we deem it advisable to do so. (Franchise Agreement, Section 3.3)

(5) We will allow you access, for the duration of the Franchise Agreement, to the Manual (which is more fully described in Item 14 below). (Franchise Agreement, Sections 3.4 and 10)

(6) We will assist you in developing the grand opening marketing program, if desired (which is more fully described in Items 6 and 11 of this disclosure document); you will be responsible for any costs of this program. (Franchise Agreement, Sections 3.6 and 13.6)

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Dessange Salon.

Continuing Obligations

During the operation of your Dessange Salon:

(1) We will make available additional training programs, as we deem appropriate. (Franchise Agreement, Sections 3.1 and 6.3);

(2) We will give you periodic and continuing advisory assistance as to the operation and promotion of the Dessange Salon, as we deem advisable. (Franchise Agreement, Section 3.8)

(3) We may conduct, as we deem advisable, periodic inspections of the Dessange Salon, and may evaluate the services rendered and products sold by your Dessange Salon. (Franchise Agreement, Section 12.5); and

(4) We may, as we deem advisable, set reasonable restrictions on the maximum and minimum prices you may charge for Salon Services and Salon Products at your Dessange Salon. (Franchise Agreement, Section 8.9).

Neither the Franchise Agreement nor any other agreement requires us to provide any other assistance or services to you during the operation of the Dessange Salon.

Site Selection

When you enter into the Franchise Agreement, if you do not have an Approved Location for the Dessange Salon, you must sign the Site Selection Addendum attached to the Franchise Agreement as Exhibit G. Under the terms of the Site Selection Addendum, you will have 180 days within which to lease, sublease or acquire a site for the Dessange Salon, subject to our approval according to our site selection guidelines. You must submit at least one location to us for our approval within the first 90 days after you sign the Site Selection Addendum.

Under the Site Selection Addendum, we will grant you an area within which you may search for an Approved Location (the "**Site Selection Area**"). The Site Selection Area is granted only for the purpose of selecting an Approved Location for the Dessange Salon. We will not establish, nor franchise another to establish, a Dessange Salon operating under the System within the Site Selection Area until we approve of an Approved Location for the Dessange Salon, or until the search period in the Site Selection Addendum expires, whichever happens first. We will also furnish site selection guidelines to you, including our minimum standards for a location for the Dessange Salon, and such site selection counseling and assistance as we may deem advisable. We will perform any on-site evaluation as we may deem advisable in response to your requests for site approval. If we deem additional on-site evaluation necessary and appropriate (on our own initiative or at your request), you must reimburse us for all reasonable expenses we incur in connection with such additional on-site evaluation, including, without limitation, the cost of travel, lodging and meals.

Within 90 days after signing the Site Selection Addendum, you must submit to us, in the form we specify, a copy of the site plan and such other materials or information that we may require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We will have 30 days following receipt of this information and materials from you to approve or

disapprove the proposed site for the Approved Location of the Dessange Salon. If we do not approve a proposed site by written notice to you within this 30-day period, the site will be deemed disapproved.

The factors we will consider in approving the location for the proposed site may include some or all of the following: (1) population; (2) demographic characteristics of the surrounding area; (3) parking; (4) location and surrounding area foot and vehicle traffic patterns; (5) available ingress and egress from location; and (6) lease and term provisions;

If you do not acquire or lease a site that has been approved in writing by us for the Dessange Salon within the time required, it will constitute a default of the Franchise Agreement, and we will have the right to terminate the Franchise Agreement.

Once authorized, the site for the Dessange Salon will be the "**Approved Location**." Within 30 days after our approval of the Approved Location, you must execute a lease, which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Our approval of any lease will be conditioned upon inclusion of our lease rider in the lease, a copy of which is attached to the Franchise Agreement as Exhibit F. We are not responsible for review of the lease for any terms other than those contained in the lease rider.

Promptly after obtaining possession of the site for the Dessange Salon, you must do all the following:

A. Cause to be prepared and submit for our approval a site survey and any modifications to our basic architectural plans and specifications for a Dessange Salon required to develop a Dessange Salon at the site you have leased or purchased. You may modify our basic plans and specifications only as necessary to comply with applicable ordinances, building codes and permit requirements and only after we give our approval;

B. Obtain all required zoning permits, all required building permits, utility, health, sign permits and licenses, and any other required permits and licenses;

C. Purchase or lease, and install, all required equipment, fixtures, furniture and signs;

D. Complete the construction and remodeling, and decorating of the Dessange Salon in compliance with plans and specifications approved by us and all applicable ordinances, building codes and permit requirements;

E. Obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and

F. Otherwise complete the development of your Dessange Salon.

You must maintain the condition and appearance of the premises of the Dessange Salon consistent with our quality controls and standards and may not materially alter your Dessange Salon or replace or alter your equipment, fixtures or signs without our prior written approval.

Typical Length of Time Before Operation

We expect that it will typically take approximately 6-12 months between signing the Franchise Agreement and the opening of your Dessange Salon. The time required to open may be affected by various factors, including your ability to select a suitable site, delays in making leasing and financing arrangements, zoning, completing construction, leasehold improvements and decor and furnishing, completing training, meeting local ordinances or community requirements, delivery of equipment and signs, weather, and similar factors. You must have all necessary licenses, permits, and approvals, have hired and trained personnel, installed equipment, and otherwise implemented all components of the System before opening. You must have the Dessange Salon open and in operation within 12 months after the effective date of the Franchise Agreement. If you fail to begin operations within that 12 month period, we will have the right to terminate the Franchise Agreement.

Remodeling

At our request, you must periodically refurbish the Dessange Salon to conform to our then-effective standards and specifications for new Dessange Salons. You will not be required to remodel the Dessange Salon more than once every 5 years. However, you must remodel to bring your Dessange Salon current if you have not yet done so upon renewal of your Franchise Agreement. You will have 6 months to complete the remodeling after we send notice. You will bear the costs of the remodeling, which will vary depending on factors such as the condition in which you regularly maintain your Dessange Salon, the degree to which you encounter wear and tear, local rates for labor and contractors' time, commodity prices (such as lumber and steel that go into any construction project), inflation, and other economic factors. There are no cost limits on the amount of any required remodeling.

Training

We provide an initial training program to you, your Dessange Salon Manager(s) and stylists. Our initial training program currently includes our Salon Technical Training. The Salon Technical Training, which is described below, must be completed to our satisfaction before you may open your Dessange Salon. We also offer an optional phase – Salon Manager Flagship Immersion for the primary Salon Manager. The training consists of certain classroom and on the job training. Other than the training materials fee (which are described in Items 5 and 6), we do not currently charge any tuition or other training costs for the initial training program (including the optional Salon Manager Flagship Immersion).

If you have purchased your Dessange Salon from another franchisee, and this is your first Dessange Salon, your Managing Member and your Salon Manager must attend initial training before you take possession and being operating the Dessange Salon.

Salon Technical Training. Your Salon Manager(s), stylists, and colorists ("Highly Trained Personnel") must attend and successfully complete our Salon Technical Training program prior to the opening of your Dessange Salon. As indicated in Table 2 below, the portions of the Salon Technical Training that each trainee must complete will depend on the position that the individual will serve in your Dessange Salon. The content of the Salon Technical Training consists of information on all brand codes, product lines, color, balayage and hairstyling techniques, sales training, thorough indoctrination in the System and motivational development. We will conduct the Salon Technical Training at the site of your Dessange Salon prior to its opening or at a training center at a location that we designate. Salon Technical Training consists of a minimum of 5 days of classroom and on-the-job training. There is no fee for the initial training, but you are responsible for all costs for travel (except airfare), lodging and meals for two trainers to visit your Dessange Salon for a 5-day period from our affiliate's training center in Paris, France. We reserve the right to charge a fee for anyone who attends Salon Technical Training after the initial opening of the Dessange Salon.

Spa Training. If you develop a Salon+Spa you, your Salon Manager and all of your estheticians, massage therapists and nail technicians must attend training course provide by Sothy's and us ("Spa Training") to learn how to operate a Salon+Spa and become familiar with Spa Products to be used and sold at the Salon+Spa. Topics included in Spa Training include: Skin Care Treatment, Body Treatments and Spa Product and Protocol. Spa Training will be conducted on-site at your Dessange Salon+Spa prior to its opening, or at a training center designated by us. There is no fee for Spa Training.

Salon Manager Flagship Immersion. Your primary Salon Manager can attend the Salon Manager Flagship Immersion prior to opening of your Dessange Salon. The Salon Manager Flagship Immersion training is optional. We recommend that this training be conducted 10 to 12 weeks before the soft opening of your Dessange Salon. The Salon Manager Flagship Immersion will be held at our affiliate's Dessange Salon in Chevy Chase, Maryland or another open Dessange Salon we may designate. The Salon Manager Flagship Immersion consists of a minimum of 4 days of on-the-job training, which is held as necessary. The training focuses on giving the Salon Manager initial exposure to the brand and the cutting and color techniques in order to optimize the pre-opening operational process, recruitment process and technical training. There is no fee for the initial Salon Manager Flagship Immersion training. We reserve the right to charge a fee for anyone who attends the Salon Manager Flagship Immersion after the initial opening of the Dessange Salon. You are responsible for all travel and living expenses associated with the training.

* * *

The subjects covered in Salon Technical Training and *S*pa Training and Salon Manager Flagship Immersion are described in the tables below. *Note: Spa Training is only required if you develop and operate a Salon+Spa. Spa Services may not be offered in Salons without Spas.*

Table 1 – Salon Technical Training

Subject	**Hours Of Classroom Training**	**Hours Of On The Job Training**	**Location[(2)]**
The DESSANGE concept, detail of services, protocols and hair care professional lines (Note 3)	4 (all the team)	4 (all the team)	See Footnote 2
The keys of DESSANGE color techniques.	8 (all the team)	16 (colorist only)	See Footnote 2
Haircut techniques (Note 3)	8 (stylist only)	32 (stylists only)	See Footnote 2
Balayage techniques (Note 3)	4 (colorists only)	16 (colorists only)	See Footnote 2
Color techniques (Note 3)	4 (colorists only)	16 (colorists only)	See Footnote 2
Total	**28**	**82**	

Table 2 – SPA Training (Salon+SPA Only)

Subject	**Hours Of Classroom Training**	**Hours Of On The Job Training**	**Location[(2).]**
Skin Care Treatment by Sothy's (facials)	4	16	See Footnote 2
Body Treatments by Sothy's	8	16	See Footnote 2
Spa Product by Sothy's	4	0	See Footnote 2
Total	**16**	**32**	

Table 3 – Optional Salon Manager Flagship Immersion

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location[(2)]
Salon Operations	0	32	Currently at DSI's Dessange Salon in Chevy Chase, MD
Total	**0**	**32**	

Notes:

(1) You must also attend the initial training program if you: (a) purchase a second or subsequent System franchise, (b) renew your Salon Franchise(s), or (c) receive an assignment of a Dessange Salon franchise, unless we waive the training requirement.

(2) Currently, Salon Technical Training and Spa Training will be conducted at the site of your Dessange Salon. We reserve the right to change where we conduct training in the future to other location that we designate.

(3) These portions of training will be led by DESSANGE training experts.

All instructors have over 5 years of experience in the haircare industry in hairstyling, managing and/or owning haircare centers. The instructors include training personnel from both product manufacturers and our (and our affiliates') staff. Our instructors and/or our affiliates' instructors have been with the company at least one year. The training is supervised by Remy Ansola, Director of the Dessange training centre, who has been with Dessange since 1983, working at Dessange New York, and then as an international trainer, travelling in more than 25 countries.

Our instructional materials for our training program include the Manual and handouts.

Additional Training. If the Salon Manager cease active management or employment at the Dessange Salon, then you must enroll a qualified replacement (who must be reasonably acceptable to us) in our New Salon Training program not more than 30 days after the end of the former person's full–time employment or management responsibilities. The replacement must attend and successfully complete the initial training program, to our reasonable satisfaction, as soon as it is practical to do so. Your Highly Trained Personnel may also be required to attend such refresher courses, seminars, and other training programs and meet our standards for minimum ongoing operational training as we may reasonably specify from time to time.

If you ask that we provide on-site training in addition to that which we may provide to you in connection with the initial training program or the opening of the Dessange Salon, and if we agree to do so, then you must pay us our then–current per diem charges and out–

of–pocket expenses. The current amount is described in Item 6 of this disclosure document.

eLearning. We may require you to enroll each of your employees (or those of your employees who perform such tasks as we may designate) in such eLearning programs as we may designate. We or our affiliates may be providers of the web-based eLearning, or we may designate a third-party vendor for these services. Currently, we provide certain web-based eLearning programs and the cost of such web-based training is included with payment of Royalty Fees.

General Training Expenses. We will bear the cost of all training (instruction and required materials), except for the fees described above and in Items 5 and 6. You will be responsible for all costs of our trainers traveling from our affiliate's training center in Paris, France to visit your Dessange Salon for training, including travel (including airfare), lodging and meals. You will also bear all expenses that you and your personnel incur in attending training (including the initial training program and refresher training programs), such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this disclosure document).

Marketing

Currently, we have not established a System-wide marketing fund, and we do not require franchisees to contribute to a System-wide marketing fund. We are not required to conduct advertising. There is no advertising council composed of franchisees that advise us on advertising policies.

Grand Opening Marketing Program. As discussed in Item 7, you are not required, but are encouraged to conduct a grand opening marketing and promotional program in conjunction with the Dessange Salon's opening according to a plan that you develop, and we approve in writing. We expect initial advertising costs (for advertising during the period from 30 days before, and until 60 days after, the Dessange Salon opens for business) to range from $10,000 to $35,000. Such grand opening marketing is considered "local marketing and promotion" and all materials used in such marketing will be subject to our prior written approval as described below.

Local Marketing and Promotion. We will make available to you from time to time, at your expense, marketing plans and promotional materials, including the "DESSANGE Paris" online magazine, collections (consisting of various elements that may include photographs, displays, videos, and other materials), coupons, merchandising materials, sales aids, point of purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing and promotion. As described in Item 8, you must: (a) include a QR code for the "DESSANGE Paris" online magazine in your Dessange Salon; and (b) purchase and display the collection materials in the manner and quantity that we may reasonably require. (Franchise Agreement, Section 13.4)

We encourage (but do not require) that you spend up to 2% of gross sales of the Dessange Salon per year on additional local marketing and promotion of your Dessange Salon. (Franchise Agreement, Sections 13.8 and 13.9)

Certain criteria will apply to any local marketing and promotion that you conduct. All of your local marketing and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any advertising, marketing, or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials. You are not required to obtain our approval of the prices you intend to charge. We will ordinarily provide you with our response (whether approval or disapproval) to the proposed plans or materials within 14 days; but if we do not give our approval within 14 days, we will have been deemed to disapprove the plans or materials. (Franchise Agreement, Sections 13.5)

All copyrights in and to advertising, marketing, and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem necessary to implement this provision.

Websites (as defined below) are considered as "advertising" under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term "**Website**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, social networking sites (for example, Facebook, Instagram, Twitter, LinkedIn, Google Wave, etc.), blogs, vlogs, and other applications, etc. You may not establish a Website, and you may not offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through a Website without our prior written approval. If we decide to grant our consent, we have the right to require that you adhere to certain standards concerning a Website.

Gift Cards and Incentive Programs. You agree to offer for sale, and to honor for purchases by customers, all gift cards and other incentive or convenience programs that we may periodically institute; and you agree to do all of those things in compliance with our standards and procedures for such programs.

Electronic Point–Of–Sale and Computer Systems

We require our franchisees to purchase a computer system ("**Computer System**"). You must meet our requirements concerning the Computer System, including: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Dessange Salon; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; (e) Internet access mode (such as the form of telecommunications connection) and speed; (f) electronic systems for collecting and processing customers' scheduling requests; (g) front-of-the-house WiFi and other internet service for customers; and (h)

electronic systems for collecting and processing customers' scheduling requests. You must record all sales at the Dessange Salon on computer-based point of sale systems that we designate in the Manual or otherwise in writing, which will be deemed part of your Computer System. We have the right to designate a single source from which you must purchase the POS/Computer System.

The costs associated with the purchases of software and computer systems may vary from vendor to vendor, especially regarding hardware items, software, and services which are widely available from a variety of vendors. We currently estimate the cost of purchasing or leasing required computer systems and point-of-sale systems (including training on the POS System) to approximately $5,000 to $10,000 for a Dessange Salon

Some of the hardware and software that you will use is the proprietary property of third parties. We have not approved any hardware or software in place of these systems and programs, although we reserve the right to do so in the future.

We rely on suppliers to provide support for the hardware and software and we may require that you enter into service contracts directly with the hardware and software suppliers and pay the suppliers directly for this support.

We reserve the right to have independent access to your computer system for the purpose of downloading sales and other data. There is no contractual limitation on our right to receive this information. We reserve the right to require you to bring any computer hardware and software, related peripheral equipment, communications systems, as well as the POS system, into conformity with our then-current standards for new Dessange Salons. We have no obligation to assist you in obtaining hardware, software or related services and there are no contractual limits on the frequency or cost of your obligations to obtain these upgrades. (See Section 14 of the Franchise Agreement.)

We currently estimate the annual cost for the POS software license and for maintaining, updating, upgrading your computer system, and obtaining support, to be $2,500 per year. Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system or POS system.

Manual

The table of contents of the Manual is attached as Exhibit E. The Manual is approximately 150-370 pages.

ITEM 12
TERRITORY

You will not receive an "exclusive" territory with your Franchise Agreement. You may face competition from outlets that we own or from other channels of distribution or competitive brands that we control.

You will, however, receive certain protected rights within a Protected Territory. These rights are described below in this Item.

Franchise Agreement

During the term of the Franchise Agreement, and except as otherwise provided in that agreement, we will not establish or license anyone else to establish, another Dessange Salon at any location within the "Protected Territory" designated in the Franchise Agreement. The Protected Territory will typically be a circle, the center of which will be the front door of the Dessange Salon, and that circle will have a radius that is specified in your Franchise Agreement. The Protected Territory will be determined by considering many factors relevant to the location of your Dessange Salon, including population and demographic information for the area, local competition, and drive times from the Dessange Salon.

We (and our affiliates) retain all other rights. Accordingly, we will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- establish, and license others to establish, Dessange Salons at any location outside the Protected Territory despite their proximity to the Protected Territory or the Approved Location or its actual or threatened impact on sales at your Dessange Salon;

- establish, and license others to establish, Dessange Salons at any Captive Market (as those terms are defined below) within or outside the Protected Territory, despite these Dessange Salons' proximity to the Approved Location or their actual or threatened impact on sales at your Dessange Salon;

- establish, and license others to establish, businesses that do not operate under the System and do not use the Proprietary Marks, even if those businesses offer services and/or sell products that are the same as or similar to the Services and/or Products offered from the Dessange Salon, and which businesses may be located within or outside the Protected Territory, whether those businesses are located inside or outside of the Protected Territory, despite these businesses' proximity to the Approved Location or their actual or threatened impact on sales at your Dessange Salon;

- acquire (or be acquired) and then operate any business of any kind, whether located within or outside the Protected Territory despite these business' or store's proximity to the Approved Location or its actual or threatened impact on sales at your Dessange Salon (but we will not change those other businesses into Dessange Salons operated in the Protected Territory); and

- offer, sell and distribute (including the right to license others to do the same), directly or indirectly, any Services and/or Products (including Proprietary Products) from any location or to any purchaser (including sales made to purchasers in the Protected Territory through electronic means, such as the

Internet, other digital sites, and mail order), so long as those sales are not made from a Dessange Salon operated from a location inside the Protected Territory (excluding a Captive Market location). We will not compensate you for sales we may make through any such alternative distribution channels.

The term "Captive Market Location" means a business to which end-users do not primarily come for the purpose of experiencing the Services or using the Products, such as luxury hotels, casinos, department stores and resorts.

You may only offer Services and sell Products and Spa Products (if applicable) at the Dessange Salon, only according to the requirements of the Franchise Agreement and the procedures described in the Manual, and only to retail customers. In doing so, you may only offer for sale items that we have designated or approved as Retail Products. You may not offer Services and/or sell Products and/or Spa Products (if applicable) through any means other than through the Dessange Salon. So, for example, you may not offer Services or sell Products and/or Spa Products in bulk or wholesale fashion, or from remote sites, satellite locations, temporary locations, carts or kiosks, or by use of catalogs, the Internet, or through any other electronic or print media.

You may not offer off-site Services (for example, for bridal parties) without our prior written approval and/or in compliance with any standards that we prescribe for such Services in the Manual or otherwise in writing.

You do not need to meet any particular sales or revenue volume in order to keep your territorial rights as described above so long as you stay in compliance with the terms of your Franchise Agreement. There are no other circumstances under the Franchise Agreement that permit us to modify your territorial rights so long as you stay in compliance with the terms of your Franchise Agreement.

If you wish to relocate your Dessange Salon, you must first obtain our written consent. We will apply the same standards to evaluating a requested relocation as we would to evaluating a proposed site for a brand new Dessange Salon (see "Site Selection" in Item 11). You will not have the right to open additional Dessange Salons in your Protected Territory; if you wish to open an additional Dessange Salon, you may seek an additional franchise from us, but we are not required to grant you additional franchise rights.

Site Selection Addendum

As described in Item 11, if you do not have an approved site for your Dessange Salon before you sign the Franchise Agreement, you will enter into a Site Selection Addendum with us, and we will grant you a Site Selection Area within which you may search for an Approved Location. The Site Selection Area is granted only for the purpose of selecting an Approved Location for the Dessange Salon. We will not establish, nor franchise another to establish, a Dessange Salon operating under the System within the Site Selection Area until we approve of an Approved Location for the Dessange Salon, or until the search period in the Site Selection Addendum expires, whichever happens first. The

Protected Territory for the Dessange Salon will be determined once you select and we have approved the Approved Location.

Options and First-Refusal Rights

Under the Franchise Agreement you will not have any options, rights of first refusal, or similar rights to acquire additional franchises or other rights, whether inside the Protected Territory or elsewhere.

ITEM 13
TRADEMARKS

We grant you the right to use certain Proprietary Marks under the Franchise Agreement. Our affiliate, DISAS owns the following registrations with the U.S. Patent and Trademark Office (the "**USPTO**") on its Principal Register, which it has licensed to its subsidiary, DFX:

Mark	Registration Number	Registration Date
DESSANGE (Wordmark)	3006037	October 11, 2005
"JD" (Logo)	3035963	December 27, 2005

All required affidavits of use and incontestability required to be filed as of the date of this disclosure document have been filed. No renewal filings are yet due in connection with this registration.

Our right to use and license others to use the Proprietary Marks in the U.S. is exercised under a trademark license agreement with DFX dated April 8, 2011 (the "TM Agreement"). Under the TM Agreement, we are granted the right to use and to grant franchises to others to use the Proprietary Marks in the U.S. in connection with the System. The TM Agreement has an initial term of 20 years with five, 10 year renewals. Other than the TM Agreement, there are no agreements in effect which significantly limits our rights to use and/or license the Proprietary Marks in any U.S. state in a manner material to the franchise.

Your right to use the Proprietary Marks is limited to the uses that are authorized under the Franchise Agreement, and any unauthorized use of the Proprietary Marks will infringe upon our rights. You may not use any Proprietary Mark: (1) as part of any corporate name or other business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (3) for performing or selling any unauthorized services or products; (4) as part of any domain name, electronic address or search engine or in any other manner for a Website without our prior written approval; or (5) in any other manner that we do not expressly authorize in writing. You must identify yourself as the independent owner and operator of your business and Dessange Salons in the manner we specify (such as on invoices, order forms, receipts, and contracts). You must also give the trademark registration notices that we designate, and obtain any assumed business name registrations that applicable law requires.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Proprietary Marks. Other than the TM Agreement with DFX (described above), no agreement significantly limits our rights to use or license the Proprietary Marks in any state in a manner material to the franchise.

Except as described above, we know of no superior prior rights or infringing uses of our Proprietary Marks.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in compliance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement, as well as your out of pocket costs (except that you will bear the salary costs of your employees). If we determine that you have not used the Proprietary Marks in compliance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement, and you must promptly reimburse us for those amounts. If there is any litigation due to your use of the Proprietary Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any Proprietary Mark or for you and the Dessange Salon to use one or more additional or substitute trade or service marks, you will have to immediately comply with our directions. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

No patents (or pending patent applications) are material to the operation of your Dessange Salon.

Copyrights

We own common law copyrights in various materials used in our business and the development and operation of Dessange Salons, including the Manual, marketing, advertising and promotional materials, and similar materials. We have not registered

these materials with the United States Registrar of Copyrights but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. The Franchise Agreement does not require you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information

Except for the purpose of operating the Dessange Salon under the Franchise Agreement, you may never (during Franchise Agreement's term or after that) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know–how concerning the operation of the Dessange Salon that may be communicated to you or that you may learn by virtue of your operation of a Dessange Salon. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Dessange Salon. Any and all information, knowledge, know–how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Highly Trained Personnel, and your other employees, supervisors and principals, to sign a Non–Disclosure and Non–Competition Agreement. Every one of these agreements must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Dessange Salon. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current form for this Non–Disclosure and Non–Competition Agreement is attached to the Franchise Agreement as Exhibit H.

Confidential Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business according to the Manual. We will allow you access to the Manual for the term of the Franchise Agreement.

You must always treat in a confidential manner the Manual, any other manuals we create (or that we approve) for use with the Dessange Salon, and the information contained in the Manual. You must use best efforts to maintain this information as secret and confidential. You may not copy, duplicate, record, or otherwise reproduce the Manual and the related materials, or any part (except for the parts of the Manual that are meant for you to copy, which we will clearly mark), nor may you otherwise let any unauthorized person have access to these materials. The Manual will always be our sole property. You must always keep the Manual in a secure place at the Dessange Salon's premises.

We may periodically revise the contents of the Manual, and you must make corresponding revisions to your copy of the Manual and comply with each new or changed standard. If there is ever a dispute as to the contents of the Manual, our master copy of the Manual (maintained at our home office) will be controlling.

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

If you are a corporation, partnership or LLC, you must appoint an individual (who must be one of your owners) as your "**Managing Member**." The Managing Member will have overall responsibility for the Dessange Salon and be our primary contact regarding the Dessange Salon, and must complete our training program (see Item 11), have authority over all business decisions related to the Dessange Salon, and have the power to bind you in all dealings with us. You may not change the Managing Member without our prior approval.

The Dessange Salon must be under the active full-time day-to-day management of either you, the Managing Member (if you are a corporation or a partnership) or a Salon Manager who has successfully completed (to our satisfaction) our initial training program. We require your principals (including the Managing Member), supervisors, managers and Highly Trained Personnel to sign a Non–Disclosure and Non–Competition Agreement, the form of which is attached to the Franchise Agreement as Exhibit H. We do not impose any other restrictions on your managers. In addition, we require each or your present and future: (i) shareholders, if you are a corporation; (ii) members, if you are a limited liability company; and (iii) partners, if you are a partnership or limited liability partnership; to jointly and severally guarantee your performance of each and every provision of the Franchise Agreement by signing a Guarantee, Indemnification and Acknowledge Agreement, the form of which is attached to the Franchise Agreement as Exhibit B.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer the services and sell the products that we have authorized to be offered and sold by Dessange Salons, which we will specify in the Manual or otherwise in writing. You must offer and sell all of the services and products that we may designate as mandatory offerings to customers. We have the right, without limit, to change the types of authorized products and services (although hair salon services generally will remain a

core offering). In doing so, you must offer for sale only items that we have designated or approved as Retail Products.

Additionally, as noted above in Items 8 and 12, you may only offer Services and sell Products at the Dessange Salon, only to retail customers. You may not offer off-site Services (for example, for bridal parties) without our prior written approval, and in compliance with any standards that we prescribe for those type of Services. You may not offer Services and/or sell Products through any means other than through the Dessange Salon (for example, you may not offer or sell Products in bulk or wholesale fashion, from remote sites, satellite locations, temporary locations, carts or kiosks, or by use of catalogs, the Internet, or through any other electronic or print media).

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Franchise Agreement

	Provision	Section in Agreement	**Summary** (Note 1)
a	Length of the franchise term	2.1 of the Franchise Agreement	The earlier of: (a) 7 years from the date the Dessange Salon opens for business; or (b) 8 years from the effective date of the Franchise Agreement.
b	Renewal or extension of the term	2.2 of the Franchise Agreement	One additional year term equal to our then-current initial term, subject to certain contractual requirements described in “c” below.
c	Requirements for you to renew or extend	2.2 of the Franchise Agreement	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, not in material default, release, sign then-current form of Franchise Agreement, which may contain different terms and conditions than the original agreement, and others (see §§ 2.2.1 –2.2.9 in Franchise Agreement).
d	Termination by you	Not applicable	Not applicable
e	Termination by us without cause	Not applicable	Not applicable
f	Termination by us with cause	17 of the Franchise Agreement	Default under agreement, bankruptcy, abandonment, and other grounds; see § 17 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, 11 U.S.C. Section 101 et seq., we may be unable to terminate the agreement merely because you make a bankruptcy filing.)

	Provision	Section in Agreement	**Summary** (Note 1)
g	"Cause" defined – curable defaults	17.3 of the Franchise Agreement	All other defaults not specified in §§ 17.1 and 17.2 of the Franchise Agreement
h	"Cause" defined – non-curable defaults	17.1 and 17.2 of the Franchise Agreement	Bankruptcy, abandonment, conviction of felony, and others (but under the U.S. Bankruptcy Code, 11 U.S.C. Section 101 et seq., we may be unable to terminate the agreement merely because you make a bankruptcy filing.)
i	Your obligations on termination/ nonrenewal	18 of the Franchise Agreement	Immediately stop operating the Dessange Salon, payment of amounts due, pay lost future royalties, and others; see §§ 18.1 – 18.11 of the Franchise Agreement.
j	Assignment of contract by us	16.1 of the Franchise Agreement	There are no limits on our right to assign the agreement.
k	"Transfer" by you – defined	16.4.1 – 16.4.4 of the Franchise Agreement	Includes transfer of any interest.
l	Our approval of transfer by you	16.4 of the Franchise Agreement	We have the right to approve transfers.
m	Conditions for our approval of transfer	16.5 of the Franchise Agreement	Release, signature of new agreement, payment of transfer fee, and others.
n	Our right of first refusal to acquire your business	16.6 of the Franchise Agreement	We can match any offer.
o	Our option to purchase your business	18.4 and 18.9 of the Franchise Agreement	We can acquire any interest which you have in any lease or sublease for the premises and purchase your furnishings, equipment, material, or inventory at cost or fair market value.
p	Your death or disability	16.7, 16.8 and 16.9 of the Franchise Agreement	Your estate must transfer your interest to a third party we have approved, within a year after death or 6 months after the onset of disability.
q	Non–competition covenants during the term of the franchise	19.2, 19.3 and 19.5 of the Franchise Agreement	Includes prohibition on engaging in a "Competitive Business," which is a retail business that sells or offers hair styling, hair coloring, and/or related hair care or beauty care services or products, spa services or any other services or products that are substantially similar to those offered in the System. You may not interfere with our relationships with customers, vendors, and consultants.

	Provision	Section in Agreement	**Summary** (Note 1)
r	Non–competition covenants after the franchise is terminated or expires	19.4 and 19.5 of the Franchise Agreement	Includes a two year prohibition similar to "q" (above), within 5 miles of the Approved Location or within 2.5 miles of any other Dessange Salon then–operating under the System or under any of our "Other Brands." You may not interfere with our relationships with customers, vendors, and consultants.
s	Modification of the agreement	25 of the Franchise Agreement	Must be in writing signed by both parties.
t	Integration / merger clause	25 of the Franchise Agreement	Only the final written terms of the agreement are binding, subject to state law. Any representation or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u	Dispute resolution by arbitration or mediation	27.3 of the Franchise Agreement	All disputes must be arbitrated in Wilmington, Delaware (except that we can go to court to seek injunctive relief).
v	Choice of forum	27.2 of the Franchise Agreement	If we ever litigate, you must do so in the state and judicial district where we maintain our principal place of business, subject to state law.
w	Choice of law	27.1 of the Franchise Agreement	Delaware law applies, subject to state law.

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 disclose 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 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 performance at a particular location or under particular circumstances.

We do 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 Legal Department at 6901 East Fish Lake Road, #170, Maple Grove, Minnesota 55369, Telephone: 978-232-5600, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1:
System-wide Outlet Summary for years 2021-2023 (Note 1)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	2	2	0
	2022	2	2	0
	2023	2	2	0
Company- Owned (Note 2)	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	**3**	**3**	**0**
	2022	**3**	**3**	**0**
	2023	**3**	**3**	**0**

Notes:

(1) All numbers are as of the fiscal year end. Each fiscal year ends on December 31.

(2) As described in Item 1, we do not operate Dessange Salons. “Company-owned” outlets in the U.S. are owned and operated by our affiliate, DSI. As of the date of this Disclosure Document, DSI operated 1 company-owned Dessange Salon in Chevy Chase, Maryland. Other affiliates of ours have operated or franchised similar salons under the Proprietary Marks and System outside of the U.S. since 1977.

Table 2:
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for years 2021 to 2023 (Note 1)

State (Note 2)	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	**2021**	**0**
	2022	**0**
	2023	**0**

Notes:

(1) All numbers are as of the fiscal year end (each fiscal year ends on Dec. 31).

(2) States not listed had no activity during the relevant time frame.

Table 3:
Status of Franchised Outlets for years 2021 to 2023 (Note 1)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/Other Reasons	Outlets at End of Year
Texas	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Total	2021	**3**	**0**	**1**	**0**	**0**	**0**	**2**
	2022	**2**	**0**	**0**	**0**	**0**	**0**	**2**
	2023	**2**	**0**	**0**	**0**	**0**	**0**	**2**

Notes:

(1) All numbers are as of the fiscal year end. Each fiscal year ends on December 31.

(2) States not listed had no activity during the relevant time frame.

Table 4:
Status of Company-Owned Outlets for years 2021 to 2023 (Notes 1 and 2)

State (Note 3)	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Maryland	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Total	**2021**	**1**	**0**	**0**	**0**	**0**	**1**
	2022	**1**	**0**	**0**	**0**	**0**	**1**
	2023	**1**	**0**	**0**	**0**	**0**	**1**

Notes:

(1) All numbers are as of the fiscal year end. Each fiscal year ends on December 31. As described in Item 1, we began to offer franchises for Dessange Salons in the U.S. on June 9, 2006.

(2) As described in Item 1, we do not operate Dessange Salons. “Company-owned” outlets in the U.S. are owned and operated by our affiliate, DSI. As of the date of this Disclosure Document, DSI operated 1 company-owned Dessange Salon in Chevy Chase, Maryland. Other affiliates of ours have operated or franchised similar salons under the name Proprietary Marks and System outside of the U.S. since 1977.

Table 5:
Projected Openings as of December 31, 2023 for 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
New York	0	1	0
Tennessee	0	1	0
Total	**0**	**2**	**0**

Notes:

(1) For the fiscal year beginning January 1, 2024.

(2) States not listed are not expected to have any franchises in the next year.

The names, addresses, and telephone numbers of our current franchisees are listed in Exhibit B. Exhibit B also provides the name and last known address and telephone number of every one of our franchisees who has had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the one– year period ending December 31, 2023 or who has not communicated with us within ten weeks of the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

No franchisees have signed a confidentiality clause in a franchise agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with us. As of the date of this franchise disclosure document, there are no System franchisee associations in existence regardless of whether they use our trademark or not.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit C-1 are FSFC's audited financial statements for the fiscal years ended December 31, 2023, December 31, 2022 and December 31, 2021. FSFC absolutely and unconditionally guarantees the performance of our obligations under the Franchise Agreement. A copy of FSFC's guarantee is attached as Exhibit C-2.

ITEM 22
CONTRACTS

The following contracts are attached as exhibits to this disclosure document:

- Exhibit D-1: Franchise Agreement, with its exhibits:
  - (A) Data Addendum
  - (B) Guarantee, Indemnification and Acknowledgment;
  - (C) List of Principals;
  - (D) EFT/ACH Authorization Form;
  - (E) ADA Certification;
  - (F) Lease Rider;
  - (G) Site Selection Addendum;
  - (H) Sample Form of Non–Disclosure and Non–Competition Agreement;
  - (I) Phone Number Assignment Form

- Exhibit D-2 State Specific Addenda to Franchise Agreement

- Exhibit F: Franchise Compliance Certification

ITEM 23
RECEIPTS

The last two pages of this disclosure document (Exhibit J) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy; please keep the other copy along with this disclosure document.

EXHIBIT A
AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 Toll Free: (866) 275-2677	**NEW YORK** New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 473-2492
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue, State Capitol 14th Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Director, Department of Business Regulation Securities Division John O. Pastore Complex - Building 68-2 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Indiana Secretary of State 302 West Washington, Room E018 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Department of Labor and Regulation Division of Insurance - Securities Regulation 124 South Euclid, Suite 104 Pierre SD 57501 (605) 773-4823
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Department of Attorney General Consumer Protection Division 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117	**WASHINGTON** Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500	**WISCONSIN** Commissioner of Securities Department of Financial Institution 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 261-9555

EXHIBIT B
LIST OF DESSANGE FRANCHISEES WITH SALONS IN THE U.S.

Texas:

CJN COIFFURE, Inc.
3801 Capital of Texas Highway N., Building H suite 140
Austin, TX 78746
T: 512-327-6555
F: 512-327-6577

ELITE COIFFURE, Inc
5535 Memorial Drive, suite L
Houston, TX 77007
T: 713-457-8800
F: 713-457-8804

LIST OF FORMER DESSANGE FRANCHISEES IN THE U.S.

NONE

LIST OF DESSANGE FRANCHISEES IN THE U.S. WITH WHOM WE HAVE HAD NO CONTACT WITHIN THE LAST 10 WEEKS PRIOR TO THE DATE OF THIS DISCLOSURE DOCUMENT

NONE

LIST OF COMPANY-OWNED OR AFFILIATE-OWNED DESSANGE SALONS IN THE U.S.

Dessange Salons, Inc.
Attention: General Manager
5410 Wisconsin Avenue
Chevy Chase, MD 20815
T: 301-913-9373
F: 301-913-9561

EXHIBIT C-1
AUDITED FINANCIAL STATEMENTS

BARCLAIS

Fantastic Sams Franchise Corporation

(a wholly-owned subsidiary of Fantastic Sams International Corporation)

Financial Statements
For the years ended December 31, 2023 and 2022

Barclais CPA, LLC
990 Biscayne Boulevard, Suite 1203, Miami, FL 33132 • Tel : (646) 330-5312 • Fax : (646) 706-7136
www.barclaisusa.com

BARCLAIS

Fantastic Sams Franchise Corporation
(a wholly-owned subsidiary of Fantastic Sams International Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fantastic Sams Franchise Corporation
Woburn, Massachusetts

Opinion

We have audited the accompanying financial statements of Fantastic Sams Franchise Corporation which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fantastic Sams Franchise Corporation as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fantastic Sams Franchise Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fantastic Sams Franchise Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Barclais CPA, LLC
990 Biscayne Boulevard, Suite 1203, Miami, FL 33132 • Tel : (646) 330-5312 • Fax : (646) 706-7136
www.barclaisusa.com

INDEPENDENT AUDITOR'S REPORT
(continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

• Exercise professional judgment and maintain professional skepticism throughout the audit.

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fantastic Sams Franchise Corporation's internal control. Accordingly, no such opinion is expressed.

• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fantastic Sams Franchise Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Barclais CPA, LLC

Barclais CPA, LLC

Miami, Florida
April 15, 2024

Barclais CPA, LLC
990 Biscayne Boulevard, Suite 1203, Miami, FL 33132 • Tel : (646) 330-5312 • Fax : (646) 706-7136
www.barclaisusa.com

Fantastic Sams Franchise Corporation

Balance Sheets
As of December 31, 2023 and 2022

Assets

	2023	2022
Current assets		
Cash and cash equivalents (Note 1)	$ 310,897	$ 360,897
Restricted cash (Note 1)	311,230	282,732
Accounts receivable, net of allowance of $53,652 and $53,652, respectively (Note 1)	433,129	278,736
Intercompany receivables - current (Note 2)	18,097,916	17,911,788
Notes receivable - current portion (Note 1)	183,062	144,734
Inventory, net (Note 1)	-	-
Prepaid expenses and other current assets	98,522	304,513
Total current assets	19,434,756	19,283,400
Notes receivable, non-current (Note 1)	160,408	104,887
Property and equipment, net (Notes 1 and 4)	522,018	227,856
Operating leases right-of-use asset, (Notes 1 and 6)	431,239	485,000
Intangible assets, net (Notes 1 and 5)	8,832,336	10,555,406
Trademark (Notes 1 and 5)	24,208,836	24,213,099
Goodwill (Notes 1 and 5)	20,394,906	20,394,906
Security deposits	29,596	30,966
Total assets	**$ 74,014,095**	**$ 75,295,520**

See accompanying notes to financial statements.

Fantastic Sams Franchise Corporation

Balance Sheets
As of December 31, 2023 and 2022

Liabilities and Stockholder's Equity

	2023	2022
Current liabilities		
Notes payable	$ 477,056	$ -
Intercompany payables - current (Note 2)	3,537,638	3,422,837
Deferred revenues (Note 1)	294,785	260,817
Operating lease liability (Note 6)	281,009	285,000
Accrued expenses and other current liabilities	938,769	880,977
Total current liabilities	5,529,257	4,849,631
Deferred taxes (Note 3)	5,962,319	6,645,202
Operating lease liability (Note 6)	158,233	200,000
Other long-term liabilities	-	5,340
Total Liabilities	11,649,809	11,700,173
Stockholder's Equity		
Common stock, $0.01 par value; 100 shares authorized, issued and outstanding	1	1
Additional paid-in capital	48,992,950	48,992,952
Retained earnings	13,371,335	14,602,394
Total Stockholder's Equity	62,364,286	$ 63,595,347
Total Liabilities and Stockholder's Equity	**$ 74,014,095**	**$ 75,295,520**

See accompanying notes to financial statements.

Fantastic Sams Franchise Corporation

Statements of Operations
For the years ended December 31, 2023 and 2022

	2023	2022
Revenues (Note 1)	$ 12,010,254	$ 11,788,328
Cost of sales	-	-
Gross profit	12,010,254	11,788,328
Operating expenses		
Sales and marketing	804,163	450,105
General and administrative	6,520,795	7,328,435
Depreciation and amortization (Notes 1, 4 and 5)	2,440,238	2,692,805
Total operating expenses	9,765,196	10,471,345
Income from operations	2,245,058	1,316,983
Other income (expenses)		
Interest expense, net	(3,200,494)	(2,467,867)
Other expenses, net	(820,480)	(532,243)
Total other expenses, net	(4,020,974)	(3,000,110)
Income (loss) before income taxes	(1,775,916)	(1,683,127)
Provision for income taxes (Note 3)	(544,855)	(475,015)
Net income (loss)	$ (1,231,061)	$ (1,208,112)

See accompanying notes to financial statements.

Fantastic Sams Franchise Corporation

Statements of Stockholder's Equity
For the years ended December 31, 2023 and 2022

	Common Stock, $0.01 par value		Additional Paid-in capital	Retained earnings	Total stockholder's equity
	Shares	Amount			
Balance at December 31, 2021	100	$ 1	$ 48,992,952	$ 15,810,506	$ 64,803,459
Net Income	-	-	-	$ (1,208,112)	$ (1,208,112)
Balance at December 31,2022	100	$ 1	$ 48,992,952	$ 14,602,394	$ 63,595,347
Net Loss				$ (1,231,061)	$ (1,231,061)
Balance at December 31, 2023	100	$ 1	$ 48,992,952	$ 13,371,333	$ 62,364,286

See accompanying notes to financial statements.

Fantastic Sams Franchise Corporation

Statements of Cash Flows
For the years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Net income (loss)	$ (1,231,061)	$ (1,208,112)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,440,237	2,692,805
Bad debt reserve	-	32,298
Deferred taxes	(682,883)	50,000
Inventory reserve write-back	-	(2,000)
(Increase) decrease in:		
Accounts receivable - trade	(154,393)	(29,095)
Intercompany receivables	(186,128)	(1,104,629)
Other receivables		172,575
Inventories		19,323
Prepaid expenses and other current assets	205,991	(189,206)
Deposits	1,370	-
ROU assets	53,761	
Intercompany payables	114,801	(582,128)
Deferred revenues	33,968	74,380
Accrued expenses and other current liabilities	57,792	(189,592)
Other long-term liabilities	(51,098)	(7,037)
Net cash (used in) provided by operating activities	602,357	(270,418)
Cash flows from investing activities:		
Purchase of property and equipment	(357,066)	(110,394)
Acquisition of intangibles	(650,000)	(151,264)
(Issuance) receipts of notes receivable	(93,849)	124,370
Net cash provided by (used in) investing activities	(1,100,915)	(137,288)
Net cash provided by financing activities	477,056	
Net increase (decrease) in cash and cash equivalents	(21,502)	(407,706)
Cash and cash equivalents - beginning of year	643,629	1,051,335
Cash and cash equivalents - end of year	$ 622,127	$ 643,629

See accompanying notes to financial statements.

Fantastic Sams Franchise Corporation

Notes to the Financial Statements
For the years ended December 31, 2023 and 2022

Note 1 **Summary of Significant Accounting Policies**

Business and Nature of Operations

Fantastic Sams Franchise Corporation ("FSFC" or the "Company") owns and operates a three-tiered franchise system in which it licensed rights within geographic regions to regional Subfranchisors ("Regional Owners") that in turn sub-license to individual Fantastic Sams franchisees ("Subfranchisees") within their respective regions. FSFC no longer offers the opportunity to operate as a Fantastic Sams Subfranchisor. FSFC currently offers the opportunity to become a franchisee to develop and operate a Fantastic Sams salon. The Fantastic Sams brand was developed in 1974 and the franchise system is one of the largest hair care franchises in the United States. As of December 31, 2023 and 2022, there were 8 and 8 Subfranchisors operating in 13 and 13 states with 77 and 91 Subfranchisee salons, respectively. Systemwide there were 565 and 614 active domestic franchisee and subfranchisee ("Franchisees") salons, respectively. FSFC does not offer franchises for salons in an area where a Subfranchisor operates.

The Company is a wholly-owned subsidiary of Fantastic Sams International Corporation ("FSIC" or "Parent Corp."), which, as of December 31, 2023, was a wholly-owned subsidiary of Dessange Group North America, Inc. ("DGNA" or "Holding Company").

The Company is subject to a number of risks that could affect future operations and financial performance. These risks include, but are not limited to, significant competition, dependence on key individuals, annual performance fluctuations, and failure to effectively manage changes in the Company's business environment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue consists of revenues from franchising activities and is recognized based on the term of the franchise agreements in accordance with ASC 952. Revenues from franchising activities include initial franchise fees, ongoing franchise fees and other royalty rebates based on product sales.

Fantastic Sams Franchise Corporation

Notes to the Financial Statements
For the years ended December 31, 2023 and 2022

Note 1 **Summary of Significant Accounting Policies (continued)**

Revenue Recognition (continued)

The Company is responsible for licensing Fantastic Sams franchise rights for geographic regions to Regional Owners. The license agreements with Regional Owners are generally for terms of 20 years.

The Company collects a weekly franchise fee from individual Franchisees in regions where the Company franchises directly with the Franchisees. The franchise fee is typically a fixed amount. The franchise agreements with Franchisees are generally for a 10 year term. The franchise license agreements require the Franchisees to pay an initial, non-refundable fee up to $50,000.

Also, the Company collects a weekly royalty based on weekly franchise fees collected by Regional Owners and a monthly royalty based on a percentage of the average wholesale price for Fantastic Sams branded hair care products purchased by Franchisees from Regional Owners. Franchisees are required to purchase certain hair care products from the Company approved distributors. Product revenues are recognized in accordance with the agreements the Company maintains with the distributors.

Revenues from the license sale of franchise rights are generally recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided by the Company to the Franchisees have been performed. Unrecognized amounts are reported net of related deferred commissions paid to parties for efforts in the sale of new licenses. In the case of multiple unit license sales, the Company recognizes 15% of the initial MUDA fees at the time the sale and the remaining balance of the fees over the term of the contracts.

On January 1, 2018, the Company adopted ASC 606 – Revenues from contracts with customers using the modified retrospective method. The Company generates revenue from multiple unit development agreements (MUDA) that allow franchisees to open Fantastic Sams hair salons. The Company recorded a net decrease in retained earnings of $847,352 as of January 1, 2018 due to the cumulative effect of adopting ASC 606.

The Company also sponsors training, educational classes and other events from time to time. Revenue from these events is deferred until the event has occurred.

For the years ended December 31,	2023	2022
Franchise fees	$ 9,600,563	$ 9,887,919
Initial franchise fees	528,189	397,096
Other revenues	1,881,502	1,503,313
Total revenues	$ 12,010,254	$ 11,788,328

Fantastic Sams Franchise Corporation

Notes to the Financial Statements
For the years ended December 31, 2023 and 2022

Note 1 **Summary of Significant Accounting Policies (continued)**

Cash and Cash Equivalents

The Company considers all highly liquid investments with an initial maturity date of three months or less, when purchased, to be cash equivalents. Additionally, as of December 31, 2023 and 2022, the Company had $311,230 and $282,732 respectively, classified as restricted cash related to the sale of gift certificates. For the restricted cash, there is a corresponding offset in accrued expenses and other current liabilities on the accompanying balance sheets.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and accounts receivable. The Company invests a portion of its cash and cash equivalents with certain accredited financial institutions which management believes to have strong credit ratings. As of December 31, 2023, and 2022, the Company had bank balances exceeding the federally insured limit of $250,000 of $900,088 and $110,466, respectively.

Concentrations of credit risk with respect to accounts receivable are limited due to the credit worthiness of customers comprising the Company's customer base. Management regularly monitors the credit worthiness of its customers and believes that it has adequately provided for any exposure to potential credit losses.

Accounts and Notes Receivable

The Company's accounts and notes receivable are due from Regional Owners and Franchisees. The Company reviews their credit history before extending credit and, generally, collateral is not required. The Company establishes any allowances for doubtful accounts based upon the credit risk, historical trends and other information of specific borrowers. The Company writes off accounts receivable when they are deemed uncollectible.

Inventory

Inventory consists primarily of finished goods including products to be sold to the end customers.

Note 1 Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment, including leasehold improvements, are stated at cost or their approximate fair values if obtained through an acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from two to five years. Leasehold improvements are depreciated using the straight-line method over the estimated useful life of the asset or the term of the lease, whichever is shorter.
Maintenance and repairs are expensed when incurred. Significant renewals and betterments are capitalized in accordance with the Company's capitalization policy.

Goodwill

Goodwill represents the excess purchase price over the identifiable assets acquired and liabilities assumed. The Company is required to evaluate goodwill and other intangible assets not subject to amortization for impairment at least annually or when circumstances indicate the carrying value of the goodwill or other intangible assets may be impaired. The Company does not believe that goodwill is impaired as of December 31, 2023 and 2022.

Other Intangible and Long-Lived Assets

Other intangible assets consist primarily of covenants to not compete, contractual rights and licenses. Intangible assets are recorded apart from goodwill if they arise from a contractual right and are capable of being separated from the entity and sold, transferred, licensed, rented or exchanged individually. The useful life and amortization methodology of intangible assets are determined based on the period in which they are expected to contribute directly to cash flows. Intangible assets that are determined to have a definite life are amortized over their estimated useful lives as follows:

Non-compete covenants	2-3 years
Contractual rights	10-20 years
Licenses	15 years

Long-lived assets, other than goodwill, are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. When any such impairment exists, the related assets are written down to fair value. The Company did not record any impairment losses during the years ended December 31, 2023 and 2022.

Fantastic Sams Franchise Corporation

Notes to the Financial Statements
For the years ended December 31, 2023 and 2022

Note 1 **Summary of Significant Accounting Policies (continued)**

Fair Value Measurements

The Company follows the provisions of ASC 820 Fair Value Measurement which defines fair value, establishes a framework for measuring fair value in accordance with US GAAP and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

Level 1 - Inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 - Inputs utilize data points that are observable such as quoted prices, interest rates and yield curves.

Level 3 - Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Cash equivalents consist of money market funds. The fair value measurements of money market funds are classified as Level 1 as they are based on quoted market prices in active markets.

At December 31, 2023, and 2022, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximated their estimated fair values because of the short maturity of these financial instruments.

Income Taxes

The Company accounts for income taxes using the asset and liability method. This method generally provides that deferred tax assets and liabilities be recognized for temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities. A valuation allowance is required to reduce the potential deferred tax asset when it is more likely than not that all or some portion of the potential deferred tax asset will not be realized. The impact on deferred taxes of changes in tax rates and laws, if any, are applied to the years during which temporary differences are expected to be settled and reflected in the financial statements in the period of enactment.

Note 1 **Summary of Significant Accounting Policies (continued)**

Income Taxes (continued)

The Company follows the provisions of ASC 740-10-25 which clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. ASC 740- 10-25 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting for interim periods and disclosures for uncertain tax positions.

The Company's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statement of operations. For the years ended December 31, 2023 and 2022, there were no uncertain tax positions and no estimated interest or penalties were recognized.

In accordance with an Accounting Standards Update issued by the Financial Accounting Standards Board in 2015, the Company has classified all deferred tax amounts as a non-current as of December 31, 2023 and 2022.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2023 and 2022 were $170,714 and $175,383, respectively, with digital advertising being the most significant medium purchased in each year.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentations.

Note 2 Intercompany Transactions

Transactions between and among related parties occur in the normal course of business. These transactions can relate to revenue or expense items reported in the Company's statements of operations for the years presented, or cash concentrations, inventory purchases and other balance sheet transactions. DGNA uses centralized treasury and payment distribution functions for all its subsidiaries. These functions are performed by FSIC. This arrangement results in due-to-FSIC or due from-FSIC balances on the Company's books at the end of each reporting period. Al intercompany activities flow from individual entities within the group through FSIC and to the recipient. The result is a vertical intercompany relationship rather than a horizontal (entity to entity) relationship. This allows the centralization of treasury and disbursements.

As of December 31, 2023 and 2022, intercompany balances were as follows:

	2023	2022
Intercompany receivables – current:		
Intercompany receivables – FSIC	$ 18,097,916	$ 17,911,788
Total intercompany receivables – current	18,097,916	17,911,788
Intercompany payables – current:		
Income tax payable – DGNA	3,537,638	3,422,837
Total intercompany payables – current	$ 3,537,638	$ 3,422,837

For the years ended December 31, 2023 and 2022, intercompany transactions were as follows:

	2023	2022
DGNA - Interest expense	$ 3,200,494	$ 2,467,867

Note 3 Income Taxes

The Company and its affiliates file a consolidated U.S. federal tax return. As such, the Company applies the separate return method for purposes of calculating each affiliate's provision for income taxes. The individual affiliate's current and deferred tax provision is first calculated on a stand alone basis, and the results are then combined to derive the consolidated tax provision

Note 3 Income Taxes (continued)

For the years ended December 31, 2023 and 2022, the provision for income taxes was as follows:

December 31,	2023	2022
Current taxes – Federal	$ 130,000	$ (525,015)
Current taxes – States	8,028	-
Deferred taxes	(682,883)	50,000
Provision for Income Taxes	$ (544,855)	$ (475,015)

For the years ended December 31, 2023 and 2022, the components of the net deferred tax liability were as follows:

December 31,	2023	2022
Bad debt allowance	$ 58,219	$ 15,000
Accrued compensation	52,953	40,000
Deferred revenues	-	-
Deferred rent		-
Other timing differences	902,490	-
Depreciation and Amortization	(6,975,981)	(6,700,202)
	$ (5,962,319)	$ (6,645,202)

Note 4 Property and Equipment

Property and equipment consist of the following:

December 31,	2023	2022
Computer equipment	$ 428,975	$ 401,720
Computer software	1,429,824	1,423,785
Furniture and fixtures	254,447	254,447
Signage	14,679	14,679
Leasehold improvements	283,318	283,318
Construction in process	413,383	89,611
Total	$ 2,824,626	$ 2,467,560
Less accumulated depreciation	$ (2,302,608)	$ (2,239,704)
Property and Equipment, net	$ 522,018	$ 227,856

Depreciation expense for the years ended December 31, 2023 and 2022 was $62,904 and $95,849, respectively.

Note 5 Intangible Assets, Trademark and Goodwill

Allocated intangible assets consist of the following:

December 31,	2023	2022
Non-compete agreements	$ 375,224	$ 369,224
Accumulated amortization	(370,554)	(367,804)
	4,670	1,420
Contractual rights	12,775,477	12,769,737
Accumulated amortization	(10,720,238)	(9,772,515)
	2,055,239	2,997,222
Licenses & other	19,614,478	18,976,218
Accumulated amortization	(12,842,051)	(11,419,454)
	6,772,427	7,556,764
Total Intangible Assets, net	$ 8,832,336	$ 10,555,406

Note 5 Intangible Assets, Trademark and Goodwill (continued)

Intangible assets are being amortized over their respective useful lives ranging from 10 to 20 years.

The Company recorded amortization expense relating to intangible assets for the years ended December 31, 2023 and 2022 of $2,377,333 and $2,592,685 respectively.

As of December 31, 2023, the following is a schedule of future amortization of intangible assets:

Fiscal years ending December 31,	Amount
2024	$ 2,045,338
2025	2,038,582
2026	1,969,964
Thereafter	2,209,749
Total	$ 8,263,633

Other Intangible assets as of December 31, 2023 and 2022 consist of the following:

December 31,	2023	2022
Trademark	$ 24,244,874	$ 24,244,874
Accumulated amortization	(36,038)	(31,775)
Total Other Intangible Assets, net	$ 24,208,836	$ 24,213,099

As of December 31, 2023 and 2022, goodwill consists of the following:

Goodwill acquired in connection with acquisition of FSHC - January 12, 2012	$ 14,765,264
Goodwill acquired in connection with Ely Region acquisition	812,000
Goodwill acquired in connection with W&T Region acquisition	396,339
Goodwill acquired in connection with Walmax acquisition	120,000
Goodwill acquired in connection with Global Franchising Group acquisition	204,000
Goodwill acquired in connection with Copeland region acquisition	1,359,000
Goodwill acquired in connection with FSRM region acquisition	2,666,303
Goodwill acquired in connection with McCall region acquisition	72,000
Total Goodwill	$ 20,394,906

There were no changes in goodwill from the date of purchase through December 31, 2023.

Note 6 Leases

The Company adopted the new lease standard under ASC 842 using the modified retrospective approach on January 1, 2022. The Company made an accounting policy election to not recognize an asset and a liability for exising leases with a remaining term of 12 months or less.

	Year Ending
Lease expense	2023-12
Finance lease expense	
Amortization of ROU assets	-
Interest on lease liabilities	-
Operating lease expense	374,579
Variable lease expense	-
Total	374,579

Other Information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	-
Financing cash flows from finance leases (i.e. principal portion)	-
Operating cash flows from operating leases	380,217
ROU assets obtained in exchange for new finance lease liabilities	-
ROU assets obtained in exchange for new operating lease liabilities	278,047
Weighted-average remaining lease term in years for finance leases	-
Weighted-average remaining lease term in years for operating leases	2
Weighted-average discount rate for finance leases	-
Weighted-average discount rate for operating leases	0

Maturity Analysis	Finance	Operating
2024-12	-	289,792
2025-12	-	75,534
2026-12	-	48,810
2027-12	-	37,805
2028-12	-	3,158
Thereafter	-	-
Total undiscounted cash flows	-	455,099
Less: present value discount	-	(15,857)
Total lease liabilities	-	439,242

Note 7 Commitments and Contingencies

The Company is involved in a lawsuit with Transom Symphony OpCo, LLC d/b/a Beauty Quest Group in 2023. Fantastic Sams Franchise Corporation vs. Transom Symphony OpCo, LLC d/b/a Beauty Quest Group: Civil Docket No. 2381CV00865, Middlesex Superior Court, Massachusetts, filed on March 27, 2023. Plaintiff, Fantastic Sams Franchise Corporation (FSFC) filed this claim against Transom Symphony OpCo, LLC d/b/a Beauty Quest Group (BQG) on March 27, 2023. The complaint is being brought for claims of breach of contract, breach of warranty, breach of the covenant of good faith and fair dealing, violation of the Massachusetts and Connecticut Unfair Trade Practices Statutes and fraudulent inducement. This stems from a License, Production and Fulfilment Agreement dated September 23, 2021, between the parties. On May 31, 2023, BQG filed a counterclaim in this case against FSFC for breach of contract, breach of covenant of good faith and fair dealing, tortious interference with contractual and business relations, violation of Connecticut Unfair Trade Practices Act and violation of Massachusetts General Laws Chapter 93A. The parties are currently at the discovery stage of the proceedings, and a trial date has not yet been set.

Note 8 Employee Retirement Plan

The Fantastic Sams 401(k) Profit Sharing Plan (the "401(k) Plan") is a qualified defined contribution plan in accordance with Section 401(k) of the Internal Revenue Code. All employees over the age of 21 may begin contributing on the first day of the month following their completion of twelve full months of service or any time thereafter. Eligible employees can make pretax contributions up to the maximum allowable by Code Section 401(k). The Company may make matching contributions equal to a discretionary percentage of the employee's salary deductions, to be determined by the Company. For the years ended December 31, 2023 and 2022, the Company made matching contributions of $73,481 and $49,363 , respectively.

Note 9 Assets Pledged as Collateral

As of December 31, 2023 and 2022, Dessange Group North America, Inc. has related party notes payable. The notes are collateralized by substantially all of the assets of DGNA and its subsidiaries including the assets of the Company.

Note 10 Subsequent Events

The company evaluated all events or transactions that occurred after December 31, 2023 through April 15, 2024, the date these financial statements were available to be issued. No significant event occurred during the period from December 31, 2023 to April 15, 2024

BARCLAIS

Fantastic Sams Franchise Corporation

(a wholly-owned subsidiary of Fantastic Sams International Corporation)

Financial Statements
For the years ended December 31, 2022 and 2021

Barclais CPA, LLC
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Fantastic Sams Franchise Corporation
(a wholly-owned subsidiary of Fantastic Sams International Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fantastic Sams Franchise Corporation
Woburn, Massachusetts

Opinion

We have audited the accompanying financial statements of Fantastic Sams Franchise Corporation which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fantastic Sams Franchise Corporation as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fantastic Sams Franchise Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fantastic Sams Franchise Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT
(continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

• Exercise professional judgment and maintain professional skepticism throughout the audit.

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fantastic Sams Franchise Corporation's internal control. Accordingly, no such opinion is expressed.

• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fantastic Sams Franchise Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Barclais CPA, LLC

Barclais CPA, LLC

Miami, Florida
April 26, 2023

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Fantastic Sams Franchise Corporation

Balance Sheets
As of December 31, 2022 and 2021

Assets

	2022	2021
Current assets		
Cash and cash equivalents (Note 1)	$ 360,897	$ 775,053
Restricted cash (Note 1)	282,732	276,282
Accounts receivable, net of allowance of $53,652 and $40,385, respectively (Note 1)	278,736	454,514
Intercompany receivables - current (Note 2)	17,911,788	16,807,159
Notes receivable - current portion (Note 1)	144,734	148,451
Inventory, net (Note 1)	-	17,323
Prepaid expenses and other current assets	304,513	115,307
Total current assets	19,283,400	18,594,089
Notes receivable, non-current (Note 1)	104,887	225,540
Property and equipment, net (Notes 1 and 4)	227,856	213,310
Operating leases right-of-use asset, (Notes 1 and 6)	485,000	-
Intangible assets, net (Notes 1 and 5)	10,555,406	12,998,091
Trademark (Notes 1 and 5)	24,213,099	24,216,107
Goodwill (Notes 1 and 5)	20,394,906	20,394,906
Security deposits	30,966	30,966
Total assets	**$ 75,295,520**	**$ 76,673,009**

See accompanying notes to financial statements.

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Fantastic Sams Franchise Corporation

Balance Sheets
As of December 31, 2022 and 2021

Liabilities and Stockholder's Equity

	2022	2021
Current liabilities		
Intercompany payables - current (Note 2)	$ 3,422,837	$ 4,004,965
Deferred revenues (Note 1)	260,817	186,437
Operating lease liability (Note 6)	285,000	-
Accrued expenses and other current liabilities	880,977	1,070,569
Total current liabilities	4,849,631	5,261,971
Deferred taxes (Note 3)	6,645,202	6,595,202
Operating lease liability (Note 6)	200,000	-
Other long-term liabilities	5,340	12,377
Total Liabilities	11,700,173	11,869,550
Stockholder's Equity		
Common stock, $0.01 par value; 100 shares authorized, issued and outstanding	1	1
Additional paid-in capital	48,992,952	48,992,952
Retained earnings	14,602,394	15,810,506
Total Stockholder's Equity	$ 63,595,347	$ 64,803,459
Total Liabilities and Stockholder's Equity	**$ 75,295,520**	**$ 76,673,009**

See accompanying notes to financial statements.

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Fantastic Sams Franchise Corporation

Statements of Operations
For the years ended December 31, 2022 and 2021

	2022	2021
Revenues (Note 1)	$ 11,788,328	$ 13,217,164
Cost of sales	-	1,000
Gross profit	11,788,328	13,216,164
Operating expenses		
Sales and marketing	450,105	395,667
General and administrative	7,328,435	6,269,768
Depreciation and amortization (Notes 1, 4 and 5)	2,692,805	2,806,985
Total operating expenses	10,471,345	9,472,420
Income from operations	1,316,983	3,743,744
Other income (expenses)		
Interest expense, net	(2,467,867)	(2,272,023)
Other expenses, net	(532,243)	(101,467)
Total other expense, net	(3,000,110)	(2,373,490)
Income (loss) before income taxes	(1,683,127)	1,370,254
Provision for income taxes (Note 3)	(475,015)	400,000
Net income (loss)	$ (1,208,112)	$ 970,254

See accompanying notes to financial statements.

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Fantastic Sams Franchise Corporation

Statements of Stockholder's Equity
For the years ended December 31, 2022 and 2021

	Common Stock, $0.01 par value		Additional Paid-in capital	Retained earnings	Total stockholder's equity
	Shares	Amount			
Balance at December 31, 2020	100	$ 1	$ 48,992,952	$14,840,252	$ 63,833,205
Net Income	-	-	-	$ 970,254	$ 970,254
Balance at December 31,2021	100	$ 1	$ 48,992,952	$15,810,506	$ 64,803,459
Net Loss				$ (1,208,112)	$ (1,208,112)
Balance at December 31, 2022	100	$ 1	$ 48,992,952	$14,602,394	$ 63,595,347

See accompanying notes to financial statements.

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Fantastic Sams Franchise Corporation

Statements of Cash Flows
For the years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Net income (loss)	$ (1,208,112)	$ 970,254
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,692,805	2,806,986
Bad debt reserve	32,298	(19,031)
Deferred taxes	50,000	150,000
Inventory reserve write-back	(2,000)	-
(Increase) decrease in:		
Accounts receivable - trade	(29,095)	72,722
Intercompany receivables	(1,104,629)	(4,159,891)
Other receivable	172,575	-
Inventories	19,323	40
Prepaid expenses and other current assets	(189,206)	3,409
Deposits	-	25,337
Increase (decrease) in:		
Intercompany payables	(582,128)	138,109
Deferred revenues	74,380	(102,254)
Accrued expenses and other current liabilities	(189,592)	80,248
Other long-term liabilities	(7,037)	(3,717)
Net cash (used in) provided by operating activities	(270,418)	(37,788)
Cash flows from investing activities:		
Purchase of property and equipment	(110,394)	(115,939)
Acquisition of intangible assets	(150,000)	-
Acquisition of trademarks	(1,264)	(4,755)
(Issuance) receipts of notes receivable	124,370	(91,357)
Net cash provided by (used in) investing activities	(137,288)	(212,051)
Net increase (decrease) in cash and cash equivalent	(407,706)	(249,839)
Cash and cash equivalent - beginning of period	1,051,335	1,301,174
Cash and cash equivalent - end of period	$ 643,629	$ 1,051,335

See accompanying notes to financial statements.

Fantastic Sams Franchise Corporation

Notes to the Financial Statements
For the years ended December 31, 2022 and 2021

Note 1 **Summary of Significant Accounting Policies**

Business and Nature of Operations

Fantastic Sams Franchise Corporation ("FSFC" or the "Company") owns and operates a three-tiered franchise system in which it licensed rights within geographic regions to regional Subfranchisors ("Regional Owners") that in turn sub-license to individual Fantastic Sams franchisees ("Subfranchisees") within their respective regions. FSFC no longer offers the opportunity to operate as a Fantastic Sams Subfranchisor. FSFC currently offers the opportunity to become a franchisee to develop and operate a Fantastic Sams salon. The Fantastic Sams brand was developed in 1974 and the franchise system is one of the largest hair care franchises in the United States. As of December 31, 2022 and 2021, there were 8 and 9 Subfranchisors operating in 13 and 14 states with 91 and 97 Subfranchisee salons, respectively. Systemwide there were 614 and 701 active domestic franchisee and subfranchisee ("Franchisees") salons, respectively. FSFC does not offer franchises for salons in an area where a Subfranchisor operates.

The Company is a wholly-owned subsidiary of Fantastic Sams International Corporation ("FSIC" or "Parent Corp."), which, as of December 31, 2022, was a wholly-owned subsidiary of Dessange Group North America, Inc. ("DGNA" or "Holding Company").

The Company is subject to a number of risks that could affect future operations and financial performance. These risks include, but are not limited to, significant competition, dependence on key individuals, annual performance fluctuations, and failure to effectively manage changes in the Company's business environment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue consists of revenues from franchising activities and is recognized based on the term of the franchise agreements in accordance with ASC 952. Revenues from franchising activities include initial franchise fees, ongoing franchise fees and other royalty rebates based on product sales.

Note 1 Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Company is responsible for licensing Fantastic Sams franchise rights for geographic regions to Regional Owners. The license agreements with Regional Owners are generally for terms of 20 years.

The Company collects a weekly franchise fee from individual Franchisees in regions where the Company franchises directly with the Franchisees. The franchise fee is typically a fixed amount. The franchise agreements with Franchisees are generally for a 10 year term. The franchise license agreements require the Franchisees to pay an initial, non-refundable fee up to $50,000.

Also, the Company collects a weekly royalty based on weekly franchise fees collected by Regional Owners and a monthly royalty based on a percentage of the average wholesale price for Fantastic Sams branded hair care products purchased by Franchisees from Regional Owners. Franchisees are required to purchase certain hair care products from the Company approved distributors. Product revenues are recognized in accordance with the agreements the Company maintains with the distributors.

Revenues from the license sale of franchise rights are generally recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided by the Company to the Franchisees have been performed. Unrecognized amounts are reported net of related deferred commissions paid to parties for efforts in the sale of new licenses. In the case of multiple unit license sales, the Company recognizes 15% of the initial MUDA fees at the time the sale and the remaining balance of the fees over the term of the contracts.

On January 1, 2018, the Company adopted ASC 606 – Revenues from contracts with customers using the modified retrospective method. The Company generates revenue from multiple unit development agreements (MUDA) that allow franchisees to open Fantastic Sams hair salons. The Company recorded a net decrease in retained earnings of $847,352 as of January 1, 2018 due to the cumulative effect of adopting ASC 606.

The Company also sponsors training, educational classes and other events from time to time. Revenue from these events is deferred until the event has occurred.

For the years ended December 31,	2022	2021
Franchise fees	$ 9,887,919	$ 11,145,000
Initial franchise fees	397,096	88,594
Other revenues	1,503,313	1,983,570
Total revenues	$ 11,788,328	$ 13,217,164

Note 1 Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Company considers all highly liquid investments with an initial maturity date of three months or less, when purchased, to be cash equivalents. Additionally, as of December 31, 2022 and 2021, the Company had $282,732 and $276,282 respectively, classified as restricted cash related to the sale of gift certificates. For the restricted cash, there is a corresponding offset in accrued expenses and other current liabilities on the accompanying balance sheets.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and accounts receivable. The Company invests a portion of its cash and cash equivalents with certain accredited financial institutions which management believes to have strong credit ratings. As of December 31, 2022, and 2021, the Company had bank balances exceeding the federally insured limit of $250,000 of $110,466 and $524,622 respectively.

Concentrations of credit risk with respect to accounts receivable are limited due to the credit worthiness of customers comprising the Company's customer base. Management regularly monitors the credit worthiness of its customers and believes that it has adequately provided for any exposure to potential credit losses.

Accounts and Notes Receivable

The Company's accounts and notes receivable are due from Regional Owners and Franchisees. The Company reviews their credit history before extending credit and, generally, collateral is not required. The Company establishes any allowances for doubtful accounts based upon the credit risk, historical trends and other information of specific borrowers. The Company writes off accounts receivable when they are deemed uncollectible.

Inventory

Inventory consists primarily of finished goods including products to be sold to the end customers.

Note 1 Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment, including leasehold improvements, are stated at cost or their approximate fair values if obtained through an acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from two to five years. Leasehold improvements are depreciated using the straight-line method over the estimated useful life of the asset or the term of the lease, whichever is shorter.
Maintenance and repairs are expensed when incurred. Significant renewals and betterments are capitalized in accordance with the Company's capitalization policy.

Goodwill

Goodwill represents the excess purchase price over the identifiable assets acquired and liabilities assumed. The Company is required to evaluate goodwill and other intangible assets not subject to amortization for impairment at least annually or when circumstances indicate the carrying value of the goodwill or other intangible assets may be impaired. The Company does not believe that goodwill is impaired as of December 31, 2022 and 2021.

Other Intangible and Long-Lived Assets

Other intangible assets consist primarily of covenants to not compete, contractual rights and licenses. Intangible assets are recorded apart from goodwill if they arise from a contractual right and are capable of being separated from the entity and sold, transferred, licensed, rented or exchanged individually. The useful life and amortization methodology of intangible assets are determined based on the period in which they are expected to contribute directly to cash flows. Intangible assets that are determined to have a definite life are amortized over their estimated useful lives as follows:

Non-compete covenants	2-3 years
Contractual rights	10-20 years
Licenses	15 years

Long-lived assets, other than goodwill, are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows from the use of these assets. When any such impairment exists, the related assets are written down to fair value. The Company did not record any impairment losses during the years ended December 31, 2022 and 2021.

Note 1 Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Company follows the provisions of ASC 820 Fair Value Measurement which defines fair value, establishes a framework for measuring fair value in accordance with US GAAP and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

Level 1 - Inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 - Inputs utilize data points that are observable such as quoted prices, interest rates and yield curves.

Level 3 - Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Cash equivalents consist of money market funds. The fair value measurements of money market funds are classified as Level 1 as they are based on quoted market prices in active markets.

At December 31, 2022, and 2021, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximated their estimated fair values because of the short maturity of these financial instruments.

Income Taxes

The Company accounts for income taxes using the asset and liability method. This method generally provides that deferred tax assets and liabilities be recognized for temporary differences between the financial reporting bases and the tax bases of the Company’s assets and liabilities. A valuation allowance is required to reduce the potential deferred tax asset when it is more likely than not that all or some portion of the potential deferred tax asset will not be realized. The impact on deferred taxes of changes in tax rates and laws, if any, are applied to the years during which temporary differences are expected to be settled and reflected in the financial statements in the period of enactment.

Note 1 Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Company follows the provisions of ASC 740-10-25 which clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. ASC 740- 10-25 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting for interim periods and disclosures for uncertain tax positions.

The Company's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statement of operations. For the years ended December 31, 2022 and 2021, there were no uncertain tax positions and no estimated interest or penalties were recognized.

In accordance with an Accounting Standards Update issued by the Financial Accounting Standards Board in 2015, the Company has classified all deferred tax amounts as a non-current as of December 31, 2022 and 2021.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2022 and 2021 were $175,383 and $241,761, respectively, with digital advertising being the most significant medium purchased in each year.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentations.

Note 2 Intercompany Transactions

Transactions between and among related parties occur in the normal course of business. These transactions can relate to revenue or expense items reported in the Company's statements of operations for the years presented, or cash concentrations, inventory purchases and other balance sheet transactions. DGNA uses centralized treasury and payment distribution functions for all its subsidiaries. These functions are performed by FSIC. This arrangement results in due-to-FSIC or due from-FSIC balances on the Company's books at the end of each reporting period. All intercompany activities flow from individual entities within the group through FSIC and to the recipient. The result is a vertical intercompany relationship rather than a horizontal (entity to entity) relationship. This allows the centralization of treasury and disbursements.

As of December 31, 2022 and 2021, intercompany balances were as follows:

	2022	2021
Intercompany receivables – current:		
Intercompany receivables – FSIC	$ 17,911,788	$ 16,807,159
Total intercompany receivables – current	17,911,788	16,807,159
Intercompany payables – current:		
Income tax payable – DGNA	3,422,837	4,004,965
Total intercompany payables – current	$ 3,422,837	$ 4,004,965

For the years ended December 31, 2022 and 2021, intercompany transactions were as follows:

	2022	2021
DGNA - Interest expense	$ 2,467,867	$ 2,272,023

Note 3 Income Taxes

The Company and its affiliates file a consolidated U.S. federal tax return. As such, the Company applies the separate return method for purposes of calculating each affiliate's provision for income taxes. The individual affiliate's current and deferred tax provision is first calculated on a stand alone basis, and the results are then combined to derive the consolidated tax provision

Note 3 Income Taxes (continued)

For the years ended December 31, 2022 and 2021, the provision for income taxes was as follows:

December 31,	2022	2021
Current taxes – Federal	$ (525,015)	$ 160,000
Current taxes – States	-	90,000
Deferred taxes	50,000	150,000
Provision for Income Taxes	$ (475,015)	$ 400,000

For the years ended December 31, 2022 and 2021, the components of the net deferred tax assets were as follows:

December 31,	2022	2021
Deferred tax assets:		
Bad debt allowance	$ 15,000	$ 19,554
Accrued compensation	40,000	33,310
Deferred revenues	-	2,811
Deferred rent	-	3,479
Other timing differences	-	562
Depreciation and Amortization	(6,700,202)	(6,654,918)
	$ (6,645,202)	$ (6,595,202)

The company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2019.

Note 4 Property and Equipment

Property and equipment consist of the following:

December 31,	2022	2021
Computer equipment	$ 401,720	$ 401,720
Computer software	1,423,785	1,403,002
Furniture and fixtures	254,447	254,447
Signage	14,679	14,679
Leasehold improvements	283,318	283,318
Construction in process	89,611	-
Total	$ 2,467,560	$ 2,357,166
Less accumulated depreciation	(2,239,704)	(2,143,856)
Property and Equipment, net	$ 227,856	$ 213,310

Depreciation expense for the years ended December 31, 2022 and 2021 was $95,849 and $200,428, respectively.

Note 5 Intangible Assets, Trademark and Goodwill

Allocated intangible assets consist of the following:

December 31,	2022	2021
Non-compete agreements	$ 369,224	$ 367,224
Accumulated amortization	(367,804)	(367,221)
	1,420	3
Contractual rights	12,769,737	12,768,737
Accumulated amortization	(9,772,515)	(8,800,079)
	2,997,222	3,968,658
Licenses & other	18,976,218	18,829,218
Accumulated amortization	(11,419,454)	(9,799,788)
	7,556,764	9,029,430
Total Intangible Assets, net	$ 10,555,406	$ 12,998,091

Note 5 Intangible Assets, Trademark and Goodwill (continued)

Intangible assets are being amortized over their respective useful lives ranging from 10 to 20 years.

The Company recorded amortization expense relating to intangible assets for the years ended December 31, 2022 and 2021 of $2,592,685 and $2,606,557 respectively.

As of December 31, 2022, the following is a schedule of future amortization of intangible assets:

Fiscal years ending December 31,	Amount
2023	$ 2,291,773
2024	2,045,338
2025	2,038,582
2026	1,969,964
Thereafter	2,209,749
Total	$ 10,555,406

Other Intangible assets as of December 31, 2022 and 2021 consist of the following:

December 31,	2022	2021
Trademark	$ 24,244,874	$ 24,243,610
Accumulated amortization	(31,775)	(27,503)
Total Other Intangible Assets, net	$ 24,213,099	$ 24,216,107

As of December 31, 2022 and 2021, goodwill consists of the following:

Goodwill acquired in connection with acquisition of FSHC - January 12, 2012	$ 14,765,264
Goodwill acquired in connection with Ely Region acquisition	812,000
Goodwill acquired in connection with W&T Region acquisition	396,339
Goodwill acquired in connection with Walmax acquisition	120,000
Goodwill acquired in connection with Global Franchising Group acquisition	204,000
Goodwill acquired in connection with Copeland region acquisition	1,359,000
Goodwill acquired in connection with FSRM region acquisition	2,666,303
Goodwill acquired in connection with McCall region acquisition	72,000
Total Goodwill	$ 20,394,906

There were no changes in goodwill from the date of purchase through December 31, 2022.

Note 6 Leases

The Company adopted the new lease standard under ASC 842 using the modified retrospective approach on January 1, 2022. The Company made an accounting policy election to not recognize an asset and a liability for exising leases with a remaining term of 12 months or less.

Future minimum lease payments on the operating lease liabilities are estimated as follows:

Fiscal years ending December 31,	
2023	285,000
2024	185,000
2025	10,000
2026	5,000
Thereafter	-
Total	485,000

Operating lease expense was $431,000 and $319,000 for the years ended December 31, 2022 and 2021, respectively.

Note 7 Commitments and Contingencies

From time-to-time, the Company is involved in various legal proceedings. Although the Company is unable to quantify the exact financial impact of these matters, it believes that none of the currently pending matters will have an outcome material to the financial condition or business.

Note 8 Employee Retirement Plan

The Fantastic Sams 401(k) Profit Sharing Plan (the "401(k) Plan") is a qualified defined contribution plan in accordance with Section 401(k) of the Internal Revenue Code. All employees over the age of 21 may begin contributing on the first day of the month following their completion of twelve full months of service or any time thereafter. Eligible employees can make pretax contributions up to the maximum allowable by Code Section 401(k). The Company may make matching contributions equal to a discretionary percentage of the employee's salary deductions, to be determined by the Company. For the years ended December 31, 2022 and 2021, the Company made matching contributions of $49,363 and $57,426 , respectively.

Note 9 Assets Pledged as Collateral

As of December 31, 2022 and 2021, Dessange Group North America, Inc. has related party notes payable. The notes are collateralized by substantially all of the assets of DGNA and its subsidiaries including the assets of the Company.

Note 10 Subsequent Events

The company evaluated all events or transactions that occurred after December 31, 2022 through April 26, 2023, the date these financial statements were available to be issued. No significant event occurred during the period from December 31, 2022 to April 26, 2023

EXHIBIT C-2
FSFC GUARANTEE

GUARANTEE OF PERFORMANCE

For value received, Fantastic Sams Franchise Corporation, a Delaware corporation (the "Guarantor"), located at 6901 East Fish Lake Road, #170, Maple Grove, MN 55369, absolutely and unconditionally guarantees to assume the duties and obligations of Dessange Franchising, LLC, located at 6901 East Fish Lake Road, #170, Maple Grove, MN 55369 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Maple Grove, Minnesota, on the 26th day of April, 2024.

Guarantor:

FANTASTIC SAMS FRANCHISE CORPORATION

By: _____

Name: Thomas A. Boitz

Title: CEO

63589386v1

EXHIBIT D-1
FRANCHISE AGREEMENT

DESSANGE
PARIS

Franchise Agreement

Between

Dessange Franchising, LLC

and

_____

Date:
DA #:
FA #:

[_] Salon ___
[_] Salon+Spa ___

DESSANGE
PARIS

Dessange Franchising, LLC.
FRANCHISE AGREEMENT

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Exhibits:

A Data Addendum
B Guarantee, Indemnification, and Acknowledgement
C List of Principals
D EFT/ACH Authorization Form
E ADA Certification
F Lease Rider
G Site Selection Addendum
H Sample Form of Non-Disclosure and Non-Competition Agreement
I Phone Number Assignment Form

DESSANGE FRANCHISING, LLC
DESSANGE PARIS
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the date that we have indicated on the signature page of this Agreement (the "**Effective Date**") by and between:

- Dessange Franchising, LLC, a Delaware corporation, with its principal place of business at 6901 East Fish Lake Road, #170, Maple Grove, Minnesota 55369 ("**we**," "**us**," or the "**Franchisor**"); and

- _____, a _____ organized in _____ and having offices at _____ ("**you**" or the "**Franchisee**").

Introduction

A. Our affiliate, D.F. Export SAS, owns and has licensed to us a format and system in the U.S. relating to the establishment and operation of hair and beauty salons, which are businesses operating under our Proprietary Marks (defined below), in buildings that bear our interior and/or exterior trade dress (each one of which is referred to as a "**Salon**"). Salons specialize in offering a full menu of French hair styling, hair cutting, hair coloring, and related hair and beauty services (together, the "Services"), and the sale to customers of related hair care, hair coloring, cosmetics, beauty products, and other personal grooming products at retail (together, the "**Products**"). Some Salons (referred to as "**Salon+Spa**") also offer a full menu of Spa services such as skin and body treatments, waxing, massage therapy, hydrotherapy treatments, as well as manicure and pedicure treatments ("Spa Services"), and the sale to customers of related products and other personal grooming products at retail (together, the "**Spa Products**"). For the purposes of this Agreement, Salons and Salons+Spa are collectively referred to as a "**Dessange Salon**" or "**Dessange Salons**"). Among the Products and Spa Products (collectively, "**Salon Products**") are products that are proprietary to us and to our affiliates, which may include shampoos, conditioners, treatments, and make-up products that are manufactured or prepared according to our specifications and formulas and which we may designate for use and/or sale in Dessange Salons ("**Proprietary Products**"). We may periodically adjust the list of Proprietary Products, for example, to include cosmetics and other hair- and beauty-care items. Additionally, we may specify that only certain Salon Products that we designate may be used in providing Services and/or Spa Services (collectively, "**Salon Services**") to customers in Dessange Salons ("**Back Bar Products**") and/or offered for retail sale to customers in Dessange Salons ("**Retail Products**"). Dessange Salons also feature certain Salon Products that franchisees must purchase from us, our affiliates, or our designees. Whether the Dessange Salon you develop and operate under this Franchise Agreement will be a Salon or Salon+Spa is set forth on Exhibit "A" of this Agreement.

B. Among the distinguishing characteristics of a Dessange Salon are that it operates under our "System." Our System includes (among other things): a distinctive interior and exterior design; equipment layouts and specifications; hair cutting and coloring techniques for hair care Services, innovative and cutting edge hair "collections"; Proprietary Products; operational procedures; quality and uniformity of Salon Services and Salon Products offered; techniques and procedures for providing Spa Services in Salons+Spa, procedures for management and inventory control;

training and assistance; and marketing programs; all of which we may periodically change, improve, and further develop (together, the "**System**").

C. We identify the System by means of our Proprietary Marks. Our proprietary marks include certain trade names (for example, the "DESSANGE and "DESSANGE PARIS" marks and logos), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically designate in writing for use in connection with the System (all of these are referred to as our "**Proprietary Marks**"). We continue to develop, use, and control the use of our Proprietary Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service.

D. You have asked to enter into the business of operating a Dessange Salon under our System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement. You also understand and acknowledge the importance of our high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised under this Agreement in conformity with our standards and specifications.

In recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account (and in consideration of) all of the promises and commitments that they are each making to one another in this contract, and they agree to all of the following terms and conditions:

1 GRANT

1.1 *Rights and Obligations*. We grant to you the right, and you accept the obligation, all according to the terms and conditions of this Agreement, to:

1.1.1 operate a Dessange Salon under the System at the Approved Location (the "**Franchised Salon**");

1.1.2 use the Proprietary Marks and the System, but only in connection with the Franchised Salon (recognizing that we may periodically change or improve the Proprietary Marks and the System); and

1.1.3 do all of these things at (and only at) the Approved Location (as defined in Section 1.2 below).

1.2 *Approved Location*. The street address of the location approved under this Agreement is specified in Exhibit A to this Agreement, and is referred to as the "**Approved Location**."

1.2.1 Before we will give you our consent to the Approved Location, you must execute and deliver to us the Lease Rider attached to this Agreement as Exhibit F (which must also be signed by your landlord).

1.2.2 When this Agreement is signed, if you have not yet obtained and we have not yet approved a location for the Franchised Salon, then you agree to lease, sublease, or acquire a site for the Franchised Salon, subject to our approval, all in

accordance with the Site Selection Addendum attached as Exhibit G (the "**Site Selection Addendum**").

1.2.3 We have the right to grant or withhold approval of the Approved Location under this Section 1.2. You acknowledge and agree that our review and approval of your proposed location, under this Section 1.2 or pursuant to the Site Selection Addendum, does not constitute our assurance, representation, or warranty of any kind that the Franchised Salon at the Approved Location will be profitable or successful (as further described in Section 5 of the Site Selection Addendum).

1.2.4 You agree not to relocate the Franchised Salon without our prior written consent. Any proposed relocation will be subject to our review of the new site under our then-current standards for site selection, except that we will also have the right to take into consideration any commitments we have given to other franchisees, licensees, landlords, and other parties relating to the proximity of a new Dessange Salon to their establishment. In addition, and instead of a new franchise fee, you agree to reimburse us for the out-of-pocket costs that we incur in connection with reviewing and approving your proposed relocation, any related lease matters, and any necessary amendments to this Agreement (including our attorneys' fees).

1.3 *Protected Territory and Exclusions*. Provided you are otherwise in compliance with all of your obligations under this Agreement and all other agreements between you and us, and our respective parents, subsidiaries and affiliates, we agree not to establish, and not to license any other person to establish another Dessange Salon at any location within the area designated in Exhibit A (the "**Protected Territory**") during the term of this Agreement, except as otherwise provided below in this Section 1.

1.4 *Exclusions.* We retain all other rights, and may, among other things, on any terms and conditions we deem advisable, and without granting you any rights in these matters, do any or all of the following:

1.4.1 We have the right to establish, and license others to establish, Dessange Salons anywhere outside the Protected Territory, despite these Dessange Salons' proximity to the Approved Location or their actual or threatened impact on sales at the Franchised Salon.

1.4.2 We have the right to establish, and license others to establish, Dessange Salons at any Captive Market Location (as defined below) inside or outside the Protected Territory.

1.4.3 We have the right to establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks (including but not limited to businesses operated under the "Other Brands" referred to in Section 1.6 below), even if those businesses offer services and/or sell products that are the same as or similar to the Salon Services and/or Salon Products offered from the Franchised Salon, whether those businesses are located inside or outside the Protected Territory, despite these businesses' proximity to the Approved Location or their actual or threatened impact on sales at the Franchised Salon.

1.4.4 We have the right to acquire (or be acquired) and then operate any business of any kind, whether located inside or outside the Protected Territory, despite these business' or store's proximity to the Approved Location or its actual or threatened impact on sales at the Franchised Salon, but we will not change those other businesses into Dessange Salons operated in the Protected Territory as long as your exclusivity in the Protected Area hereunder continues.

1.4.5 We have the right to offer, sell and distribute (including the right to license others to do the same), directly or indirectly, any Salon Services and/or Salon Products (including Proprietary Items) from any location or to any purchaser (including sales made to purchasers in the Protected Territory through electronic means, such as the Internet, other digital sites, and mail order), so long as those sales are not made from a Dessange Salon operated from a location inside the Protected Territory (excluding a Captive Market Location). We will not compensate you for sales we may make through any such alternative distribution channels.

1.4.6 Definitions.

1.4.6.1 The term "**Captive Market Location**" means a business to which end-users do not primarily come for the purpose of experiencing Salon Services or using Salon Products, such as luxury hotels, casinos, department stores and resorts.

1.5 *Limits on Where You May Sell*. You agree that:

1.5.1 You may only offer Salon Services and sell Salon Products at the Franchised Salon, only in accordance with the requirements of this Agreement and the procedures set forth in the Manual, and only to retail customers.

1.5.2 You agree not to offer Salon Services or sell Salon Products through any means other than through the Franchised Salon; and therefore, for example, you agree not to offer Salon Services or sell Salon Products in bulk or wholesale fashion, or from remote sites, satellite locations, temporary locations, carts or kiosks, or by the use of any of the means described in Section 1.4.6 above.

1.5.3 You agree not to offer off-site Salon Services (for example, for bridal parties) without our prior written approval and, if such approval is granted, such Salon Services shall be offered in compliance with any standards that we prescribe for such Salon Services.

1.6 *Other Brands*. You acknowledge that we and our affiliates operate businesses under brands that are not part of the "Dessange Paris" network or System, including but not limited to the "*Fantastic Sams*" and "*Camille Albane*" brands (these other businesses are referred to as the "**Other Brands**"). You further acknowledge and agree that: (a) this Agreement does not confer upon you any rights with respect to the Other Brands; (b) we and our affiliates may engage in any business activities whatsoever, at any location, in connection with the Other Brands; and (c) you agree not to use any of the Other Brands in any manner whatsoever.

2 TERM AND RENEWAL

2.1 *Term*. The term of this Agreement shall start on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, shall expire upon the earlier of: (a) seven (7) years from the date upon which the Franchised Salon opens for business; or (b) eight (8) years from the Effective Date.

2.2 *Successor Term*. You will have the right to renew the rights under this Agreement for one (1) additional term equal to our then-current initial term, subject to your having satisfied all of the following conditions before renewal:

2.2.1 You must give us written notice of your election to renew at least six (6) months before the end of the term of this Agreement (but not more than one (1) year before the term expires).

2.2.2 You and your personnel must meet our then-current qualification and training requirements.

2.2.3 You must be current with respect to your financial and other obligations to your lessor, suppliers, and any other parties with whom you do business.

2.2.4 You must remodel and refurbish the Franchised Salon to comply with our then-current standards in effect for new Dessange Salons (as well as the provisions of Section 5.5 below).

2.2.5 At the time of renewal, you must be in material compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other agreement between you (and your affiliates) and us (and our affiliates) (and in our reasonable judgment, you must have been in material compliance during the term of this Agreement), even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations.

2.2.6 You must have timely met all of your financial obligations to us, our affiliates, and/or your vendors (including government authorities, such as for taxes due), throughout the term of this Agreement (even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations).

2.2.7 You must sign our then-current form of franchise agreement, which will supersede this Agreement in all respects (except with respect to the renewal provisions of the new franchise agreement, which shall not supersede this Section 2), and which you acknowledge may contain terms, conditions, obligations, rights, and other provisions that are substantially and materially different from those spelled out in this Agreement (including, for example, a higher percentage royalty fee and a marketing contribution). If you are an entity, then your direct and indirect owners must sign and deliver to us a personal guarantee of your obligations under the renewal form of franchise agreement. (The term "**entity**" means a corporation, limited liability company, partnership, a limited liability partnership, and any other form of business entity.)

2.2.8 You must sign and deliver to us a general release, in a form that we will provide, of any and all claims against us and our affiliates, and our respective officers, directors, agents, and employees. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us.

3 FRANCHISOR'S DUTIES

3.1 *Training*. Before the opening of the Franchised Salon, we will provide to you, and to your Highly Trained Personnel (defined in Section 6.2 below) such training programs that we may designate, to be conducted at the time(s) and location(s) that we designate. We will also provide such ongoing training as we may, from time to time, deem appropriate. We will be responsible for the cost of instruction and materials, subject to the terms set forth in Section 6.4 below.

3.2 *Standard Layout*. We will make available, at no charge to you, a standard layout plan for the construction of a Dessange Salon and for the exterior and interior design and layout, fixtures, furnishings, equipment, and signs. We will also provide the site selection assistance called for under Section 5.1 below.

3.3 *Additional Assistance*. We will have the right (but not the obligation) to provide a representative to be present at the opening of the Franchised Salon. We will provide such additional on-site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Manual (defined below).

3.4 *Manual*. We will provide to you, during the duration of this Agreement, access to our written bulletins, standards, guidelines, procedures and protocols, as updated from time to time (collectively, the "**Manual**"), in the manner and as described in Section 8 below.

3.5 *Marketing Materials*. We will review and have the right to approve or disapprove all marketing and promotional materials that you propose to use, pursuant to Section 13 below.

3.6 *Grand Opening Marketing*. We will assist you in developing and conducting a grand opening marketing program, if desired (as described in Section 13.5 below), which program shall be conducted at your expense.

3.7 *Inspection Before Opening*. We will inspect the Franchised Salon before it first opens for business. You agree not to open the Franchised Salon or otherwise start operations until you have received our prior written approval.

3.8 *Periodic Assistance*. We will provide you periodic assistance in the marketing, management, and operation of the Franchised Salon at the times and in the manner that we determine.

3.9 *Salon Services Performed*. You acknowledge and agree that any of our affiliates, employees, agents, or independent contractors (such as an "area developer") may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).

3.10 *Our Decision-making*. In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights pursuant to this Agreement, we (and our affiliates) will always have the right: (i) to take into account, as we see fit, the effect on, and the interests of, other Franchised Dessange Salons and systems in which we have an interest and on our activities (and those of our affiliates'); (ii) to share market and product research, and other proprietary and non-proprietary business information, with other Franchised Dessange Salons and systems in which we (or our affiliates) have an interest, and/or with our affiliates; (iii) to introduce Proprietary Items and non-proprietary items or operational equipment used by the System into other franchised systems in which we have an interest; and/or (iv) to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section 3.10, and that nothing in this Section 3.10 shall in any way affect your obligations under this Agreement.

4 FEES; SALES REPORTING

4.1 *Initial Franchise Fee*. You agree to pay us an initial franchise fee set forth on Exhibit "A" (the "**Initial Franchise Fee**"). The Initial Franchise Fee is due and payable to us on the day that you sign this Agreement. The Initial Franchise Fee is not refundable in consideration of administrative and other expenses that we incur in granting this franchise and for our lost or deferred opportunity to grant a franchise to other parties.

4.2 *Royalty Fee and Sales Reports*. For each Week during the term of this Agreement, you agree to: (***a***) pay us a continuing royalty fee in an amount equal to six percent (6%) of the Gross Sales of the Franchised Salon ("**Royalty Fees**"); and (***b***) report to us in writing (or, at our option, electronically) your Gross Sales (a "**Sales Report**"). As used in this Agreement:

4.2.1 the term "**Week**" means the period starting at 12:01 a.m. Monday and ending at 11:59 p.m. on the following Sunday (your local time), each week;

4.2.2 the term "**Gross Sales**" means all revenue from the sale of all Salon Services and Salon Products, and all other income of every kind and nature related to, derived from, or originating from the Franchised Salon, including proceeds of any business interruption insurance policies, (whether such sales are permitted or not), whether for cash, barter, check, or credit, and regardless of collection in the case of check or credit; provided, however, that "Gross Sales" excludes any customer refunds, coupon sales, sales taxes, and/or other taxes that you collect from customers and actually transmit to the appropriate taxing authorities.

4.3 *Due Date*. All payments required by Section 4.2 above and Section 13 below, and the Sales Report required by Section 4.2, must be paid and submitted so that they are received by us, in our offices, by Tuesday of each Week, based on the Gross Sales of the previous Week just ended. In addition, you agree to all of the following:

4.3.1 You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 12.3 below, at the time and in the format that we reasonably request.

4.3.2 You agree to establish an arrangement for electronic funds transfer to us, or electronic deposit to us of any payments required under Sections 4 or 13 of this Agreement. Among other things, to implement this point, you agree to sign and return to us our current form of "Authorization Agreement for Prearranged Payments (Direct Debits)," a copy of which is attached to this Agreement as Exhibit D (and any replacements for that form that we deem to be periodically needed to implement this Section 4.3.2), and you agree to comply with the payment and reporting procedures that we may specify in the Manual or otherwise in writing.

4.3.3 You acknowledge and agree that your obligation to make full and timely payment of Royalty Fees (and all other sums due to us) are absolute, unconditional, fully earned, and due when you have generated and received Gross Sales.

4.3.4 You agree that you will not, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set -off payments due to us against any claims or alleged claims that you may allege against us or others.

4.3.5 You agree that if you do not provide us, as requested, with access to your computer system to obtain sales information or, if we permit, printed and signed sales reports, then we will have the right to impute your sales for any period using (among other things) your sales figures from any Week(s) that we choose, including but not limited to those with your highest grossing sales; and that you must pay the royalties on that amount (whether by check or by our deduction of that amount from your direct debit account).

4.3.6 You agree that you will not, whether on grounds of alleged non-performance by us or others, withhold payment of any fee, including, without limitation, Royalty Fees, nor withhold or delay submission of any reports due under this Agreement including, without limitation, Sales Reports.

4.4 *No Subordination*. You agree not to subordinate to any other obligation your obligation to pay us the royalty fee and/or any other amount payable to us, whether under this Agreement or otherwise, and that any such subordination commitment that you may give without our prior written consent shall be null and void.

4.5 *Late Payment*. Any payment that we do not receive on or before the due date shall be deemed overdue. Any report that we do not receive on or before the due date shall also be deemed overdue. If any payment is overdue, then you agree to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month (but not to exceed any maximum rate permitted by law, if any). Our entitlement to such interest shall be in addition to any other remedies we may have.

4.6 *Other Funds Due*. You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any monies that we have paid, or that we have become obligated to pay, on your behalf, by consent or otherwise under this Agreement.

4.7 *CPI*. We have the right to adjust, for inflation, all fixed dollar amounts under this Agreement (except for the Initial Franchise Fee) once a year. For the purpose of this Section 4.7, the term "**Index**" means the Consumer Price Index (1982 84=100; all items; CPI-U; all urban consumers) as published by the U.S. Bureau of Labor Statistics. If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

4.8 *Dessange Salon Pre-Opening Order.* In addition to the Initial Franchise Fee referred to in Section 4.1 above, you agree to purchase from us or our affiliates, prior to the opening of the Franchised Salon, all shampoo stations, bowls and chairs, your initial order of Proprietary Products, and certain other salon equipment, tools and supplies such as, hair dryers, utility tables, hygiene equipment, brushes and other small accessories including private label hair care tools and appliances, textiles (towels, uniforms etc.), disposables, styling equipment, retail accessories and merchandising materials (bags, packaging, etc.) that we designate (collectively, the "Salon Pre-Opening Order"). If you are developing a Salon+ Spa you also agree to purchase from us all of the additional furniture (spa beds, manicure stations & chairs, pedicure chairs, utility tables and make-up chairs), equipment for Spa Services including spa treatments, manicures, pedicures and hair removal, and other spa specific small equipment, tools and supplies that we designate ("Spa Pre-Opening Order", herein, together with Salon Pre-Opening Order, referred to collectively as the "Pre-Opening Order"). The Pre-Opening Order shall be paid for, in full, at the time we submit a written invoice to you for such items (the "Pre-Opening Invoice"). You will also be responsible for all cost of shipping and storage for such items as well as any applicable customs duties and/or import taxes or duties. Your failure to pay for the Initial Order within ten (10) days of receipt of the Pre-Opening Invoice shall be deemed a material default of this Agreement.

5 FRANCHISED SALON LOCATION, CONSTRUCTION AND RENOVATION

5.1 *Opening the Franchised Salon. You are* responsible for purchasing, leasing, or subleasing a suitable site for the Franchised Salon. You must establish the Franchised Salon and have it open and in operation within one (1) year after the Effective Date of this Agreement. Time is of the essence. You acknowledge and agree that any site selection assistance or approval that we provide will not be construed or interpreted as a guarantee of success for the approved location (or any other site), nor shall any location recommendation or approval we make be deemed a representation that any particular location is available or suitable for use as a Franchised Dessange Salon.

5.2 *Lease Conditions.* Our approval of the lease or purchase agreement shall be conditioned upon the execution by you and the landlord for the Approved Location of the Lease Rider attached to this Agreement as Exhibit F, as well as the inclusion in the lease or purchase agreement of terms acceptable to us.

5.3 *Review*. You acknowledge that our review and approval of a site, lease, sublease, or purchase agreement for a Franchised Salon shall not constitute our recommendation, endorsement, or guarantee of the suitability of that location or the terms of the lease, sublease, or purchase agreement; accordingly, you agree to take all steps necessary to determine whether a particular location and whether the terms of any lease, sublease, or purchase agreement for the site are beneficial and acceptable to you.

5.4 *Preparing the Site.* You agree that, promptly after obtaining possession of the approved site for the Franchised Salon, you shall do all of the following things:

5.4.1 cause to be prepared and submit for our approval a description of any modifications to our basic architectural plans and specifications for the Franchised Salon (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating materials) required to develop the Franchised Salon at the site leased or purchased for that purpose, provided that you may modify our basic plans and specifications only to the extent required to comply with all applicable ordinances, building codes and permit requirements (with prior notification to and written approval from us);

5.4.2 obtain all required zoning permits, all required building, utility, health, sign permits and licenses, and any other required permits and licenses;

5.4.3 purchase or lease equipment, fixtures, furniture and signs as required under this Agreement (including but not limited to the specifications we have provided in writing, whether in the Manual or otherwise);

5.4.4 complete the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Franchised Salon in full and strict compliance with plans and specifications for the Franchised Salon that we have approved in writing, as well as all applicable ordinances, building codes and permit requirements;

5.4.5 obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and

5.4.6 otherwise complete development of and have the Franchised Salon ready to open and commence the conduct of its business in accordance with Section 8.2 below.

5.5 *Use of the Premises.* You may use the Approved Location only for the purpose of operating the Franchised Salon and for no other purpose. You agree not to co-brand or permit any other business to operate at the Approved Location without our prior written approval.

5.6 *Relocation*. You agree not to relocate the Franchised Salon without our prior written consent. We will have the right to grant or to withhold our approval of any proposed location or relocation and, if our approval is granted, you understand that our approval will not be deemed to be our guarantee, representation, or assurance that the Franchised Salon shall be profitable or successful at that location or elsewhere.

5.7 *Construction or Renovation*. In connection with any construction or renovation of the Franchised Salon, and before starting any such construction or renovation, you agree to comply, at your expense, with all of the following requirements, which you must satisfy to our reasonable satisfaction:

5.8 You agree to employ a qualified, licensed architect or engineer who is reasonably acceptable to us to prepare, for our approval, preliminary plans and specifications for site improvement and construction of the Franchised Salon based upon prototype design and image specifications we will furnish in the Manual (depending on whether the Franchised Salon will be operated in a stand-alone facility, and end-cap, or as a retro-fit of an existing building). Our approval shall be limited to conformance with our standard image specifications and layout, and shall not relate to your obligations with respect to any federal, state and local laws, codes and regulations including, without limitation, the applicable provisions of the Americans with Disabilities Act (the "**ADA**") regarding the construction, design and operation of the Franchised Salon, which subjects shall be your sole responsibility.

5.8.1 You agree to comply with all federal, state, and local laws, codes and regulations, including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Franchised Salon. If you receive any complaint, claim, or other notice alleging a failure to comply with the ADA, you agree to provide us with a copy of that notice within five (5) days after you have received the notice.

5.8.2 In connection with any standard layout and equipment plans that we provide to you, you acknowledge that such specifications do not meet and are not meant to address the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the ADA and/or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build your specific Franchised Salon, compliance with all of which shall be your responsibility and at your expense. You agree to adapt, at your expense, the standard specifications to the Franchised Salon location, subject to our approval, as provided in Section 5.7.1 above, which we will not unreasonably withhold, provided that such plans and specifications conform to our general criteria. You understand and acknowledge that we have the right to modify the prototype architectural plans and specifications as we deem appropriate from time to time (however, we will not modify the prototype architectural plans and specifications for the Franchised Salon developed pursuant to this Agreement once those prototype architectural plans and specifications have been given to you).

5.8.3 You will be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to your location. After having obtained such approvals and clearances, you must submit to us, for our prior written approval, final plans for construction based upon the preliminary plans and specifications. Our review and approval of plans shall be limited to review of such plans to assess compliance with our design standards for Dessange Salons, including such items as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain services and products that are central to the purpose, atmosphere, and functioning of Dessange Salons. We will not review nor shall any approval be deemed to include your compliance

with federal, state, or local laws and regulations, including the ADA, and you acknowledge and agree that compliance with such laws is and shall be your sole responsibility. Once we have approved those final plans, you cannot later change or modify the plans without our prior written consent. Any such change made without our prior written permission shall constitute a material default under this Agreement and we may withhold our authorization to open the Franchised Salon (or if the Franchised Salon is already open and operational we may require you to close the Franchised Salon) for business until the unauthorized change is rectified (or reversed) to our reasonable satisfaction.

5.8.4 You agree to obtain all permits and certifications required for the lawful construction and operation of the Franchised Salon and certify in writing to us that all such permits and certifications have been obtained.

5.8.5 You agree to employ a qualified licensed general contractor who is reasonably acceptable to us to construct the Franchised Salon and to complete all improvements.

5.8.6 You agree to obtain and maintain in force during the entire period of construction the insurance required under Section 15 below; and you must deliver to us such proof of such insurance as we may require.

5.8.7 You acknowledge that any site selection assistance or approval that we provide is not to be construed or interpreted as our guarantee of success for said location, nor shall any location that we recommend, or approval that we give, be deemed as our representation that the location is available or suitable for your use as a Franchised Dessange Salon.

5.9 *Pre-Opening*. Before opening for business, you agree to meet all of the pre-opening requirements specified in this Agreement, the Manual, and/or that we may otherwise specify in writing. Within ninety (90) days after the Franchised Salon first opens for business, you must give us a full written breakdown of all costs associated with the development and construction of the Franchised Salon, in the form that we may reasonably find acceptable or that we may otherwise require. Additionally, before opening the Franchised Salon, and after any renovation, you must execute and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit E, to certify that the Franchised Salon and any proposed renovations comply with the ADA.

5.10 *Franchised Salon Condition and Maintenance*. You agree that you will, at all times, maintain the Franchised Salon in a high degree of sanitation, repair, and condition (as well as maintain such ventilation as we may require or that may be required by applicable laws or regulations), and in that regard, you also agree to make such additions, alterations, repairs, and replacements to the Franchised Salon (but no others without our prior written consent) as may be required for that purpose (including but not limited to the periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor that we may reasonably require). You also agree to obtain maintenance services from qualified vendors for all major items of equipment used in the Franchised Salon and maintain those service agreements at all times.

5.11 *Remodeling*. You agree to refurbish the Franchised Salon at your expense to conform to our then-current building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Dessange Salons, including but not limited to remodeling, redecoration, and modifications to existing improvements, all of which we may require in writing (collectively, "**Facilities Remodeling**"). In this regard, the parties agree that:

5.11.1 You will not have to engage in Facilities Remodeling more than once every five (5) years during the term of this Agreement (and not in an economically unreasonable amount); provided, however, that we may require Facilities Remodeling more often if Facilities Remodeling is required as a pre-condition to renewal (as described in Section 2.2.4 above) or a transfer (as described in Section 16.5.5 below); and

5.11.2 You will have six (6) months after you receive our written notice within which to complete Facilities Remodeling.

6 TRAINING AND PERSONNEL

6.1 *Definition for Managing Member.* The term "**Managing Member**" means you (if the franchisee is an individual) or one of your owners (if the franchisee is an entity).

6.2 *Definition for Highly Trained Personnel.* The term "**Highly Trained Personnel**" is agreed to mean: (***a***) the Managing Member; (***b***) the Salon Manager; (***c***) the Salon stylists; and (***d***) the Salon colorists.

6.3 *We Will Provide Training*. Before the opening of the Franchised Salon, we will provide to you, and to your Highly Trained Personnel the training programs that we designate. We will also provide the ongoing training that we periodically deem appropriate, at such places and times that we deem proper. Our training programs will be conducted in the English language. We will be responsible for the cost of instruction and materials subject to the terms set forth in Section 6.4.2 below.

6.4 *Your Training and Personnel Obligations*. Before opening the Franchised Salon, you must fulfill all of the requirements specified below:

6.4.1 Initial Training. You agree to appoint one Managing Member who shall have overall responsibility for the Franchised Salon and who will be our primary contact regarding the Franchised Salon. You also agree to appoint a salon manager, acceptable to us, who will be responsible on a full-time basis for the day-to day operations of the Franchised Salon (the "Salon Manager"). If approved by us, the Managing Member may be the Salon Manager. Prior to opening the Franchised Salon, the Managing Member and the Salon Manager must start and successfully complete our initial training program, which consists of a minimum of 5 days of classroom training. Only the Salon Manager for the second and subsequent Dessange Salons that you develop must attend initial training before each such additional salon opens. We have the right to conduct the initial training program at the location(s) that we designate, which may be at the site of the Franchised Salon, at one of our facilities, or at one or more third party locations.

6.4.2 Training Fees: There is no initial training fee, but you will be responsible for all costs for travel (except for flights), lodging and meals for two trainers to visit your Dessange Salon from our affiliate's training center in Paris, France for five days of training. You are also responsible for all costs of travel, lodging, other meals, personal expenses, wages, benefits, and other compensation to your employees that attend training. We reserve the right to implement a training fee and/or materials fee at any time during the term of this Agreement upon written notice.

6.4.3 Salon Technical Training. You agree that all of your **Highly Trained Personnel** must attend and successfully complete our Salon Technical Training program prior to the opening of the Franchised Salon. The Salon Technical Training program will be conducted at the site of the Franchised Salon prior to its opening or at a training center at a location that we designate. There is no fee for the initial Salon Technical Training. We reserve the right to charge a fee for anyone who attends Salon Technical Training after the initial opening of the Franchised Salon.

6.4.4 The Franchised Salon must be under the active full-time management of a Salon Manager who has successfully completed (to our satisfaction) our Salon Technical Training.

6.4.5 If the Salon Manager ceases active management or employment at the Franchised Salon, or if we disapprove the Salon Manager, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program within thirty (30) days after the Salon Manager ended his/her full-time employment and/or management responsibilities. The replacement must attend and successfully complete the New Owner Training and Salon Technical Training programs, to our reasonable satisfaction, as soon as it is practical to do so. You agree to pay us a training and materials fee, in an amount determined as set forth in Section 6.4.2 above, for each such additional individual to be trained, with payment to be made in full before the replacement training starts, plus all other expenses we incur in connection with such training (including the costs of transportation, lodging, and meals).

6.4.6 Your Highly Trained Personnel may also be required to attend such refresher courses, seminars, and other training programs and meet our standards for minimum ongoing operational training as we may reasonably specify from time to time.

6.4.7 Your Salon Manager will be responsible, among other things, for training stylists and colorists in the Franchised Salon. If for any reason your Salon Manager cannot timely or properly train your stylists and colorists, then you may ask to have our trainers train your stylists and colorists and if we agree to do so, then you agree to pay us our then-current training fee and out-of-pocket expenses (if any) that we incur in order to satisfy your request. No stylist and/or colorist that has not been properly trained by your Salon Manager (if they are qualified to conduct such training) or by our training staff may perform Salon Services on customers in the Franchised Salon.

6.4.8 We will have the right to require that your trainees execute and deliver to us a personal covenant of confidentiality and non-competition in substantially the form appended to this Agreement as Exhibit H.

6.4.9 You and your staff must, at all times, cooperate with us and with our representatives. We will have the ongoing right to approve or disapprove of the service of the individual that will serve as the Salon Manager (solely related to the capacity of the Salon Manager); if at any time we disapprove of such an individual, you agree to remove him/her from the Salon Manager role (but you understand and agree that our disapproval of any individual's service in the Salon Manager role is not meant to be, and should not be construed as, any instruction or demand on our part that the individual should be dismissed as an employee).

6.4.10 We have the right to require that you cover your trainees under insurance policies, as specified below in this Agreement, at all times including but not limited to the training program.

6.4.11 We may require you to enroll each of your employees (or those of your employees who perform such tasks as we may designate) in such web-based eLearning program as we may designate, and for which there may be a fee of up to Twenty Five Dollars ($25), per week, per Dessange Salon (the "**eLearning Fee**"). We or our affiliates may be providers of the web-based training, or we may designate a third-party vendor for these services. If web-based training is required, you agree to pay the fees for such training according to the schedule and terms required by the service provider of the web-based training program. If we or our affiliates are the service provider, we may require that you pay these fees at the times and in the same manner as set forth in Section 4.3 above for Royalty Fees. The current **eLearning Fee** amount is set forth in Exhibit A, but may be increased upon thirty (30) days' notice up to Twenty Five Dollars ($25), per week, per Dessange Salon. Thereafter the eLearning Fee may be increased on January 1st of each year according to the Index.

6.4.12 We will bear the cost of all training (instruction and required materials, except as otherwise provided above in Section 6.4.2), and you will bear all other expenses incurred in connection with any training (including without limitation the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance).

6.4.13 You may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training program and/or the opening of the Franchised Salon, and if we are able to do so, then you agree to pay us our then-current per diem training charges as well as our out-of-pocket expenses.

Spa Training: If the Dessange Salon developed under this Franchise Agreement is a Salon+Spa, your Salon Manager, Salon Manager and all of your estheticians, massage therapists and nail technicians must attend an additional 40 hour training course ("Spa Training") to learn how to operate a Salon+Spa, provide proprietary Spa Services and become familiar with Spa Products to be used and sold at the Salon+Spa. Topics included in Spa Training are: Skin Care Treatment, Body Treatments and Spa Product and Protocol. Our trainers will conduct the Spa Training on-site at your Dessange Salon+Spa

prior to its opening, or at a training center designated by us. There is no fee for Spa Training.

6.5 *Staffing*.

6.5.1 You agree to maintain a competent, conscientious, trained staff in numbers sufficient to promptly service customers, including at least one (1) Salon Manager (who must have successfully completed the training course described in Section 6.4 above) on duty at all times, and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may prescribe.

6.5.2 You will be solely responsible for recruiting and hiring the persons you employ to operate the Franchised Salon. You will be responsible for your training, wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline and termination and for compliance with all workplace related laws. At no time will you or your employees be deemed to be employees of us or our affiliates. We will have no right or obligation to direct your employees or to operate the Franchised Salon.

6.5.3 To promote a consistent System image, you agree that you and your employees will comply with our dress code and/or standards, which may include use of branded (or other "uniform") apparel (and which we may require that you obtain only from approved suppliers), and otherwise identify themselves with the Proprietary Marks at all times in the manner we specify (whether in the Manual or otherwise in writing) while on a job for the Franchised Salon. We may also require that you and your employees comply with personal appearance standards (including but not limited to dress code, shoes, hair color, body art, piercing, sanitation and personal hygiene, foundation garments, personal displays at work stations, etc.).

7 PRODUCT AND SUPPLY

To insure that the highest degree of quality and service is maintained at the Franchised Salon, you agree to all of the following:

7.1 *Supplies*. You agree to buy all Salon Products (including Back Bar Products and Retail Products), supplies, materials, and other products used or offered for sale at the Franchised Salon only from suppliers that we have approved in writing (and whom we have not subsequently disapproved). In determining whether we will approve any particular supplier, we will consider various factors, including but not limited to: (***a***) whether the supplier can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications for such items; (***b***) whether the supplier has adequate quality controls and capacity to supply your needs promptly and reliably; (***c***) whether approval of the supplier would enable the System, in our sole opinion, to take advantage of marketplace efficiencies; and (***d***) whether the supplier will sign a confidentiality agreement and a license agreement in the form that we may require (which may include a royalty fee for the right to use our Proprietary Marks and any other proprietary rights, recipes, and/or formulae). You may not buy from any supplier that we

have not yet approved in writing, and you must stop buying from any supplier that we approve, but later disapprove. For the purpose of this Agreement, the term "**supplier**" includes, but is not limited to, manufacturers, distributors, resellers, and other vendors. In addition:

7.1.1 Notwithstanding anything to the contrary in this Agreement, you agree to buy all of your requirements for any Proprietary Items only from us or from our designee(s), as provided in Section 7.2 below (possibly through one or more distributors that we designate in writing). We have the right, but not the obligation, to introduce additional Proprietary Items periodically.

7.1.2 You must purchase all hair color products used in the Franchised Salon in providing Salon Services and for retail sale to customers only from suppliers that we designate ("Color Products").

7.1.3 You acknowledge and agree that we have the right to appoint only one manufacturer, distributor, reseller, and/or other vendor for any particular item (including but not limited to distribution of Salon Products to Dessange Salons and similar items), which may be us or one of our affiliates.

7.1.4 We have the right (directly, through our affiliates, and/or our designees) to establish production and distribution facilities, and we have the right to designate these as approved or required manufacturers, suppliers or distributors.

7.1.5 If you want to buy any Salon Products or any items (except for Proprietary Items) from an unapproved supplier, you must first submit a written request to us asking for our prior written approval. You agree not to buy from any such supplier unless and until we have given you our prior written consent to do so. We have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory that we have designated for testing. You (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the test. We have the right to also require that the supplier comply with such other requirements that we have the right to designate, including but not limited to payment of reasonable continuing inspection fees and administrative costs and/or other payment to us by the supplier on account of their dealings with you or other franchisees, for use of our trademarks, and for services that we may render to such suppliers. We also reserve the right, at our option, to periodically re-inspect the facilities and products of any such approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria.

7.1.6 Nothing in the other provisions of this Agreement shall be construed to require us to approve any one or more alternative suppliers, nor to require that we make available to prospective suppliers, standards and specifications for formulas, which we have the right to deem confidential.

7.1.7 Notwithstanding anything to the contrary contained in this Agreement, you acknowledge and agree we have the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known

suppliers that are willing to supply all or some Dessange Salons with some or all of the products and/or services that we require for use and/or sale in the development and/or operation of Dessange Salons. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all Salon Products (including Back Bar Products, Retail Products and/or Proprietary Items), and other products and services, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of Dessange Salons. We have the right to approve or disapprove of the suppliers who may be permitted to sell Products to you.

7.1.8 You agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments and/or benefits (collectively, "**Allowances**") offered to us or to our affiliates by manufacturers, suppliers and distributors based upon System-wide purchases of products, supplies, and other items, including purchases by you. You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us (or our designee) to collect and retain any or all such Allowances without restriction. We (and our affiliates) also have the right to buy and resell items to our franchisees, which may result in profit to us (or to our affiliates).

7.2 *Proprietary Items*. You agree that the Proprietary Items we may specify for sale as Retail Items and/or to be used as Back Bar Products in providing Salon Services at the Franchised Salon are manufactured in accordance with our trade secret standards and specifications, and are Proprietary Items of ours and/or our affiliates. In order to maintain the high standards of quality and uniformity associated with any Proprietary Items sold and used under the System, you agree to purchase all Proprietary Items only from us or from our designee(s), and not to use, or offer or sell, any items that are similar to Proprietary Items at or from the Franchised Salon. You further agree to use the Proprietary Items only in the manner that we have designated or approved as set forth in Section 8.6.3 below. You acknowledge that we have the right to periodically introduce additional Proprietary Products and that the Proprietary Products are integral components of the System and are inextricably interrelated with the Proprietary Marks. In connection with the handling, storage, transport and delivery of any Proprietary Items that you buy from us, our affiliates or designee(s), you agree that any action (or inaction) by a third party (e.g., an independent carrier) in connection with the handling, storage, transport and delivery of the Proprietary Items shall not be attributable to us, nor constitute negligence on our part.

8 YOUR DUTIES

In addition to all of the other duties specified in this Agreement, you agree to all of the following:

8.1 *Importance of Following Standards*. You understand and acknowledge that every detail of the Franchised Salon is important to you, to us, and to other franchisees in order to develop and maintain high operating standards, to increase the demand for Salon

Products, Proprietary Items, and services sold by all franchisees, and to protect our reputation and goodwill.

8.2 *Opening*. In connection with the opening of the Franchised Salon:

8.2.1 You agree to conduct, at your expense, any grand opening promotional and marketing activities in accordance with a plan you develop and we approve in writing, as set forth in Section 13 below.

8.2.2 You must give us prior written notice at least fourteen (14) days before the date on which you propose to first open the Franchised Salon for business. We reserve the right to have our representative(s) present at the opening of the Franchised Salon, and if we so require, you shall not open the Franchised Salon without the on-site presence of the representative(s) we select; however, we agree not to unreasonably delay the opening of the Franchised Salon.

8.2.3 You will not open the Franchised Salon until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including, but not limited to, materials, quality of work, signage, decor, paint, and equipment, and we have given you our prior written approval to open, which we will not unreasonably withhold.

8.2.4 You agree not to open the Franchised Salon until your **Highly Trained Personnel** (as defined in Section 6.2 above) have successfully completed all training that we require, and not until you have hired and trained to our standards a sufficient number of employees to service the anticipated level of the Franchised Salon's customers.

8.2.5 In addition, you agree not to open the Franchised Salon until the Initial Franchise Fee and any other amounts due to us (and our affiliates) under this Agreement or any other agreements have been paid.

8.3 *Use of the Premises*.

8.3.1 You may use the Franchised Salon premises only for the operation of the Franchised Salon; and you also agree not to use or permit the Franchised Salon premises to be used for any other purpose or activity at any time. As used in this Agreement, the term "premises" include the grounds surrounding the Approved Location for the Franchised Salon.

8.3.2 You agree to keep the Franchised Salon open and in normal operation for the hours and days that we may periodically specify in the Manual or as we may otherwise approve in writing.

8.4 *Health Standards*. You agree to meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Salon. You must furnish to us, within five (5) days of your receipt, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Franchised Salon.

8.5 *Use of the Marks*. You will require all marketing and promotional materials, signs, decorations, merchandise, paper and packaging (for example, disposable) goods, any and all replacement trade dress products, and other items that we may designate (including uniforms) to bear our then-current Proprietary Marks and logos in the form, color, location, and manner that we have then-prescribed.

8.6 *Operation According to Our Standards*. To insure that the highest degree of quality and service is maintained, you agree to operate the Franchised Salon in strict conformity with such methods, standards, and specifications that we may periodically require in the Manual or otherwise in writing. In this regard, you agree to do all of the following:

8.6.1 You agree to maintain in sufficient supply, and to use and/or sell at all times only the Salon Products and Salon Services that meet our written standards and specifications, and you also agree not to deviate from our standards and specifications by using or offering any non-conforming items without our prior written consent.

8.6.2 You agree: (***a***) to offer only those Salon Services and sell or offer for sale only those Salon Products that we have approved in writing for you to offer and sell at the Franchised Salon; (b) to sell and offer for sale all of the Salon Services and Salon Products approved by us, (c) in providing Salon Services to customers, use only Back-Bar Products and the preparation standards and techniques, that we specify in writing; (d) not to deviate from our standards and specifications, including manner of preparation of Salon Products; (e) to stop selling and offering for sale any Salon Services and/or Salon Products that we at any time disapprove in writing (recognizing that we have the right to do so at any time); and (f) that if you propose to deviate (or if you do deviate) from our standards and specifications, whether or not we have approved the deviation, that deviation shall become our property.

8.6.3 Without limiting Sections 8.6.1 and 8.6.2 above, you agree that: (a) we have the right to designate certain Salon Products as Retail Products and we have the right to limit Retail Products authorized for sale to customer to designated Proprietary Products and/or designated third-party products; (b) we have the right to designate certain Salon Products as Back-Bar Products and we have the right to limit Back-Bar Products that you may use to designated Proprietary Products and/or designated third-party products; (c) you will comply with all specifications and designations that we set forth in the Manual regarding Retail Products and Back-Bar Products, including, without limitation, that you will not offer for resale any products that we have designated as solely Back-Bar Products and will not sell any products that we have not designated as Retail Products.

8.6.4 You agree to permit us, or our agents, at any reasonable time, to remove samples of Salon Products, without payment, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether those samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if we had not previously approved the supplier of the item or if the sample fails to conform to our specifications.

8.6.5 You agree to buy and install, at your expense, all fixtures, furnishings, equipment, decor, and signs as we may specify.

8.6.6 You agree not to install or permit to be installed on or about the premises of the Franchised Salon, without our prior written consent, any fixtures, furnishings, equipment, decor, signs, or other items that we have not previously in writing approved as meeting our standards and specifications.

8.6.7 You agree not to install or permit anyone else to install any vending machine, game or coin operated device, unless we have given you our prior written consent to do so.

8.6.8 You agree to fully and faithfully comply with all applicable governing authorities, laws and regulations, which by this reference are made part of this Agreement as if incorporated in this Agreement. You agree to immediately suspend operation of (and close) the Franchised Salon if: (***a***) any Salon Products sold at the Franchised Salon appears to have been adulterated or otherwise deviates from our standards for Salon Products; (b) any Salon Products sold at the Franchised Salon fail to comply with applicable laws or regulations; and/or (c) you fail to maintain the Salon Products, Franchised Salon premises, equipment, personnel, or operation of the Franchised Salon in accordance with any applicable law or regulations. In the event of such closing, you agree to immediately notify us, in writing, and also destroy all contaminated or adulterated products, eliminate the source of those products, and remedy any unsanitary, unsafe, or other condition or other violation of the applicable law or regulation. You agree not to reopen the Franchised Salon until after we have inspected the Franchised Salon premises, and we have determined that you have corrected the condition and that all Salon Products sold at the Franchised Salon comply with our standards.

8.7 *Entity Franchisee:*

8.7.1 *Corporate Franchisee*. If you are a corporation, then you agree to: (a) confine your activities, and your governing documents shall at all times provide that your activities are confined, exclusively to operating the Franchised Salon; (b) maintain stop transfer instructions on your records against the transfer of any equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Agreement; (c) not issue any voting securities or securities convertible into voting securities; and (d) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us upon request.

8.7.2 *Partnership/LLP Franchisee*. If you are a partnership or a limited liability partnership (LLP), then you agree to: (a) confine your activities, and your governing documents shall at all times provide that your activities are confined, exclusively to operating the Franchised Salon; (b) furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all our your general and limited partners; and (d) consistent with

the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.

8.7.3 *LLC Franchisee*. If you are a limited liability company (LLC), then you agree to: (a) confine your activities, and your governing documents shall at all times provide that your activities are confined, exclusively to operating the Franchised Salon; (b) furnish us with a copy of your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all members and managers in your LLC; and (d) maintain stop transfer instructions on your records against the transfer of equity securities and shall only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

8.7.4 *Guarantees*. Each present and future: (a) shareholder of a corporate Franchisee; (b) member of a limited liability company Franchisee; (c) partner of a partnership Franchisee; and/or (d) partner of a limited liability partnership Franchisee; must jointly and severally guarantee your performance of each and every provision of this Agreement by executing the Guarantee, Indemnification, And Acknowledgment in the form attached to this Agreement as Exhibit B.

8.8 *Quality-Control and Guest Survey Programs.* We may, from time to time, designate an independent evaluation service to conduct a "mystery shopper," "guest survey," and/or similar type, quality-control and evaluation program with respect to Dessange Salons operating in the System. You must participate in such programs as we require, and promptly pay the then-current charges of the evaluation service. If you receive an unsatisfactory or failing report in connection with any such program, you must immediately implement any remedial actions we require and pay us all expenses we incur to have the evaluation service re-evaluate the Franchised Salon (as well as all expenses we may have incurred to inspect the Franchised Salon thereafter) together with any costs or incidental expenses that we incur.

8.9 *Prices*. You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the Salon Services and Salon Products offered and sold under this Agreement. With respect to the sale of all such Salon Services and Salon Products, you will have sole discretion as to the prices to be charged to customers; provided, however, that we will have the right to set maximum or minimum prices on such menu items, products, and services (subject to applicable law, including the rule of reason) for promotion of Salon Services and Salon Products in interbrand competition. If we impose a maximum price on a particular Service or Product, then you may charge any price for that Service and/or Product, up to and including the maximum price we have set. If we impose a minimum price on a particular Service and/or Product, then you may charge any price for that Service and/or Salon Products, down to and including the minimum price that we have set.

8.10 *Environmental Matters*. We are committed to working to attain optimal performance of Dessange Salons with respect to environmental, sustainability, and energy performance. We each recognize and agree that there are changing standards in this area in terms of applicable law, competitors' actions, consumer expectations, obtaining a market advantage, available and affordable solutions, and other relevant considerations. In view

of those and other considerations, as well as the long-term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to environmental, sustainability, and energy for the System through the Manual, and you agree to abide by those standards.

8.11 *Innovations.* You agree to disclose to us all ideas, concepts, methods, techniques and products conceived or developed by you, your affiliates, owners and/or employees during the term of this Agreement relating to the development and/or operation of the Franchised Salon. All such products, services, concepts, methods, techniques, and new information will be deemed to be our sole and exclusive property and works made-for-hire for us. You hereby grant to us (and agree to obtain from your affiliates, owners, employees, and/or contractors), a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques and products in all bar, food service, and entertainment businesses that we and/or our affiliates, franchisees and designees operate. We will have the right to use those ideas, concepts, methods, techniques, and/or products without making payment to you. You agree not to use or allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.

8.12 *Franchisee Advisory Council.* We have the right to create a "**Franchisee Advisory Council**," or similar advisory group, for the purpose of fostering communication among and between franchisees and us, as well as to establish, modify or discuss various policies applicable to Dessange Salons operating under the System. If and when we create a Franchisee Advisory Council, we will have the right to designate the persons who will serve as representatives on the Franchisee Advisory Council.

9 PROPRIETARY MARKS

9.1 *Our Representations*. We represent with respect to the Proprietary Marks that:

9.1.1 Our affiliate Dessange International SAS, a French corporation ("DISAS") owns all right, title, and interest in and to the Proprietary Marks which it has licensed to its affiliate, D.F. Export SAS ("DFX"). We, in turn, have been licensed by DFX to use the Proprietary Marks and to grant licenses to third parties (such as franchisees) to use the Proprietary Marks.

9.1.2 We and/or our affiliates have taken and will take all steps reasonably necessary to preserve and protect the ownership and validity in, and of, the Proprietary Marks.

9.2 *Your Agreement*. With respect to your use of the Proprietary Marks, you agree that:

9.2.1 You will use only the Proprietary Marks that we have designated in writing, and you will use them only in the manner we have authorized and permitted in writing; and all items bearing the Proprietary Marks must bear the then-current logo.

9.2.2 You will use the Proprietary Marks only for the operation of the business franchised under this Agreement and only at the location authorized under this Agreement, or in franchisor-approved marketing for the business conducted at or from that location (subject to the other provisions of this Agreement).

9.2.3 Unless we otherwise direct you in writing to do so, you agree to operate and advertise the Franchised Salon only under the name “Dessange” and “Dessange Paris” without prefix or suffix.

9.2.4 During the term of this Agreement and any renewal of this Agreement, you will identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Salon in conjunction with any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Salon as we may designate in writing. You also agree not to make any reference to us and/or the Proprietary Marks on employment and H.R. documents, including but not limited to applications, pay stubs, payment notices, employment agreements, correspondence with your employees, etc.

9.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights.

9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.

9.2.7 You agree not to use the Proprietary Marks: (a) as part of your corporate or other legal name; (b) or as part of any e-mail address, domain name, social networking site page, or other identification of Franchisee in any electronic medium or in connection with any employment or H.R. documents (including but not limited to employment applications, paychecks, pay stubs, and employment agreements).

9.2.8 You agree to execute any documents that we (or our affiliates) deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

9.2.9 With respect to litigation involving the Proprietary Marks, the parties agree that:

9.2.9.1 You agree to promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks licensed under this Agreement. You acknowledge that we (and/or our affiliates) will have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We (and/or our affiliates) will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

9.2.9.2 If you have used the Proprietary Marks in accordance with this Agreement, then we (and/or our affiliates) will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof. If you have used the Proprietary Marks but not in accordance with this Agreement, then we (and/or our affiliates) will still defend you, but at your expense, against such third

party claims, suits, or demands. You agree to promptly notify us of any suspected unauthorized use of, or any challenge to the validity or ownership of the Proprietary Marks, or our right to use and to license others to use, or your right to use, the Proprietary Marks licensed under this Agreement. You acknowledge that we (and/or our affiliates) have the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Proprietary Marks, including any settlement thereof. We (and/or our affiliates) have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, we (and/or our affiliates) agree to reimburse you for your out-of-pocket litigation costs in doing such acts and things, except that you will bear the salary costs of your employees, and we (and/or our affiliates) will bear the costs of any judgment or settlement. To the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, then you agree to reimburse us (and/or our affiliates, as we may designate in writing) for the cost of such litigation (or, upon our written request, pay our legal fees directly), including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses, as well as the cost of any judgment or settlement.

9.2.9.3 If we (and/or our affiliates) undertake the defense or prosecution of any litigation or other similar proceeding relating to the Proprietary Marks, you agree to sign any and all documents, and do those acts and things that may, in the opinion of our counsel (or our affiliates' counsel), be needed to carry out the defense or prosecution of that matter (including but not limited to becoming a nominal party to any legal action).

9.3 *Your Acknowledgements*. You expressly understand and acknowledge that:

9.3.1 We own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

9.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System.

9.3.3 Neither you nor any of your owners, principals, or other persons acting on your behalf will directly or indirectly contest the validity or our ownership of the Proprietary Marks, nor will you, directly or indirectly, seek to register the Proprietary Marks with any government agency (unless we have given you our express prior written consent to do so).

9.3.4 Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

9.3.5 Any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to our benefit, and upon expiration or termination of this

Agreement and the license granted as part of this Agreement, there will be no monetary amount assigned as attributable to any goodwill associated with your use of our System or of our Proprietary Marks.

9.3.6 The right and license of the Proprietary Marks that we have granted to you under this Agreement is non-exclusive, and we therefore have the right, among other things:

9.3.6.1 To use the Proprietary Marks ourselves in connection with selling and providing Salon Services and Salon Products;

9.3.6.2 To grant other licenses for the Proprietary Marks, in addition to licenses we may have already granted to existing franchisees; and

9.3.6.3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises for those other marks without giving you any rights to those other marks.

9.4 *Change to Marks*. We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Proprietary Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different Proprietary Marks will be beneficial to the System. In such circumstances, your right to use the substituted proprietary marks shall be governed by (and pursuant to) the terms of this Agreement.

10 CONFIDENTIAL OPERATING MANUALS

10.1 *You Agree to Abide by the Manual*. In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you agree to conduct your business in accordance with the Manual, which we will allow you to access for the term of this Agreement for your use only in connection with the Franchised Salon during the term of this Agreement. While the Manual is designed to protect ours and the System's reputation and the goodwill of the Proprietary Marks and System, the Manual is not designed to control the day-to-day operations of the Franchised Salon.

10.2 *Format of the Manual*. We will have the right to provide the Manual in any format we determine is appropriate (including but not limited to paper format and/or by making some or all of the Manual available to you in electronic form, such as through an internet website or an extranet). If at any time we choose to provide the Manual electronically, you must immediately return to us any and all physical copies of the Manual that we have previously provided to you.

10.3 *We Own the Manual*. The Manual shall at all times remain our sole property and you agree to promptly return the Manual when this Agreement expires or if it is terminated.

10.4 *Confidentiality and Use of the Manual*. The Manual contains our proprietary information and you agree to keep the Manual confidential both during the term of this Agreement and after this Agreement expires and/or is terminated. You agree that, at all times, you will

insure that your copy of the Manual will be available at the Franchised Salon premises in a current and up-to-date manner. You agree not to make any unauthorized use, disclosure or duplication of any portion of the Manual. Whenever the Manual is not in use by authorized personnel, you agree to maintain the Manual in a locked receptacle at the premises of the Franchised Salon, and you agree to grant only authorized personnel (as defined in the Manual) access to the key or lock combination of that receptacle.

10.5 *You Agree to Treat Manual as Confidential*. You agree that at all times, you will treat the Manual, any other manuals that we create (or approve) for use in the operation of the Franchised Salon, and the information contained in those materials, as confidential, and you also agree to use your best efforts to maintain such information as secret and confidential. You agree that you will never copy, duplicate, record, or otherwise reproduce the those materials, in whole or in part, nor will you otherwise make those materials available to any unauthorized person.

10.6 *Which Copy of the Manual Controls*. You agree to keep your copy of the Manual only at the Franchised Salon (and as provided in Section 10.4 above) and also to insure that the Manual is kept current and up to date. You also agree that if there is any dispute as to the contents of the Manual, the terms of the master copy of the Manual that we maintain in our home office will be controlling. Access to any electronic version of the Manual shall also be subject to our reasonable requirements with respect to security and other matters, as described in Section 14 below.

10.7 *Revisions to the Manual*. We have the right to revise the contents of the Manual whenever we deem it appropriate to do so, and you agree to make corresponding revisions to your copy of the Manual and to comply with each new or changed standard.

10.8 *Modifications to the System*. You recognize and agree that we may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any such change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques, as if they were part of this Agreement at when we signed this Agreement; provided the financial burden placed upon you is not substantial). You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section and to Section 9 above.

11 CONFIDENTIAL INFORMATION

11.1 *Confidentiality*. You will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised under this Agreement which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You may divulge our confidential information only to those of your employees as must have access to it in order to operate the Franchised Salon. Any and all information, knowledge, know-how, and techniques that we designate as confidential shall be deemed confidential for purposes of this Agreement, except information that you can demonstrate came to your attention before disclosure of that information by us; or which, at or after the time of our disclosure to you, had become

or later becomes a part of the public domain, through publication or communication by others. Any employee who may have access to any confidential information regarding the Franchised Salon shall execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with you. Such covenants shall be on a form that we provide, which form shall, among other things, designate us as a third party beneficiary of such covenants with the independent right to enforce them.

11.2 *Consequences of Breach*. You acknowledge that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all costs (including, without limitation, reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

11.3 *Franchisee-Developed Concepts*. You agree to disclose to us all ideas, concepts, methods, techniques and products conceived or developed by you, your affiliates, owners and/or employees during the term of this Agreement relating to the development and/or operation of the Franchised Salon. You hereby grant to us and agree to obtain from your affiliates, owners or employees, a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques and products in all hair care and/or beauty businesses that we and/or our affiliates, franchisees and designees operate. We will not make any payments to you with respect to any of those ideas, concepts, methods, techniques or products. You agree not to use or allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.

12 ACCOUNTING AND RECORDS

12.1 *Accounting Records*.

12.1.1 With respect to the operation and financial condition of the Franchised Salon, we will have the right to designate, and you agree to adopt, the fiscal year and interim fiscal periods that we decide are appropriate for the System.

12.1.2 You agree to maintain for at least seven (7) years during the term of this Agreement (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed from time to time in the Manual or otherwise in writing, including but not limited to: ***(a)*** daily cash reports; ***(b)*** cash receipts journal and general ledger; ***(c)*** cash disbursements and weekly payroll journal and schedule; ***(d)*** monthly bank statements, daily deposit slips and cancelled checks; ***(e)*** all tax returns; ***(f)*** supplier's invoices (paid and unpaid); ***(g)*** dated daily and weekly cash register journal; ***(h)*** semi-annual fiscal period balance sheets and fiscal period profit and loss statements; ***(i)*** operational schedules and weekly inventory records; ***(j)*** records of promotion and coupon redemption; and ***(k)*** such additional records that we may periodically require you to maintain.

12.1.3 We have the right to specify the accounting software, and a common chart of accounts, and, if we do so, you agree to use that software, as well as that chart of

accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us. We also have the right to require that you maintain other records that we may specify, such as a labor and cost matrix (which will report details such as cost of goods sold, cost of labor, etc.). We have the right to require you to use only an approved bookkeeping service and an approved independent certified public accountant.

12.2 *Financial Statements*.

12.2.1 You agree to provide us, at your expense, and in a format that we have specified, a complete annual financial statement (your "**Annual Financial Statement**") within ninety (90) days after the end of each fiscal year of the Franchised Salon during the term hereof. Your Annual Financial Statement must be prepared according to generally accepted accounting principles, include a fiscal year-end balance sheet, an income statement of the Franchised Salon for that fiscal year reflecting all year-end adjustments, and a statement of changes in your cash flow reflecting the results of operations of the Franchised Salon during the most recently completed fiscal year. You must certify to us, in writing, that your Annual Financial Statement is accurate. If: (a) you do not meet your obligation to provide us with access to your books and records, as well as copies of information such as your tax returns on our request, as specified in this Section 12; (b) you fail to provide us with required reports (such as sales reports) or discontinue access to the POS System; (c) you have underreported sales to us by two percent (2%) or more; and/or (d) failed to pay us the amounts due under this Agreement on time in the amount due; then we will have the right to require you to have your Annual Financial Statement prepared on a review basis by an independent certified public accountant that is reasonably satisfactory to us (however, if you have failed on more than one occasion to meet the foregoing standards, then we will have the right to require that your Annual Financial Statement be prepared on an audited basis by an independent certified public accountant that is reasonably satisfactory to us).

12.2.2 In addition, no later than the fifteenth (15th) day of each month during the term of this Agreement after the opening of the Franchised Salon, you will submit to us, in a format acceptable to us (or, at our election, in a form that we have specified): (a) a fiscal period and fiscal year-to-date profit and loss statement and a quarterly balance sheet (which may be unaudited) for the Franchised Salon; (b) reports of those income and expense items of the Franchised Salon that we periodically specify for use in any revenue, earnings, and/or cost summary we chooses to furnish to prospective franchisees (provided that we will not identify to prospective franchisees the specific financial results of the Franchised Salon); and (c) copies of all state sales tax returns and income tax returns for the Franchised Salon. You must certify as correct and true all reports and information that you submit to us pursuant to this Section 12.2.

12.3 *Additional Information*. You also agree to submit to us (in addition to the Sales Reports required pursuant to Section 4.2 above), for review or auditing, such other forms, reports, records, information, and data as and when we may reasonably designate, in the form and format, and at the times and places as we may reasonably require, upon request and as specified from time to time in the Manual or otherwise in writing, including but not limited

to: *(a)* information in electronic format; *(b)* restated in accordance with our financial reporting periods; *(c)* consistent with our then-current financial reporting periods and accounting practices and standards; and/or *(d)* as necessary so that we can comply with reporting obligations imposed upon us by tax authorities with jurisdiction over the Franchised Salon and/or our company. The reporting requirements of this Section 12.3 shall be in addition to, and not instead of, the electronic reporting required under Section 14 below.

12.4 *Our Right to Inspect Your Books and Records*. We shall have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your books, records, and sales and income tax returns in person or through electronic access (at our option). We will also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that you have understated any payments in any report to us, then this shall constitute a default under this Agreement, and you must immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per Accounting Period (but not more than the maximum rate permitted by law, if any). If we conduct an inspection because you did not timely provide Sales Reports to us, or if an inspection discloses that you understated your sales, in any report to us, by two percent (2%) or more, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connected with the inspection (including but not limited to travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies shall be in addition to any other remedies we may have. We may exercise our rights under this Section 12 directly or by engaging outside professional advisors (for example, a CPA) to represent us.

12.5 *Operational Inspections*. You grant to us and our agents the right to enter upon the Franchised Salon premises at any reasonable time for the purpose of conducting inspections, for among other purposes, preserving the validity of the Proprietary Marks, and verifying your compliance with this Agreement and the policies and procedures outlined in the Manual. You agree to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or from our agents (and without limiting our other rights under this Agreement), you agree to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection.

12.6 *PCI Compliance and Credit Cards*. With respect to your acceptance and processing of customer payments by credit and debit cards, you agree to do all of the following:

12.6.1 You agree to abide by: (a) the Payment Card Industry Data Security Standards ("PCIDSS") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act ("FACTA"); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("Electronic Payment Requirements"). If requested by us or by one of the credit card companies, you shall provide us with evidence of compliance with PCIDSS, FACTA, or applicable Electronic Payment Requirements and provide, or make available, to us copies of an audit, scanning

results or related documentation relating to such compliance. Any costs associated with an audit or to gain compliance with PCIDSS, FACTA or any Electronic Payment Requirements shall be borne by you. If you know or suspect a security breach, you must immediately notify us. You will promptly identify and remediate the source of any compromise or security breach. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of the Franchised Salon.

12.6.2 You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Credit Card Vendors**") that we may periodically designate as mandatory. The term "Credit Card Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet").

12.6.3 You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.

12.6.4 We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

12.6.5 You agree to comply with all of our policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (we may set these requirements in the Manual).

12.6.6 You agree to comply with our requirements concerning data collection and protection, as specified in Section 14 below.

12.7 *Gift Cards and Incentive Programs*. You agree to offer for sale, and to honor for purchases by customers, all gift cards and other incentive or convenience programs that we may periodically institute, or that you may offer, subject to our prior written approval; and you agree to do all of those things in compliance with our standards and procedures for such programs.

13 MARKETING

13.1 *Marketing Contribution*. We do not currently charge a marketing fee or contribution, but we encourage you to spend your own funds on local advertising and promotion, subject to this Section 13.

13.2 *Standards*. All of your local marketing and promotion must: (***a***) be in the media, and of the type and format, that we may approve; (***b***) be conducted in a dignified manner; and (***c***) conform to the standards and requirements that we may specify. You agree not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior written approval, as specified in Section 13.4 below.

13.3 *Materials Available for Purchase*. We will make available to you from time to time, at your expense, marketing plans and promotional materials, including the "Dessange Paris" online magazine, collections (consisting of various elements, including but not limited to photographs, displays, videos, and other materials), coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing and promotion. Among other things, you agree to: (a) include a QR code for the "Dessange Paris" online magazine in your Dessange Salon; and (b) purchase and display the collection materials in the manner and quantity that we may reasonably require.

13.4 *Our Review and Right to Approve All Proposed Marketing*. For all proposed advertising, marketing, and promotional plans, you shall submit to us samples of such plans and materials (by means described in Section 24 below), for our review and prior written approval. If you have not received our written approval within fourteen (14) days after we have received those proposed samples or materials, then we will be deemed to have disapproved them. You acknowledge and agree that any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property, and you agree to sign such documents (and, if necessary, require your employees and independent contractors to sign such documents) that we deem reasonably necessary to give effect to this provision. We have the right to create, place, and/or distribute or authorize others to create place and/or distribute any advertising and promotional materials which may appear in media or be received by prospective customers located within the Protected Territory.

13.5 *Grand Opening Marketing Program*. We do not currently require, but encourage you to conduct a grand opening marketing and promotional program in conjunction with the Franchised Salon's initial grand opening, pursuant to a grand opening marketing plan that you develop and that we approve in writing. Additionally, we do not require that you spend a minimum of the amount for grand opening advertising, but we encourage you to spend on initial advertising during the period thirty (30) days prior to opening of the Franchised Salon until ninety (90) days after the Franchised Salon commences operation, subject to the provisions of Section 13.4 above. For the purpose of this Agreement, such grand opening marketing shall be considered local marketing and promotion, as provided under Section 13.7 below.

13.6 *Additional Marketing Expenditure Encouraged*. You understand and acknowledge that the required contributions and expenditures are minimum requirements only, and that you may (and we encourage you to) spend additional funds for local marketing and promotion of a local nature, which will focus on disseminating marketing directly related to the Franchised Salon.

13.7 *Local Marketing and Promotion*. In addition to and not instead of the Marketing Contribution, we encourage (but do not require) that you spend up to two percent (2%) of the annual Gross Sales of the Franchised Salon on local marketing and promotion for the Franchised Salon.

13.8 *Rebates*. You acknowledge that periodic rebates, give-aways and other promotions and programs will, if and when we adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in reasonable rebates, give-aways,

marketing programs, and other promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.

13.9 *Considerations as to Charitable Efforts*. You acknowledge and agree that certain associations between you and/or the Franchised Salon and/or the Proprietary Marks and/or the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the good will associated with the Proprietary Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions that are, or which may be perceived by the public to be, taken in the name of, in connection or association with you, the Proprietary Marks, the Franchised Salon, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.

14 TECHNOLOGY

14.1 *Computer Systems and Software.* With respect to computer systems and required software:

14.1.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Dessange Salons, and in accordance with our standards, including without limitation: ***(a)*** back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at, between or among Dessange Salons, and between and among the Franchised Salon, and you, and us; ***(b)*** POS Systems (defined in Section 14.7 below); ***(c)*** physical, electronic, and other security systems and measures; ***(d)*** printers and other peripheral devices; ***(e)*** archival back-up systems; ***(f)*** internet access mode (e.g., form of telecommunications connection) and speed; ***(g)*** front-of-the-house WiFi and other internet service for customers; and ***(h)*** electronic systems for collecting and processing customers' scheduling requests (collectively, all of the above are referred to as the "**Computer System**").

14.1.2 We will have the right, but not the obligation, to develop or have developed for our needs, or to designate: ***(a)*** computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), which you will install; ***(b)*** updates, supplements, modifications, or enhancements to the Required Software, which you will install; ***(c)*** the tangible media upon which such you will record data; and ***(d)*** the database file structure of your Computer System.

14.1.3 You agree to install and use the Computer System and Required Software at your sole expense.

14.1.4 You agree to implement and periodically make upgrades and other changes at your expense to the Computer System and Required Software as we may reasonably request in writing (collectively, "**Computer Upgrades**").

14.1.5 You agree to comply with all specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You agree to also afford us unimpeded access to your Computer System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.

14.1.6 You must enter into appropriate agreements with vendors of the Computer System and Required Software, and pay those vendors according to the terms of those arrangements.

14.1.7 To the extent that our required, recommended or approved software establishes recommendations or prescriptions for employee scheduling, payroll or other aspects of the relationship between you and your employees, you are not required to follow such recommendations or prescriptions.

14.2 *Data*. All data you collect or, create, provide, or otherwise develop on your Computer System, whether or not uploaded to our system from your system, and/or downloaded from your system to our system, is and will be owned exclusively by us, and we will have the right to access, download, and use such data in any manner that we deem appropriate without compensation to you. All other data that you create or collect in connection with the System, and in connection with your operation of the Franchised Salon (including but not limited to customer and transaction data), is and will be owned exclusively by us during the term of, and following termination or expiration of, this Agreement. You agree to transfer to us all data that we do not automatically collect upon our request. We hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and solely for your use in connection with the operating the Franchised Salon under the System. You acknowledge and agree that except for the right to use the data under this clause, you will not develop or have any ownership rights in or to the data. Upon termination, expiration, and/or transfer of this Agreement and/or the Franchised Salon, you agree to provide us with all data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly upon our request.

14.3 *Data Requirements and Usage*. We may periodically specify in the Manual or otherwise in writing the information that you will collect and maintain on the Computer System installed at the Franchised Salon, and you will provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Salons (including, without limitation, data pertaining to or otherwise about Franchised Salon customers) is and shall be our exclusive property, and we hereby grant a royalty-free non-exclusive license to you to use said data during the term of this Agreement. In connection with any use of data in the Franchised Salon:

14.3.1 You agree to comply with all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("**Privacy Laws**").

14.3.2 You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy

Laws and actual applicable law, you will: ***(a)*** comply with the requirements of applicable law; ***(b)*** immediately give us written notice of said conflict; and ***(c)*** promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law.

14.3.3 You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

14.4 *Extranet*. You agree to comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet and/or such other computer systems as we may reasonably require. The term "**Extranet**" means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet (even if it is referred to as an "intranet").

14.5 *Participation in the Extranet*. We have the right (but not the obligation) to establish and maintain an Extranet. If we do establish an Extranet, then you agree to use the Extranet and comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to and using the Extranet in connection with the operation of the Franchised Salon. The Extranet may include, without limitation, the Manual, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You will purchase and maintain such computer software and hardware (including but not limited to telecommunications capacity) as may be required to connect to and utilize the Extranet.

14.6 *No Separate Online Sites*. Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish an Online Site relating in any manner whatsoever to the Franchised Salon or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social networking sites (e.g., Facebook, Instagram, Twitter, LinkedIn, Google Plus, Pintarest, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., iPad or Droid apps), and other applications, etc. However, if we give you our prior written consent for you to have a separate Online Site (which we are not obligated to approve), then each of the following provisions shall apply:

14.6.1 You specifically acknowledge and agree that any Online Site owned or maintained by or for the benefit of you will be deemed "marketing" under this Agreement, and will be subject to (among other things) our approval under Section 13.4 above.

14.6.2 You will not establish or use any Online Site without our prior written approval.

14.6.3 Before establishing any Online Site, you agree to submit to us, for our prior written approval, a sample of the proposed Online Site name (e.g., domain name), format, visible content (including, without limitation, proposed screen shots), and non-

visible content (including, without limitation, meta tags) in the form and manner we may reasonably require;

14.6.4 You agree not to use or modify such Online Site without our prior written approval as to such proposed use or modification.

14.6.5 In addition to any other applicable requirements, you agree to comply with the Standards and specifications for Online Sites that we may periodically prescribe in the Manual or otherwise in writing (including, but not limited to, requirements pertaining to designating us as the sole administrator or co-administrator of the Online Site).

14.6.6 If we require you to do so, you will establish such links to our Online Site and others as we may request in writing.

14.6.7 If we require you to do so, you must make weekly or other periodic updates to our Online Site to reflect information regarding specials and other promotions at the Franchised Salon.

14.6.8 We may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf.

14.7 *POS Systems*. You agree to record all sales on computer-based point of sale systems that we designate in the Manual or otherwise in writing ("**POS Systems**"), which shall be deemed part of your Computer System. You agree to utilize computer-based point-of-sale cash registers which are fully compatible with any program or system (which we shall have the right to require) and you agree to record all Gross Revenues and all sales information on such equipment. You agree to pay vendors of the POS Systems (including us and/or our affiliates, if that is the case) for fees required according to the terms of your arrangements with such vendors for the POS Systems.

14.8 *Telephone Service*. You agree to use the telephone service for the Franchised Salon that we may require, which may be one or more centralized vendors that we designate for that purpose. You agree that we may designate, and own, the telephone numbers for the Franchised Salon. You also agree to sign the Conditional Assignment and Power Of Attorney for Telephone Numbers and Listings that is attached to this Agreement as Exhibit I.

14.9 *Electronic Identifiers; E-Mail*. You must not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address domain name, and/or other identification of you in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media (including text messages) without first obtaining our written consent as to: (a) the content of such e mail or other electronic media (including text messages) advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any laws pertaining to sending e-mails, text messages, and other electronic communications including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003") and the federal Telephone Consumer Protection Act.

14.10 *Outsourcing*. You agree not to hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may provide. The provisions of this section are in addition to and not instead of any other provision of this Agreement.

14.11 *Online Customer Scheduling*. We have the right to require you to participate in our electronic system for collecting and processing customers' scheduling requests for Salon Services and Salon Products, whether through our website, telephony, or some other means, and you agree to pay the vendor's then-current charges in connection with use of that system. We also have the right to designate ourselves or an affiliate as the vendor to operate the online customer scheduling system.

14.12 *Changes*. Each party to this Agreement acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to comply with those reasonable new standards that we establish as if we periodically revised this Section 14 for that purpose.

14.13 *E-Mail and Fax Communication*. You acknowledge and agree that exchanging information with us by e-mail, text messages, and fax (and other electronic means) is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of e-mail, text messaging, and faxes (and other electronic means) for communicating as part of the economic bargain underlying this Agreement. To facilitate the use of e-mail and fax (and other electronic means) to exchange information:

14.13.1 you authorize us (and our vendors, affiliates, and their respective employees) to send e-mails, text messages, faxes, and other electronic messages to you and your employees on matters pertaining to the Franchised Salon during the term of this Agreement; and

14.13.2 you agree to use only the e-mail address that we designate (or provide to you) for official communication with respect to the Franchised Salon; and

14.13.3 we also agree that the consent given in this section shall not apply to the provision of notices by either party under this Agreement using e-mail (and other electronic means) unless the parties specifically have agreed otherwise in a pen-and-paper writing signed by both parties.

15 INSURANCE

15.1 *Insuror*. Before commencing any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required under this Agreement for events having occurred during the Term of this Agreement), at your

expense, the following insurance policy or policies in connection with the Franchised Salon or other facilities on premises, or by reason of the construction, operation, or occupancy of the Franchised Salon or other facilities on premises. Such policy or policies shall be written by an insurance company or companies we have approved, having at all times a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Franchised Salon is located, and shall include, at a minimum (except that we may reasonably specify additional coverages and higher policy limits for all franchisees from time to time in the Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances), the following:

15.1.1 Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of not less than Two Million Dollars ($2,000,000) in the aggregate and One Million Dollars ($1,000,000) per occurrence.

15.1.2 Statutory workers' compensation insurance and employer's liability insurance for a minimum limit of at least One Million Dollars ($1,000,000), as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Franchised Salon is located. If leasing employees, such policy shall contain an "Alternate Employer Endorsement" including us as the "alternate employer."

15.1.3 Commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages (including, without limitation, comprehensive general liability, workers' compensation, and property insurance) to not less than Four Million Dollars ($4,000,000) total limit of liability. Any combination of the commercial umbrella liability insurance and primary underlying coverage is permitted provided that the Four Million Dollars ($4,000,000) total limit of liability required in the previous sentence is satisfied. Such umbrella liability will provide at a minimum those coverages and endorsements required in the underlying policies described in this Section 15.1.

15.1.4 Property insurance providing coverage for direct physical loss or damage to real and personal property for all-risk perils (if available including the perils of flood and earthquake). Appropriate coverage shall also be provided for boiler and machinery exposures and business interruption/extra expense exposures. The policy or policies shall value property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance shall not be less than ninety percent (90%) of the full replacement value of the Franchised Salon, its furniture, fixtures, equipment, and stock (real and personal property). Any deductibles contained in such policy shall be subject to review and our approval. You shall also obtain any other insurance coverage as may be required by the lease for the premises of the Franchised Salon.

15.1.5 Business interruption insurance to cover at least franchisee's obligations with respect to leases, royalties, fixed costs, and other recurring expenses for a period of not less than six (6) months following an interruption to the business' operation.

15.1.6 Any other insurance coverage that is required by federal, state, or municipal law.

15.2 *Endorsements*. All policies listed in Section 15.1 above (unless otherwise noted below) shall contain such endorsements as shall, from time to time, be provided in the Manual. All policies shall waive subrogation as between us (and our insurance carriers) and you (and your insurance carriers).

15.3 *Notices to us*. In the event of cancellation, material change, or non-renewal of any policy, sixty (60) days' advance written notice must be provided to us in the manner provided in Section 24 below.

15.4 *Construction Coverages*. In connection with all significant construction, reconstruction, or remodeling of the Franchised Salon during the term of this Agreement, you must require the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in the Manual, all written by insurance or bonding companies that we have approved, having a rating as set forth in Section 15.1 above.

15.5 *Other Insurance Does Not Impact your Obligation*. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that we may maintain, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 21.4 below. Additionally, the requirements of this Section 15 shall not be reduced, diminished, eroded, or otherwise affected by insurance that you carry (and/or claims made under that insurance) for other businesses, including, but not limited to, other Dessange Salons operated by you (and/or your affiliates) under the System.

15.6 *Additional Named Insured*. All public liability and property damage policies shall list us as an additional named insured, and shall also contain a provision that we, although named as an insured, shall nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents, or employees by reason of the negligence of you or your servants, agents, or employees. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors or omissions of us and our respective officers, directors, partners, members, affiliates, subsidiaries and employees ("Additional Insured Parties). You shall maintain such additional insured status for the Additional Insured Parties on your public liability and property damage policies continuously during the term of this Agreement.

15.7 *Certificates of Insurance*. At least thirty (30) days before the time you are first required to carry any insurance under this Agreement, and from then on, at least thirty (30) days before the expiration of any such policy, you agree to deliver to us certificates of insurance evidencing the proper coverage with limits not less than those required under this Agreement. All certificates shall expressly provide that we will receive at least thirty (30)

days' prior written notice if there is a material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Additional certificates evidencing the insurance required by Section 15.1 above must name us, and each of our affiliates, directors, agents, and employees, as additional insured parties, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions for which such certificates evidence coverage.

15.8 *Proof of Coverage*. In addition to your obligations under Section 15.7 above, on the first anniversary of the Effective Date, and on each subsequent anniversary of the Effective Date, you agree to provide us with proof of insurance evidencing the proper coverage with limits not less than those required under this Agreement, in such form as we may reasonably require.

15.9 *Coverages are Minimums*. You acknowledge and agree that the specifications and coverage requirements in this Section 15 are minimums, and that we recommend that you review these with your own insurance advisors to determine whether additional coverage is warranted in the operation of the Franchised Salon.

15.10 *Changes*. We will have the right, from time to time, to make such changes in minimum policy limits and endorsements as we may determine are necessary or appropriate; provided, however, all changes shall apply to all of our franchisees who are similarly situated.

16 TRANSFER OF INTEREST

16.1 *By Us*. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.

16.2 *Your Principals*. If you are an entity, then each party that directly or indirectly holds any interest whatsoever in you (each, a "**Principal**"), and the interest that each Principal directly or indirectly holds in you, is identified in Exhibit C to this Agreement. You represent and warrant to us that your owners are accurately set forth on Exhibit C to this Agreement, and you also agree not to permit the identity of those owners, or their respective interests in you, to change without complying with this Agreement. We will have the right to designate any person or entity which owns a direct or indirect interest in you as a Principal, and Exhibit C shall be so amended automatically upon written notice thereof to you.

16.3 *Principals*. We will have a continuing right to designate as a Principal any party that owns a direct or indirect interest in you.

16.4 *By You*. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or your Principals') business skill, financial capacity, and personal character. Accordingly:

16.4.1 Without our prior written consent, neither you nor any successor to any part of your interest in this Agreement, nor any Principal, nor any other party that directly or

indirectly owns any interest in this Agreement, in you, and/or in the Franchised Salon, may sell, assign, transfer, convey, pledge, encumber, merge, create a security interest in, and/or give away (collectively, "**transfer**") any direct or indirect interest in this Agreement, in you, in any or all of your rights or obligations under this Agreement, and/or in all or substantially all of the assets of the Franchised Salon. Any purported assignment or transfer not having our prior written consent as required by this Section 16 shall be null and void and shall also constitute a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure, pursuant to Section 17.2.5 below.

16.4.2 If you are an entity (other than a partnership or a limited liability partnership), then you agree that: (***a***) you will not issue any voting securities or interests, or securities or interests convertible into voting securities, without our prior written consent; and (***b***) the recipient of any such securities shall become a Principal under this Agreement, if we designate them as such.

16.4.3 If you are a partnership or limited liability partnership, then the partners of that partnership shall not, without our prior written consent, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner in such a partnership shall automatically be deemed to be a Principal.

16.4.4 Principals shall not, without our prior written consent, transfer, pledge or otherwise encumber their interest in you.

16.5 *Transfer Conditions*. We will not unreasonably withhold any consent required by Section 16.4 above; provided, that if you propose to transfer your obligations under this Agreement or any material asset, or if any party proposes to transfer any direct or indirect interest in you, then we will have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed transfer:

16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us, and/or our respective affiliates, and federal, state, and local laws and rules.

16.5.2 The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in you; and, if your obligations were guaranteed by the transferor, the Principal shall guarantee the performance of all such obligations in writing in a form satisfactory to us

16.5.3 The proposed new Principals (after the transfer) must meet our educational, managerial, and business standards; each shall possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Salon, as may be evidenced by prior related business experience or

otherwise; and have adequate financial resources and capital to operate the Franchised Salon.

16.5.4 We will have the right to require that you execute, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and such other ancillary agreements that we may require for the business franchised under this Agreement, and those agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty and marketing fee.

16.5.5 If we so request, then you, at your expense, must conduct Facilities Remodeling to conform to the then-current standards and specifications of new Dessange Salons then-being established in the System, and you must complete the upgrading and other requirements specified above in Section 5.10 within the time period that we specify;.

16.5.6 You must pay in full all of your monetary obligations to us and our affiliates, whether under this Agreement or otherwise, and you must not be otherwise in default of any of your obligations under this Agreement (including but not limited to your reporting obligations).

16.5.7 The transferor shall remain liable for all of the obligations to us in connection with the Franchised Salon that arose before the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments that we reasonably request to evidence such liability.

16.5.8 A Principal of the transferee whom we designate to be a new Managing Member, and those of the transferee's Highly Trained Personnel as we may require, shall successfully complete (to our satisfaction) all training programs that we require upon such terms and conditions as we may reasonably require (and while we will not charge a fee for attendance at such training programs, the transferee shall be responsible for the salary and all expenses of the person(s) that attend training).

16.5.9 You agree to pay us a transfer fee in an amount equal to the greater of: (a) twenty five percent (25%) of our then-current initial franchise fee that we are charging to new franchisees under the System at the time of your transfer; or (b) Fifteen Thousand Dollars ($15,000). The transfer fee is to compensate us for our legal, accounting, training, and other expenses incurred in connection with the transfer.

16.5.10 The transferor must acknowledge and agree that the transferor shall remain bound by the covenants contained in Section 19 below.

16.6 *Right of First Refusal*. If you or any of your Principals wish to accept any *bona fide* offer from a third party to purchase you, any of your material assets, or any direct or indirect interest in you, then all of the following shall apply:

16.6.1 You (or the Principal who proposes to sell his/her interest) shall promptly notify us in writing of the offer and provide to us the information and documentation relating

to the offer that we may require. We will have the right and option, exercisable within thirty (30) days after we have received all such information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms and conditions offered by the third party. After exercising our right, we will also have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on such purchase shall occur within thirty (30) days from the date of notice to the seller of the election to purchase by us.

16.6.2 Any material change in the terms of the offer before closing shall constitute a new offer subject to our same rights of first refusal (as set forth in this Section 16.6) as in the case of the third party's initial offer. If we do not exercise the option afforded by this Section 16.6 that shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer.

16.6.3 If the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one (1) independent appraiser, then we shall promptly designate an independent appraiser and you shall promptly designate another independent appraiser and those two (2) appraisers shall, in turn, promptly designate a third appraiser; and all three (3) appraisers shall promptly confer and reach a single determination, which determination shall be binding upon both you and us. The cost of any such appraisal shall be shared equally by both parties.

16.6.4 If we exercise our rights under this Section 16.6, then we will have the right to set off all amounts due from you, including but not limited to one-half (½) of the cost of the appraisal, if any, specified in Section 16.6.3 against any payment to you.

16.7 *Death or Incapacity*. If you or any Principal dies or becomes incapacitated, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, we will not impose a transfer fee for such a transfer, so long as you reimburse us for any out-of-pocket expenses that we incur in reviewing and/or documenting a transfer under this Section 16.7).

16.7.1 In addition, if the deceased or incapacitated person is the Managing Member, we will have the right (but not the obligation) to take over operation of the Franchised Salon until the transfer is completed and to charge a reasonable management fee for our services.

16.7.2 For purposes of this section, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: (a) for a period of thirty (30) or more consecutive days; or (b) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.5, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement.

16.7.3 If an interest is not disposed of under this section within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2 below.

16.8 *Consent to Transfer*. Our consent to a transfer that is the subject of this Section 16 shall not constitute a waiver of any claims that we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

16.9 *No Transfers to a Non-Franchisee Party to Operate a Similar Business*. You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of the Franchised Salon to a third party who will operate a similar business at the Approved Location but not under the System and the Proprietary Marks, and not under a franchise agreement with us.

16.10 *Bankruptcy Issues*. If you or any person holding any interest (direct or indirect) in you become a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you will be subject to all of the terms of this Section 16, including without limitation the terms of Sections 16.4, 16.5, and 16.6 above.

16.11 *Securities Offers*. All materials for an offering of stock or partnership interests in you or any of your affiliates that are required by federal or state law shall be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to us for such review before their use. You agree that: (***a***) no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; (***b***) our review of any offering shall be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and (***c***) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above. You (and the offeror if you are not the offering party), your Principals, and all other participants in the offering must fully indemnify us, our subsidiaries, affiliates, successor, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in connection with the offering. For each proposed offering, you agree to pay us a non-refundable fee of Seven Thousand Five Hundred Dollars ($7,500) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. You agree to give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 16.11 commences.

Any such offering shall be subject to all of the other provisions of this Section 16, including without limitation the terms set forth in Sections 16.4, 16.5, 16.6; and further, without limiting the foregoing, it is agreed that any such offering shall be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed. You must also, for the remainder of the term of the Agreement, submit to us for our prior review and approval all additional securities documents you are required to prepare and file in connection with any offering of stock or partnership interests. You must reimburse us for our reasonable costs and expenses we incur in connection with our review of those materials.

17 DEFAULT AND TERMINATION

17.1 *Automatic*. If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and all rights granted in this Agreement shall automatically terminate without notice to you: (***a***) if you will become insolvent or makes a general assignment for the benefit of creditors; (***b***) if you file a petition in bankruptcy or such a petition is filed against and not opposed by you (to the extent permitted under the U.S. Bankruptcy Code); (***c***) if you are adjudicated bankrupt or insolvent (to the extent permitted under the U.S. Bankruptcy Code); (***d***) if a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you; (***e***) if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (***f***) if proceedings for a composition with creditors under any state or federal law is instituted by or against you; (***g***) if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); (***h***) if you are dissolved; or if execution is levied against your business or property; (***i***) if suit to foreclose any lien or mortgage against the Franchised Salon premises or equipment is instituted against you and not dismissed within thirty (30) days; and/or (***j***) if the real or personal property of the Franchised Salon shall be sold after levy thereupon by any sheriff, marshal, or constable.

17.2 *With Notice.* If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you (in the manner set forth under Section 24 below):

17.2.1 If you fail to construct and open the Franchised Salon within the time limits provided in Sections 5 and 8.2 above, and within the requirements stated in Sections 5 and 8.2.4 above;

17.2.2 If you at any time cease to operate or otherwise abandon the Franchised Salon for two (2) consecutive business days (during which you are otherwise required to be open, and without our prior written consent to do so), or lose the right to possession of the premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Salon is located (however, if through no fault of yours, the premises are damaged or destroyed by an event such that you cannot complete repairs or reconstruction within ninety (90) days thereafter, then you will have thirty (30) days after such event in which to apply for our approval to relocate

and/or reconstruct the premises, which approval we shall not unreasonably withhold);

17.2.3 If you or any of your Principals are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;

17.2.4 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Salon;

17.2.5 If you or any of your Principals purport to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 above;

17.2.6 If you fail to comply with the covenants in Section 19.3 below, or fail to timely obtain execution of the covenants required under Section 19.8 below;

17.2.7 If, contrary to the terms of Sections 9 or 10 above, you disclose or divulge the contents of the Manual or other confidential information that we provide to you;

17.2.8 If an approved transfer of an interest in you is not completed within a reasonable time, as required by Section 16.7 above;

17.2.9 If you knowingly maintain false books or records, or submit any false reports (including, but not limited to, information provided as part of your application for this franchise) to us;

17.2.10 If you use any product that we have not approved or not designated as a Product for use and/or sale in the manner you used such product, including, without limitation improperly using or selling an item as a Retail Product or Back-Bar Product if we had not designated or approved that item in writing for such purpose;

17.2.11 If you offer or sell services and/or products that we have not previously approved, or purchase any product from a supplier that we have not previously approved, or if you sell any Proprietary Items anywhere other than from the Franchised Salon or sell any Proprietary Items that are not authorized for sale at retail;

17.2.12 If you commit three (3) or more defaults under this Agreement in any fifty-two (52) Week period, whether or not each such default has been cured after notice (including but not limited to failure to make payments and failure to maintain your ACH (or other) bank account from which we will debit payments);

17.2.13 If you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice;

17.2.14 If we discover that you made a material misrepresentation or omitted a material fact in the information that you provided to us in connection with our decision to enter into this Agreement

17.2.15 You interfere with our relations with third parties and the ability to operate, and/or grant franchises under our System.

17.2.16 If you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Principals use the Proprietary Marks in a manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Principals directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so.

17.3 *With Notice and Opportunity to Cure*.

17.3.1 If you are in default of any obligations under this Agreement to make any payments to us or as we may direct (including, without limitation, payment of Royalty Fees and Marketing Contributions), we may terminate this Agreement by giving you written notice of termination (in the manner set forth under Section 24 below) stating the nature of the default at least ten (10) days before the effective date of termination; provided, however, that you may avoid termination by immediately paying to us all amounts owed within the ten (10) day period. If any such default is not cured within the specified time (or such longer period as applicable law may require), then this Agreement shall terminate without further notice to you effective immediately upon the expiration of the ten (10) day period or such longer period as applicable law may require.

17.3.2 Except as otherwise provided above in Sections 17.1, 17.2 and 17.3.1 above, if you are in default of your obligations under this Agreement, we may only terminate this Agreement by giving you written notice of termination (in the manner set forth under Section 24 below) stating the nature of the default at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof of the cure to us, all within the thirty (30) day period. If any such default is not cured within the specified time (or such longer period as applicable law may require), then this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

17.3.3 If you are in default under the terms of any other franchise agreement or other agreement between you (and/or your affiliates) and us (and/or our affiliates), that will also constitute a default under Section 17.3.2 above.

17.4 *Bankruptcy*. If, for any reason, the Agreement is not terminated pursuant to this Section 17, and the Agreement is assumed, or assignment of the same to any person or entity who has made a *bona fide* offer to accept an assignment of the Agreement is contemplated, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: (i) the name and address of the proposed assignee; and (ii) all of the terms and conditions of the proposed assignment and assumption, shall be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of the Agreement; and, in any event, within ten (10)

days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will thereupon have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of the Agreement to us upon the same terms and conditions, and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions which may be payable by you out of the consideration to be paid by such assignee for the assignment of the Agreement.

17.5 *Our Rights Instead of Termination*. If we are entitled to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, we will also have the right to take any lesser action instead of terminating this Agreement, including but not limited to terminating, modifying, or eliminating completely, the Protected Territory described in Section 1.3 above.

17.6 *Reservation of Rights under Section 17.5*. If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 17.5 above, such action shall be without prejudice to our right to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

17.7 *Damages*. You will pay us all damages, costs, and expenses (including but not limited to reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we may have).

18 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you shall immediately terminate, and:

18.1 *Cease Operation*. You agree to: (***a***) immediately stop operating the Franchised Salon; (***b***) never directly or indirectly represent to the public that you are a present or former franchisee of ours; (***c***) never directly or indirectly represent to the public that you had any association with the Proprietary Marks, the Salon Products, the Salon Services, our company, or and/or our affiliates; and (***d***) refrain from soliciting, interfering, or attempting to interfere with us and/or our affiliates' relationships with any customers, vendors, or consultants.

18.2 *Stop Using Marks and Intellectual Property*. You agree to immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, the mark "**Dessange Paris**" and any and all other Proprietary Marks, distinctive forms, slogans, signs, symbols, and devices associated with the System, and any and all other intellectual property associated with the System. Without limiting the foregoing, you agree to stop making any further use of any and all signs, marketing materials, displays, stationery, forms, and any other articles that display the Proprietary Marks.

18.3 *Cancel Assumed Names*. You agree to take such action as may be necessary to cancel any assumed name or equivalent registration which contains the marks "**Dessange Paris**", "**Dessange**", and any and all other Proprietary Marks, and/or any other service mark or trademark of ours, and you will give us evidence that we deem satisfactory to provide that you have complied with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 *Premises*. We will have the right to require you to assign to us any interest that you (and/or your affiliates) may have in the lease or sublease for the ground upon which the Franchised Salon is operated and/or for the building in which the Franchised Salon is operated.

18.4.1 If we do not elect or if we are unable to exercise any option we may have to acquire the lease or sublease for the premises of the Franchised Salon, or otherwise acquire the right to occupy the premises, you will make such modifications or alterations to the premises operated under this Agreement (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Dessange Salons, and shall make such specific additional changes thereto as we may reasonably request for that purpose. In addition, you will cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other print and online identifiers, whether or not authorized by us, that you have while operating the Franchised Salon, and shall promptly execute such documents or take such steps necessary to remove reference to the Franchised Salon from all trade or business telephone directories, including "yellow" and "white" pages and online directories, or at our request transfer same to us.

18.4.2 If you fail or refuse to comply with all of the requirements of this Section 18.4, then we (or our designee) shall have the right to enter upon the premises of the Franchised Salon, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your cost, which expense you agree to pay upon demand.

18.5 *No Use of the Marks in Other Businesses*. You agree, if you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks. You further agree not to use, in any manner whatsoever, any designation of origin, description, trademark, service mark, or representation that suggests or implies a past or present association or connection with us, the System, the Salon Products, and/or the Proprietary Marks.

18.6 *Pay All Sums Due*. You agree to promptly pay all sums owing to us and our affiliates (regardless whether those obligations arise under this Agreement or otherwise). In the event of termination for any of your defaults, those sums shall include all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of the default.

18.7 *Pay Damages*. You agree to pay us all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18.

18.8 *Return Confidential Information*. You agree to immediately return to us the Manual and all other manuals, records, and instructions containing confidential information (including, without limitation, any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property.

18.9 *Our Option to Buy Your Assets*. We will have the right (but not the obligation), which we may exercise at any time within thirty (30) days after expiration, termination, or default under the prime lease, to buy from you any or all of your furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of the Franchised Salon, at the lesser of your cost or fair market value. The parties agree that "cost" shall be determined based upon a five (5) year straight-line depreciation of original costs. For equipment and fixtures that are five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost. If we elect to exercise any option to purchase provided in this Section 18.9, we shall have the right to set off all amounts due from you.

18.10 *Right to Enter and Continue Operations*. In order to preserve the goodwill of the System following termination, we (or our designee) shall have the right to enter the Franchised Salon (without liability to you, your Principals, or otherwise) for the purpose of continuing the Franchised Salon's operation and maintaining the goodwill of the business.

18.11 *Lost Future Royalties*. If we terminate this Agreement based on your default, or if you abandon or otherwise ceases to operate the Franchised Salon, you agree to pay to us, as liquidated damages, an amount calculated as follows: (***a***) the average of your monthly Royalty Fees that are due under this Agreement for the twelve (12) months immediately before your abandonment or our delivery of the notice of default (or, if you have been operating for less than 12 months, the average of your monthly Royalty Fees for the number of months you have operated the Franchised Salon); (***b***) multiplied by the lesser of 36 or the number of months remaining in the then-current term of this Agreement under Section 2.

19 COVENANTS

19.1 *Full Time Efforts*. You agree that during the term of this Agreement, except as we have otherwise approved in writing, you (or the Managing Member) shall devote full time, energy, and best efforts to the management and operation of the Franchised Salon.

19.2 *Understandings*.

19.2.1 You acknowledge and agree that: **(a)** pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(b)** the

System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; **(c)** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our system if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and **(e)** restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities. You further acknowledge that any appropriation or duplication of any part or all of the System for any use or purpose other than for the operation of a franchised Dessange Salon will impair the value of our business and the Marks, as well as the value of the franchises granted to other franchisees.

19.2.2 As used in this Section 19, the term "**Competitive Business**" means a retail business that sells or offers hair styling, hair coloring, and/or related hair care or beauty care services or products, spa services and products or any other services or products that are substantially similar to those offered in the System.

19.3 *In-Term Covenant Not to Compete or Engage in Injurious Conduct.* Accordingly, you covenant and agree that, during the term of this Agreement, and any renewal or extensions, you and your shareholders, members, partners, guarantor(s), officers and directors will not, directly or indirectly, on their own account or as an employee, agent, consultant, partner, officer, director, member or shareholder of any other person, firm, entity, partnership or corporation, own, lease, operate, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in a Competitive Business; provided, however, that this restriction will not apply to any salon operated or franchised by a company under common ownership with us. You further agree that, during the term of this Agreement, you and your shareholders, members, partners, guarantors, officers and directors will not solicit, interfere, or attempt to interfere with us or our affiliates' relationships with any customers, vendors, or consultants.

You agree not to (and to use your best efforts to cause your current and former shareholders, members, officers, directors, principals, agents, partners, employees, independent contractors, representatives, attorneys, spouses, affiliates, successors and assigns not to) (i) disparage or speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates' directors, officers, employees, representatives or affiliates, the "Dessange" brand, any Salon, any business using the Marks, or (ii) take any other action which would, directly or indirectly, subject the "Dessange" brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us or the "Dessange" brand, or would constitute an act of moral turpitude.

19.4 *Post-Term Covenant Not to Compete or Engage in Injurious Conduct*. Further, you covenant and agree that, for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you shall not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

19.4.1 Divert or attempt to divert any actual or potential business or customer of any Dessange Salon to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.

19.4.2 Solicit, interfere, or attempt to interfere with us or our affiliates' relationships with any customers, vendors, or consultants.

19.4.3 Own, maintain, develop, operate, engage in, franchise or license, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business.

19.4.4 Contact, solicit, or otherwise seek business (other than for a Dessange Salon operated under a valid franchise agreement with us) from any person who is or was a customer of the Franchised Salon.

19.5 *Where Restrictions Apply*. During the term of this Agreement, there is no geographical limitation on the restrictions set forth in Section 19.3 above. During the two-year period following the expiration or earlier termination of this Agreement, or a transfer as contemplated under Section 16 above, these restrictions shall apply within a five (5) mile radius of your Dessange Salon (including the Approved Location) and also within two and one half (2.5) miles of any then-existing Dessange Salon or any business operating under our Other Brands, except as we may otherwise approve in writing. These restrictions shall not apply to salons that you operate that we (or our affiliates) have franchised to you pursuant to a valid franchise agreement.

19.6 *Application to Transfers*. You further covenant and agree that, for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Approved Location to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business at the Approved Location. You, by the terms of any conveyance selling, assigning, leasing or transferring your interest in the Approved Location, shall include these restrictive covenants as are necessary to ensure that a Competitive Business that would violate this Section is not operated at the Approved Location for this two-year period, and you shall take all steps necessary to ensure that these restrictive covenants become a matter of public record.

19.7 *Periods of Non-Compliance*. If, at any time during the two-year period following expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you fail to comply with your obligations under this Section 19, then that period of noncompliance will not be credited toward your satisfaction of the two-year obligation specified above.

19.8 *Publicly-Held Entities*. Section 19.3.3 above shall not apply to your ownership of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

19.9 *Personal Covenants*. You agree to require and obtain execution of covenants similar to those set forth in Sections 9.3, 11, 16, 18 above, and this Section 19 (as modified to apply to an individual), from your Highly Trained Personnel and other employees, supervisors, and Principals. The covenants required by this section shall be in the form provided in Exhibit H to this Agreement. If you do not obtain execution of a covenant required by this section and deliver to us those signed covenants, that shall constitute a default under Section 17.2.6 above.

19.10 *Construction*. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to reduce in writing the scope of any part of this Section 19 and, if we do so, you agree to comply with the obligations as we have reduced them.

19.11 *Claims Not a Defense*. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 19.

19.12 *Covenant as to Anti-Terrorism Laws*. You and the owners of your business ("**Owners**") agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you and the Owners certify, represent, and warrant that none of their respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of the Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war.

19.13 *Defaults*. You acknowledge that your violation of the terms of this Section 19 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 19. Furthermore, you acknowledge and agree that you (and, if you are an entity, your shareholders, members, partners and managers) may not avoid the provisions in this Section 19 through conduct by persons in your immediate family (including spouses, domestic partners, parents or children) (or, if you are an entity, your shareholders, members, partners and managers, as applicable, and their spouses, domestic partners, parents or children). You and we agree and acknowledge that if you continue to operate the Salon after the expiration of the initial term, the terms applicable at expiration will apply when you actually cease to operate the Salon under the System.

20 TAXES, PERMITS, AND INDEBTEDNESS

20.1 *Payment of Taxes*. You agree to promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under

this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.

20.2 *Payment of Trade Creditors*. You agree to promptly pay when due all trade creditors and vendors (including but not limited to any that are affiliated with us) that supply goods or services to you and/or the Franchised Salon.

20.3 *Your Right to Contest Liabilities*. If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Salon, or any improvements thereon.

20.4 *Compliance with Law*. You agree to comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, health certificates, licenses for individuals to conduct the activities contemplated under this Agreement (including but not limited to a license for any cosmetologists, estheticians, nail specialists, natural hair styling specialists, hair cutting specialists, waxing specialists, massage therapists and for other spa services, if applicable), fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any such laws are in conflict with the terms of this Agreement, the Manual, or our other instructions, you agree to: (***a***) comply with said laws; (***b***) immediately provide us with written notice describing the nature of the conflict; and (***c***) cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so. You acknowledge that we have no responsibility to ensure that the Franchised Salon is developed and operated in compliance with all applicable laws, ordinances and regulations and that we will have no liability in the event the development or operation of the Franchised Salon violates any law, ordinance or regulation.

20.5 *Notice of Violations and Actions*. You agree to notify us in writing within five (5) days after you receive notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within five (5) days occurrence of any accident or injury which may adversely affect the operation of the Franchised Salon or your financial condition, or give rise to liability or a claim against either party to this Agreement.

21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21.1 *Independent Contractor Relationship*. The parties acknowledge and agree that:

21.1.1 this Agreement does not create a fiduciary relationship between them;

21.1.2 you will be an independent contractor;

21.1.3 you are the only party that is in day-to-day control of the Franchised Salon, even though we will share the brand and Proprietary Marks as specified in this Agreement, and neither this Agreement nor any of the systems, guidance, processes, or requirements under which you operate alter that basic fact;

21.1.4 nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

21.1.5 neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

21.2 *Notice of Status*. At all times during the term of this Agreement and any extensions hereof, you will hold yourself out to the public as an independent contractor operating the business pursuant to a franchise from us. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Approved Location, the content of which we reserve the right to specify.

21.3 *No Contracts in our Name*. It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor shall we be liable by reason of any act or omission in your conduct of the Franchised Salon or for any claim or judgment arising therefrom against either party to this Agreement.

21.4 *Indemnification*. You agree to indemnify and hold each of the Franchisor Parties harmless against any and all Damages arising directly or indirectly from any Asserted Claim as well as from your breach of this Agreement. Your indemnity obligations shall survive the expiration or termination of this Agreement, and shall not be affected by the presence of any applicable insurance policies and coverages that we may maintain.

21.5 *Definitions*. As used in Section 21.4 above, the parties agree that the following terms shall have the following meanings:

21.5.1 "**Asserted Claim**" means any allegation, claim or complaint that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including, but not limited to, any claim associated with your operation of the Franchised Salon, labor and employment law violations and any acts or omissions by you or any of your agents, servants, employees, or patrons, or otherwise), or any default by you under this Agreement, notwithstanding any claim that any Franchisor Party was or may have been negligent.

21.5.2 "**Damages**" means all claims, demands, causes of action, suits, damages, liabilities, fines, penalties, assessments, judgments, losses, and expenses (including without limitation expenses, costs and lawyers' fees incurred for any

indemnified party's primary defense or for enforcement of its indemnification rights).

21.5.3 "**Franchisor Parties**" means us, our shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, employees, and agents.

22 FORCE MAJEURE

22.1 *Impact*. Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: (***a***) acts of nature; (***b***) acts of war, terrorism, or insurrection; (***c***) strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or (***d***) our inability (and that of our affiliates and/or suppliers) to manufacture, purchase, and/or cause delivery of any Salon Products used in the operation of the Franchised Salon. If events constituting Force Majeure cause a delay in the commencement of construction of the Franchised Salon, we will not unreasonably withhold our consent to a request by you to extend the opening deadline for the Franchised Salon, provided, however, such extension shall not exceed 180 days.

22.2 *Transmittal of Funds*. The inability of either party to obtain and/or remit funds shall be considered within the control of such party for the purpose of Section 22.1 above. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that you will remain obligated to promptly pay all fees owing and due to us under this Agreement, without any such delay or extension.

23 APPROVALS AND WAIVERS

23.1 *Request for Approval*. Whenever this Agreement requires our prior approval or consent, agree to make a timely written request to us therefor, and such approval or consent must be obtained in writing.

23.2 *No Warranties or Guarantees*. You acknowledge and agree that we make no warranties or guarantees upon which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

23.3 *No Waivers*. No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, shall constitute our waiver of our right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. If we accept late payments from you or any payments due, that shall not be deemed to be our waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement. No course of dealings or course of conduct will be effective to amend, modify, or waive any of the terms of this Agreement.

24 NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by certified mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

25 ENTIRE AGREEMENT AND AMENDMENT

25.1 *Entire Agreement*. This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements. The parties confirm that: ***(a)*** they were not induced by (nor did they rely upon) any other representations other than the words of this Agreement (and the FDD) before deciding whether to sign this Agreement; and ***(b)*** they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. However, nothing in this Section is intended as, nor shall it be interpreted to be, a disclaimer by us of any representation made in our Franchise Disclosure Document ("**FDD**"), including the exhibits and any amendments to the FDD.

25.2 *Amendment*. Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

26 SEVERABILITY AND CONSTRUCTION

26.1 *Introductory Paragraphs*. The parties agree that the introductory paragraphs of this Agreement, under the heading "Background," are accurate, and the parties agree to incorporate those paragraphs into the text of this Agreement as if they were printed here.

26.2 *Severability*. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

26.3 *No Third Party Rights*. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity

other than you, we, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 16 above, any rights or remedies under or by reason of this Agreement.

26.4 *Captions Don't Amend Terms*. All captions in this Agreement are intended solely for the convenience of the parties, and no caption shall be deemed to affect the meaning or construction of any provision hereof.

26.5 *Use of the term "Including."* The parties agree that whenever the term "including" is used in this Agreement, it is meant to be broadly encompassing, and should always be understood to mean "including but not limited to".

26.6 *Survival*. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

26.7 *How We Exercise Our Rights*. Although we may exercise any of our rights, carry out any of our obligations, or otherwise discharge any of our duties under this Agreement directly, through the use of employees, independent contractors, professional advisors (for example, a CPA), or otherwise, we will still remain responsible for the proper performance of our obligations to you under this Agreement.

26.8 *Expenses*. Each party shall bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.

27 APPLICABLE LAW AND DISPUTE RESOLUTION

27.1 *Choice of Law*. This Agreement takes effect when we accept and sign this document. This Agreement shall be interpreted and construed exclusively under the laws of the **State of Delaware**, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of **Delaware** choice-of-law rules); provided, however, that the covenants in Section 19 of this Agreement shall be interpreted and construed under the laws of the state in which the Franchised Salon is located. Nothing in this Section 27.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the **State of Delaware** to which this Agreement would not otherwise be subject.

27.2 *Choice of Venue.* Subject to Section 27.3 below, the parties agree that any action that you bring against us, in any court, whether federal or state must be brought only within such state and in the judicial district in which we have our principal place of business. Any action that we may bring against you in any court, whether federal or state, may be brought within the state and judicial district in which we maintain our principal place of business or within the state and judicial district in which you or the Franchised Salon is located.

27.2.1 The parties agree that this Section 27.2 shall not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue shall be as set forth above.

27.2.2 The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

27.2.3 Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action.

27.3 *Arbitration*. Any controversy, dispute, or claim arising out of or relating to this Agreement or the parties' franchise relationship shall be submitted to binding arbitration in an arbitration to be administered by the American Arbitration Association ("AAA"). All disputes regarding the validity, interpretation, formation, or enforceability of the arbitration agreement are delegated to the arbitrator in the first instance. The arbitration proceedings will be conducted by 1 arbitrator, and, except as this Section otherwise provides, according to the AAA's then current Commercial Arbitration Rules (the "AAA Rules"). The parties agree to arbitrate in Wilmington, Delaware. The parties agree further that the arbitrator may tender an interim ruling, including injunctive relief, and all claims of any type by either party, including counterclaims and defenses, are included in the jurisdiction of arbitration. Notwithstanding the foregoing, we may seek injunctive relief in a court of competent jurisdiction relating to the protection of its confidential information, marks, intellectual property, or to enforce the covenants set forth in Sections 18 or 19 of this Agreement, as applicable.

Either party will send written Demand for Arbitration to (1) the other party, and (2) the Regional Office of the American Arbitration Association invoking the binding arbitration provisions of this Section. The arbitrator will be appointed in accordance with the AAA Rules. The parties further consent to the jurisdiction of any appropriate court to enforce the provisions of this Section and/or to confirm any award rendered by the arbitrator. Each party will bear its share of costs and fees of the arbitration in accordance with the AAA Rules. Should a party fail to pay its portion of any arbitration fees in accordance with the AAA Rules, such failure to pay will be grounds for dismissal of the non-paying party's claims.

Any costs or other expenses, including attorneys' fees, arbitrator's fees, interest and costs, incurred by the successful party arising out of or occurring because of the arbitration proceedings or any action to confirm and enforce an arbitration award, will be assessed by the arbitrator or the court against the unsuccessful party. For purposes of this Section, a party will be considered unsuccessful if it withdraws its Demand for Arbitration prior to a decision by the arbitrator. You specifically agree that this clause is entered into without any fraud, duress or undue influence on the part of us or any agent, broker, or employee thereof.

All arbitrations shall be the individual claims of the parties only and shall not be consolidated with any other arbitration or be part of any class or mass arbitration.

Except for claims arising from your non-payment of amounts owed to us and/or our affiliates, you and we agree that any and all claims arising out of or relating to this Agreement or the relationship between the parties, will be barred unless a judicial or arbitration proceeding is brought within the earlier of (a) 1 year from the occurrence of the facts giving rise to such claim or action or (b) within 6 months from the date claimant knew or should have known of the facts giving rise to the claims or action.

The term "you," for purposes of this arbitration clause, includes the shareholders, owners, Guarantor(s), principals, members, or partners of you, or any person or entity claiming by or through any of the foregoing.

You specifically agree and acknowledge that claims arising out of or relating to this Agreement in any way against or by any person or entity, whether a signatory to this Agreement or not, will be resolved through arbitration.

27.4 *Parties Rights Are Cumulative*. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

27.5 *Injunctions*. Nothing in this Agreement shall bar our right to obtain injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we will not be required to obtain or post a performance bond or other security in connection with seeking such injunctive relief, and you also agree not to claim otherwise in any filing with a court.

27.6 *Waiver of Jury Trials*. Each party to this agreement irrevocably waives trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding.

27.7 *Must Bring Claims Within One Year*. Except for claims arising from licensee's non-payment or underpayment of amounts owed to licensor, each party to this Agreement agrees that any and all claims and actions arising out of or relating to this Agreement, the parties' relationship, and/or your operation of the Franchised Salon, brought by any party hereto against the other, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or, it is expressly acknowledged and agreed by all parties, such claim or action shall be irrevocably barred.

27.8 *Waiver of Punitive Damages*. Each party to this Agreement hereby waives to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

27.9 *Payment of Legal Fees*. You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur after the termination or expiration of the franchise granted under this Agreement in: (***a***) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 11 and 19 above); and/or (***b***) successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

28 ACKNOWLEDGMENTS

28.1 *Your Investigation of the Business Possibilities.* You acknowledge that you have conducted an independent investigation of the business franchised under this Agreement, recognize that this business venture involves business risks, and that your success will be largely dependent upon your ability (or, if you are an entity, your owners as independent businesspersons).

28.2 *Our Advice*. You acknowledge and agree that our advice is simply advice; that our advice is not a guarantee of success; and that you are the party that must reach and implement your own decisions about how to operate the Franchised Business on a day-to-day basis under the System.

28.3 *No Warranties or Guarantees.* We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

28.4 *Receipt of FDD and Complete Agreement.* You acknowledge receipt of a copy of this Agreement, the exhibit(s), and agreements relating to this Agreement (if any), with all of the blank lines filled in, with ample time within which to review with applicable advisors. You also acknowledge that you received the FDD at least fourteen (14) days before the date on which this Agreement was signed, or as otherwise provided under applicable state law.

28.5 *You Have Read the Agreement*. You acknowledge *and* agree that you have read and understood the FDD, this Agreement, and the exhibits to this Agreement.

28.6 *Your Advisors*. You acknowledge that we have recommended that you seek advice from advisors of your own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement, and that you have had sufficient time and opportunity to consult with those advisors.

28.7 *No Conflicting Obligations.* Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (***a***) negotiating and entering into this Agreement; (***b***) exercising its rights under this Agreement; and/or (***c***) fulfilling its responsibilities under this Agreement.

28.8 *Your Responsibility for the Choice of the Approved Location.* You acknowledge that you have sole and complete responsibility for the choice of the Approved Location; that we have not (and shall not be deemed to have, even by our approval of the site that is the Approved Location) given any representation, promise, or guarantee of your success at the Approved Location; and that you will be solely responsible for your own success at the Approved Location.

28.9 *Your Responsibility for Operation of the Franchised Salon.* Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of the Franchised Salon, you retain the right and sole responsibility for the

day-to-day management and operation of the Franchised Salon and the implementation and maintenance of system standards at the Franchised Salon.

28.10 *Different Franchise Offerings to Others.* You acknowledge and agree that we may modify the terms under which we will offer franchises to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

28.11 *Your Independence*. You acknowledge and agree that:

28.11.1 you are the only party that employs your employees (even though we may provide you with advice, guidance, and training);

28.11.2 we are not the employer of any of your employees, and we will not play any role in decisions regarding their employment (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

28.11.3 the guidance that we provide and requirements under which you will operate are intended to promote and protect the value of the brand and the Proprietary Marks;

28.11.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including but not limited to our System and the requirements under this Agreement); and

28.11.5 you have made (and will remain responsible at all times for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including but not limited to adopting our standards as your standards), and hiring employees and employment matters employment (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal) engaging professional advisors, and all other facets of your operation.

28.12 *Success Depends on You.* You acknowledge and agree that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated under this Agreement.

28.13 *General Release*. If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:

You (on behalf of yourself and your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, shareholders, agents and employees, in

*their corporate and individual capacities) and all guarantors of your obligations under this Agreement (collectively, "**Releasors**") freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**claims**"), which any Releasor now owns or holds or may at any time have owned or held, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the Franchised Salon and the development and operation of all other salons operated by any Releasor that are franchised by any Releasee. You expressly agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete and final release of all claims. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise impair or affect any claims arising after the date of this Agreement.*

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

Franchisor:	**Franchisee:**
Dessange Franchising, LLC	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Effective Date: _____	
Address for Notices:	Address for Notices:
6901 East Fish Lake Road, #170 Maple Grove, Minnesota 55369 Fax: (978) 232-5629 Attn: General Counsel	_____ _____ Telephone: _____ Fax: _____ Attn: _____

DESSANGE FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT A
DATA ADDENDUM

¶	Section Cross-Reference	Item
1	Recital "A"	The Dessange Salon to be Developed and Operated under this Franchise Agreement will be a: [ ] Salon [ ] Salon+Spa
2	1.2	The Approved Location under this Agreement shall be: _____ _____.
3	1.3	The Protected Territory under this Agreement shall be: _____ _____.
4	4.1	The Renewal Fee is _____ ($_____)
5	6.4.11	The current eLearning Fee is currently included in Royalty Fees, but may change as permitted in Section 6.4.11.

Initials	
Franchisee	Franchisor

DESSANGE FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT B
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce **Dessange Franchising, LLC** ("**Franchisor**") to sign the Franchise Agreement between Franchisor and _____ ("**Franchisee**"), dated _____ _____, 2024 (the "**Agreement**"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's monetary obligations under the Agreement, as well as any amendments or renewals to the Agreement, or any other contract between Franchisee and Franchisor (and/or Franchisor's affiliates) will be punctually paid and performed and that all monetary obligations will be punctually paid and performed.

Upon demand by Franchisor, each of the undersigned persons agree to immediately make each payment required of Franchisee under the Agreement and/or any other contract with Franchisor and/or its affiliates. Each of the undersigned persons waive any right to require Franchisor to: (***a***) proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); (***b***) proceed against or exhaust any security from Franchisee; or (***c***) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor's affiliates).

Each of the undersigned persons agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement (and any other contract with Franchisor and Franchisor's affiliates), any amendment thereto, or any other agreement execute and delivered by Franchisee referred to therein.

Each of the undersigned persons agree to be individually bound by all of Franchisee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in Sections 9.3, 11, 16, 18, and 19 of the Agreement.

Each of the undersigned persons acknowledge and agree that: (a) this Guarantee does not grant the undersigned any right to use any of Franchisor's marks (including but not limited to the "**Dessange Paris**" marks) or the system licensed to Franchisee under the Agreement; (b) that they have read, in full, and understand, all of the provisions of the Agreement that are referred to above in this paragraph, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and (c) that they have conducted an independent investigation of the business contemplated by the Agreement, and have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

This Guarantee shall be interpreted and construed in accordance with Section 27 of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee shall be interpreted and construed exclusively under the laws of the State of Delaware, and that in the event of any conflict of law, Delaware law will prevail (without applying Delaware conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTOR(S)

(Seal)

Signed:_____
(In his/her individual capacity)

Printed Name:_____

Home Address:_____

_____

DESSANGE FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT C
LIST OF PRINCIPALS

Name of Principal	Home Address	Interest %

Initials	
Franchisee	Franchisor

DESSANGE FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT D

AUTHORIZATION AGREEMENT FOR ACH PAYMENTS
(DIRECT DEBITS FOR ROYALTY AND OTHER FEES)

_____ (Name of Person or Legal Entity)

_____(ID Number)

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes **DESSANGE FRANCHISING, LLC** ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to our instructions.

Depository	Branch	
City	State	Zip Code
Bank Transit/ABA Number	Account Number	

This authorization is to remain in full and force and effect until sixty days after we have received written notification from Franchisee of its termination.

Printed Name of Depositor: _____

Signed By: _____

Printed Name: _____

Title: _____

Date: _____

DESSANGE FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT E
ADA CERTIFICATION

DESSANGE FRANCHISING, LLC ("**Franchisor**" or "**us**") and _____ ("**Franchisee**" or "**you**") are parties to a franchise agreement dated _____, 2024 (the "**Franchise Agreement**") for the operation of a Franchised Salon at _____ (the "**Franchised Salon**").

- In accordance with Section 5.8 of the Franchise Agreement, you certify to us that, to the best of your knowledge, the Franchised Salon and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including but not limited to the Americans with Disabilities Act.

- You acknowledge that you are an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing, or operation of the Franchised Salon.

- You acknowledge that we have relied on the information contained in this certification.

- You agree to indemnify us and our officers, directors, and employees in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with your compliance with the Americans with Disabilities Act, as well as the costs (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) related to the same.

Acknowledged and Agreed:

Franchisee:

_____

By:_____

Printed Name:_____

Title:_____

DESSANGE FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT F
LEASE RIDER

THIS ADDENDUM (the "**Addendum**") has been executed as of this ___ day of _____, 2024, by and among _____ ("**Franchisee**"), Dessange Franchising, LLC ("Franchisor") and _____("**Landlord**"), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein ("**Lease**") dated as of _____, 20__ for the premises located at _____ ("**Premises**").

Franchisee has also entered (or will also enter) into a Franchise Agreement ("**Franchise Agreement**") with Dessange Franchising, LLC ("**Franchisor**") for the development and operation of a "Dessange Paris" salon at the Premises, and as a condition to obtaining Franchisor's approval of the Lease, the Lease for the Premises must contain the provisions contained in this Addendum.

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. The Premises may be used solely for the operation of a "Dessange Paris" business. Franchisee, as the tenant under the Lease, shall have the right to display and use the "Dessange Paris" marks and signs in the manner required by the Franchisor.

2. Landlord agrees to deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.

3. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless and until: (a) the Franchise Agreement is terminated or expires without renewal; (b) Franchisor has exercised its Option to Purchase under the Franchise Agreement; and (c) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.

4. Any default under the Lease shall also constitute a default under the Franchise Agreement, and any default under the Franchise Agreement shall also constitute a default under the Lease.

5. Franchisor shall have the right, but not the obligation, to cure any breach of the Lease upon giving written notice of its election to Franchisee and Landlord, and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder.

6. Franchisee and Landlord agree that they will not modify, amend, supplement, and/or extend, nor (in the case of Franchisee) assign the Lease rights, without Franchisor's prior written consent.

7. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above. The parties also agree that by signing this Addendum, Franchisor has not guaranteed Franchisee's obligations to Landlord.

8. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, further assign the Lease to another franchisee of Franchisor to operate a "Dessange Paris" salon at the Premises provided that the proposed franchisee has met all of Franchisor's applicable criteria and

requirements and has executed a franchise agreement with Franchisor. Landlord and Franchisee agree to execute such further documentation to confirm Landlord's consent to the assignment permitted under this Addendum as Franchisor may reasonably request for that purpose. Upon such assignment to a franchisee of Franchisor, Franchisor shall be released from any further liability under the terms and conditions of the Lease.

9. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that if the Franchise Agreement expires (without renewal) or is terminated, then Franchisee has an obligation under the Franchise Agreement to take certain steps to properly de-identify the Premises as a "Dessange Paris" salon (unless Franchisor takes an assignment of the lease, as provided above). Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided that Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof.

10. If Landlord is an affiliate or an owner of the Franchisee, then Landlord and Franchisee agree that if Landlord proposes to sell the Premises, before the sale of the Premises, upon the request of Franchisor the Lease shall be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the "Dessange Paris" salon is located.

11. Landlord and Franchisee agree that the terms in this Addendum shall supersede any terms to the contrary set forth in the Lease.

12. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.

13. Landlord and Franchisee agree that copies of any and all notices required or permitted under this Addendum, or under the Lease, shall also be sent to Franchisor at 6901 East Fish Lake Road, #170, Maple Grove, Minnesota 55369 (attention President), or to such other address as Franchisor may specify by giving written notice to Landlord.

WITNESS the execution hereof under seal.

Landlord:	**Tenant:**	**Franchisor:**
_____	_____	**Dessange Franchising, LLC**
By: _____	By: _____	By: _____
Printed Name: _____	Printed Name: _____	Printed Name: _____
Title: _____	Title: _____	Title: _____

DESSANGE FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT G

SITE SELECTION ADDENDUM

Dessange Franchising, LLC ("**Franchisor**" or "**us**" or "**we**") and _____ ("**Franchisee**" or "**you**") have this ____ day of _____, 2024 entered into a **Dessange Paris** Franchise Agreement ("**Franchise Agreement**") and wish to supplement its terms as set out below in this Site Selection Addendum (the "**Addendum**"). The parties agree as follows:

AGREEMENT

1. **Time to Locate Site**: Within one hundred and eighty (180) days after the date of this Addendum, you agree to acquire or lease/sublease, at your own expense, commercial real estate that is properly zoned for the use of the business that you will conduct under the Franchise Agreement (the "**Franchised Salon**") at a site that we will have approved in writing as provided below.

a. Such location shall be at: _____(the "**Site Selection Area**").

b. The only reason that the Site Selection Area is described is for the purpose of selecting a site for the Franchised Salon.

c. We will not establish, nor franchise another party to establish, a "**Dessange Paris**" business operating under the System within the Site Selection Area until the end of the Search Period. For purposes of this Addendum, the term "**Search Period**" means _N/A_ [months] [days] from the date of this Addendum, or the period from the date of this Addendum until we have approved of a location for the Franchised Salon, whichever event first occurs. Upon expiration of the Search Period, the protections of this paragraph 1(c) will expire and you will have no further rights in and to the Site Selection Area than as otherwise provided in the Franchise Agreement.

d. If you do not acquire or lease a site (that we have approved in writing) for the Franchised Salon within the time required in Section l above, that will constitute a default under Section 17.2 of the Franchise Agreement and also under this Addendum, and we will have the right to terminate the Franchise Agreement and this Addendum pursuant to the terms of Section 17.2 of the Franchise Agreement.

2. **Site Evaluation Services**: We will provide you with our site selection guidelines, including our minimum standards for a location for the Franchised Salon, and such site selection counseling and assistance as we may deem advisable. We will perform such on site evaluations as we may deem advisable in response to your requests for site approval; provided, however, that we will not provide on site evaluation for any proposed site before we have received from you a completed site approval form for the site (prepared as set forth in Section 3 below).

3. **Site Selection Package Submission and Approval**: Within ninety (90) days after signing this Addendum, you must submit to us, in the form that we specify: (a) a completed site approval

form (in the form that we require); (b) such other information or materials that we may reasonably require; and (c) an option contract, letter of intent, or other evidence satisfactory to us that confirms your favorable prospects for obtaining the site. You acknowledge that time is of the essence. We will have thirty (30) days after receipt of all such information and materials from you to approve or disapprove the proposed site as the location for the Franchised Salon. We have the right to approve or disapprove any such site. If we do not approve a proposed site by giving you written notice within the thirty (30) day period, then we will be deemed to have disapproved the site.

4. **Lease Responsibilities**: Within thirty (30) days after we have approved a site, you must execute a lease, which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Our approval of any lease is conditioned upon inclusion in the lease of the **Lease Rider** attached to the Franchise Agreement as Exhibit F. However, even if we examine the Lease, we are not responsible for review of the Lease for any terms other than those contained in the Lease Rider.

5. **Approved Location**: After we have approved the location for the Franchised Salon and you have leased or acquired that location, the location shall constitute the **Approved Location** described in Section 1.2 of the Franchise Agreement. The Approved Location shall be specified on Exhibit A to the Franchise Agreement, and shall become a part the Franchise Agreement. The Protected Territory, as defined under Section 1.3 of the Franchise Agreement, shall be the geographic area thereafter described in Exhibit A to the Franchise Agreement, and shall become a part of the Franchise Agreement.

a. You hereby acknowledge and agree that our approval of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Salon or for any other purpose. Our approval of the site indicates only that we believe the site complies with our minimum acceptable criteria solely for our own purposes as of the time of the evaluation. The parties each acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria that we used could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control.

b. We will not be responsible for the failure of a site (even if we have approved that site) to meet your expectations as to revenue or operational criteria.

c. You acknowledge and agree that your acceptance of a franchise for the operation of the Franchised Salon at the site is based on your own independent investigation of the suitability of the site.

6. **Construction**: This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Franchise Agreement. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly execute and deliver this Addendum on the date first above written.

Franchisor:	**Franchisee:**
DESSANGE FRANCHISING, LLC	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

DESSANGE FRANCHISING, LLC
FRANCHISE AGREEMENT
EXHIBIT H

SAMPLE FORM OF
NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
(to be signed by franchisee and its personnel)

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made this _____ day of _____, 20___, by and between _____ (the "**Franchisee**"), and _____, who is a Principal, manager, supervisor, member, partner, or a person in a managerial position with, Franchisee (the "**Member**").

RECITALS:

WHEREAS, Dessange Franchising, LLC ("**Franchisor**") has the right to use and license a format and system (the "**System**") relating to the establishment and operation of hair and beauty salons, which are businesses operating under our Proprietary Marks (defined below), in buildings that bear Franchisor's interior and exterior trade dress, and under its Proprietary Marks, as defined below (each, a "**Salon**");

WHEREAS, each Salon will offer a full menu of French hair styling, hair cutting, hair coloring, and related hair and beauty services (together, the "**Services**"), and sell to customers related hair care, hair coloring, cosmetics, beauty products, and other personal grooming products at retail (together, the "**Products**");

WHEREAS, certain Salons offer a full menu of Spa services such as skin and body treatments, waxing, massage therapy, hydrotherapy treatments, as well as manicure and pedicure treatments ("**Spa Services**"), and the sale to customers of related products and other personal grooming products at retail (together, the "**Spa Products**");

WHEREAS, the Products and Spa Products (collectively, "**Salon Products**") include products that are proprietary to us and to our affiliates, which are manufactured or prepared according to our specifications and formulas and which we may designate for use and/or sale in Salons ("**Proprietary Products**");

WHEREAS, Franchisor identifies Dessange Paris Salons by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the marks "DESSANGE" and "DESSANGE PARIS") and certain other trade names, service marks, and trademarks that Franchisor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**");

WHEREAS, Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a Dessange Paris Salon (the "**Franchised Salon**") and to produce and distribute the Salon Products, Proprietary Products, services, and other ancillary products approved by Franchisor and use the Proprietary Marks in connection therewith under the terms and conditions of the Franchise Agreement;

WHEREAS, the Member, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Confidential Information. Member shall not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of your operation under the terms of the Franchise Agreement. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention before disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.

2. Covenants Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of his/her position with Franchisee, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of the Franchise Agreement, except as otherwise approved in writing by Franchisor, Member shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Divert or attempt to divert any business or customer of the Franchised Salon or of any Franchised Salon using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Proprietary Marks and the System.

(ii) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisee, any other franchisee, master franchisee, developer, or development agent, or otherwise directly or indirectly induce such person to leave his or her employment; or

(iii) Either directly or indirectly for him/herself or on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Franchised Salon.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Member shall not, either directly or

indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, Member shall not own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Franchised Salon and which business is, or is intended to be, located within a ten (10) mile radius of either the Approved Location or any other Salon operating at the time that the obligations under this commence.

(d) As used in this Agreement, the term "same as or similar to the Franchised Salon" shall include, but not be limited to, retail businesses that sells or offers hair styling, hair coloring, and/or related hair care or beauty care services or products, spa services and products or any other services or products that are substantially similar to those offered in the System.

(e) As used in this Agreement, the term "Post-Term Period" shall mean a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 16 of the Franchise Agreement; (b) expiration or termination of the Franchise Agreement (regardless of the cause for termination); (c) termination of Member's employment with Franchisee; and/or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Agreement; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity).

3. Injunctive Relief. Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all costs (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. Severability. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then the Member agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect Franchisor's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, the Member agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. Delay. No delay or failure by the Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. Third-Party Beneficiary. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

(REST OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the Franchisee and the Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

FRANCHISEE	MEMBER
_____	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT I

DESSANGE FRANCHISING, LLC
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT AND POWER OF ATTORNEY
TELEPHONE NUMBERS AND LISTINGS

This Assignment and Power of Attorney ("**Assignment**") is made this _____ day of _____, 2024, by and between Dessange Franchising, LLC ("**Franchisor**") and _____ (the "**Franchisee**").

FOR VALUE RECEIVED, and pursuant to Franchisee's obligations under the Dessange Franchising, LLC Franchise Agreement dated _____, 2024 by and between Franchisor and Franchisee (the "**Franchise Agreement**"), Franchisee hereby assigns to Franchisor all of Franchisee's right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Telephone Numbers and Listings**") used from time to time in connection with Franchisee's operations under the Franchise Agreement.

Assignment.

- Upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor will have the right (and Franchisor is hereby empowered) to implement this Assignment of the Telephone Numbers and Listings, and, in such event, Franchisee will have no further right, title or interest in the Telephone Numbers and Listings but will remain liable to the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as the "**Telephone Company**") for all past due fees owing to the Telephone Company on or before the effective date of this Assignment.

- Franchisee acknowledges and agrees that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor will have the sole right to and interest in the Telephone Numbers and Listings.

Power of Attorney.

- Franchisee appoints Franchisor as Franchisee's true and lawful attorney in fact to direct the Telephone Company to assign same to Franchisor (or to the party Franchisor designates) and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee will immediately notify the Telephone Company to assign the Telephone Numbers and Listings to Franchisor (or Franchisor's designee). If Franchisee fails to promptly direct the Telephone Company to assign the Telephone Numbers and Listings to Franchisor (or Franchisor's designee), Franchisor may direct the Telephone Company to effectuate the assignment contemplated hereunder to Franchisor (or Franchisor's designee).

- The parties agree that the Telephone Company may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings upon such termination or expiration (without renewal or extension) and that such assignment will be made automatically and immediately effective upon Telephone Company's receipt of such notice from Franchisor or Franchisee.

- The parties further agree that if the Telephone Company requires that the parties execute the Telephone Company's assignment forms or other documentation at the time of termination or

expiration (without renewal or extension) of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee will be sufficient to document that Franchisee has given its consent and agreement to the assignment.

- The parties agree that at any time after the date hereof, they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration (without renewal or extension) of the Franchise Agreement.

This Assignment will inure to the benefit of Franchisor and will be binding upon Franchisee and its successors and assigns.

IN WITNESS WHEREOF, the parties to this Assignment have executed and delivered this Assignment effective as of this _____ day of _____, 2024.

Franchisor:	**Franchisee:**
Dessange Franchising, LLC	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

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EXHIBIT D-2
STATE–SPECIFIC ADDENDA TO FRANCHISE AGREEMENTS

New York Franchise Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Dessange Franchising, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.8, under the heading "Term and Renewal," is deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

   2.2.8 You must sign and deliver to us a general release, in a form that we will provide, of any and all claims against us and our affiliates, and our respective officers, directors, agents, and employees. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us, provided, however, that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Section 16.5.1, under the heading "Transfer of Interest," is deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

   16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us, and/or our respective affiliates, and federal, state, and local laws and rules, provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Section 27.3 of the Agreement, under the heading "Arbitration," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

   27.3 Injunctions. Nothing contained in this Agreement shall bar our right to seek injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

4. Section 27 of the Agreement, under the heading “Applicable Law and Dispute Resolution,” shall be amended by the addition of the following language:

   Nothing in this Agreement should be considered a waiver of any right conferred upon you by New York General Business Law, Sections 680-695.

5. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in or the franchise will be opening in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

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

EXHIBIT E
TABLE OF CONTENTS OF MANUAL

Manual Table of Contents - Dessange® Guidelines

- Specifications guidelines of the System (around 40 pages)
- Dessange® brand charter (10-30 pages)
- Dessange® brand marketing and communication guidelines (10-30 pages)
- Hair and Make-up collection guidelines (10-30 pages)
- E-reputation guidelines (10-30 pages)
- Social networks' guidelines (10-30 pages)
- Photo shooting guidelines (for the before and after posts) (10-30 pages)
- Influence guidelines (10-30 pages)
- Monthly social medias planning (Instagram, Facebook, Pinterest) (10-30 pages)
- User guidelines (10-30 pages)
- Salon website guidelines (10-30 pages)
- KPI monitoring of your Dessange Salon (10-30 pages)

EXHIBIT F
FRANCHISEE COMPLIANCE CERTIFICATION

Dessange Franchising, LLC
Franchisee Compliance Certification

As you know, Dessange Franchising, LLC the (**"Franchisor"**) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a "Dessange" or "Dessange Paris" salon ("**Business**" or "**Salon**"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

The following dates and information are true and correct:

a. _____, 20___ The date of my first face-to-face meeting with any person to discuss the possible purchase of a Salon franchise.

Initials _____

b. _____, 20___ The date on which I received Franchisor's Franchise Disclosure Document ("FDD").

Initials _____

c. _____, 20___ The date when I received a fully completed copy other than signatures) of the Franchise Agreement and Addenda if any) and all other documents I later signed.

Initials _____

d. _____, 20___ The date on which I signed the Franchise Agreement.

Initials _____

Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

Yes _____ No _____

Do you understand all of the information contained in the Franchise Agreement, each Addendum and related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, Addendum, and/or related agreement do you not understand? Attach additional pages, as needed.)

_____
_____
_____

Have you received and personally reviewed the FDD that was provided to you?

Yes _____ No _____

Did you sign a receipt for the FDD indicating the date you received it?

Yes _____ No _____

Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes _____ No _____

If No, what parts of the FDD and/or Addendum do you not understand? Attach additional pages, as needed.)

_____
_____
_____

Have you discussed the benefits and risks of establishing and operating a Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

Do you understand that the success or failure of your Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

Do you understand that no agreement or addendum is effective until it is also signed and dated by the Franchisor?

Yes _____ No _____

Do you understand that there are no promises, agreements, “side deals,” arrangements, written or oral that are not in the Franchise Agreement.

Yes _____ No _____

If you have answered No to any one of questions 7-10, please provide a full explanation of each No answer in the following blank lines. Attach additional pages, as needed, and refer to them below.) If you have answered “Yes” to each of questions 7-10, please leave the following lines blank.

_____

_____

_____

Has any employee or other person speaking for the Franchisor made any statement or promise concerning the revenues, profits or operating costs of a Business operated by the Franchisor or its franchisees, that is contrary to the information contained in the FDD?

Yes _____ No _____

Has any employee or other person speaking for the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Business that is contrary to the information contained in the FDD?

Yes _____ No _____

Has any employee or other person speaking for the Franchisor made any statement or promise concerning the total amount of revenue the Business will generate, that is contrary to the information contained in the FDD?

Yes _____ No _____

Has any employee or other person speaking for the Franchisor made any statement or promise regarding the costs you may incur in operating the Business that is contrary to or different from, the information contained in the FDD?

Yes _____ No _____

Has any employee or other person speaking for the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Business?

Yes _____ No _____

Has any employee or other person speaking for the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise before today?

Yes _____ No _____

Have you paid any money to the Franchisor concerning the purchase of this franchise before today?

Yes _____ No _____

If you have answered Yes to any one of questions 12-19, please provide a full explanation of each Yes answer in the following blank lines. Attach additional pages, as needed, and refer to them below.) If you have answered No to each of questions 12-19, please leave the following lines blank.

_____

_____

_____

Do you understand that all disputes and claims you may have against the Franchisor must be heard in the courts of Delaware (if not resolved informally or through arbitration)?

Yes _____ No _____

Do you understand that the Franchise Agreement and the personal guarantee provides that you can only collect compensatory damages on any claim under or related to the Franchise Agreement and not any consequential or punitive damages?

Yes _____ No _____

Do you understand that the Franchise Agreement and the personal guarantee includes a waiver of jury trials?

Yes _____ No _____

Do you understand that the Franchise Agreement and the personal guarantee includes a statement that claims need to be brought within one year after they arise or they may no longer be brought after that time?

Yes _____ No _____

During my negotiations and evaluations leading up to my decision to buy a Salon franchise, I communicated with the following individuals employed by the Franchisor or its affiliates, or independent brokers:

Name	Address
1.	_____
2.	_____
3.	_____
4.	_____

[Insert additional names and addresses below if needed]

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully, accurately, and completely to each of the above questions.

FRANCHISE APPLICANT

_____
Signed

_____
Printed Name

_____, 20 ___
Date

EXHIBIT G
LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 Toll Free: (866) 275-2677	**NEW YORK** NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 14th Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Director, Department of Business Regulation Division of Insurance – Securities Regulation John O. Pastore Complex – Building 68-2 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Indiana Securities Commissioner Securities Division 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Department of Labor and Regulation Division of Insurance – Securities Regulation 124 South Euclid, Suite 104 Pierre SD 57501 (605) 773-4823
MARYLAND Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Department of Attorney General Consumer Protection Division 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117	**WASHINGTON** Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500	**WISCONSIN** Commissioner of Securities Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 261-9555

EXHIBIT H
STATE–SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. The following information is added to the cover page of the Franchise Disclosure Document.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES 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 CAN NOT 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 to be added at the end of Item 3:

With the exception of what is stated above, the following applies 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, which are 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 10-year period 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.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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; it being the intent of this proviso that the non-waiver 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 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 (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.

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 earlier 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.

EXHIBIT I
GENERAL RELEASE

EXHIBIT I
GENERAL RELEASE LANGUAGE

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

THIS GENERAL RELEASE (the "**Release**") is made and entered into on this _____ day of _____ , 20___ (the "**Effective Date**"), by and between:

- Dessange Franchising, LLC a Delaware corporation ("**Franchisor**"); and
- _____ a [resident of] [corporation organized in] [limited liability company organized in] _____ [("**Franchisee**")] [("**Transferor**")].

BACKGROUND:

A. Franchisor and Franchisee are party to a Franchise Agreement dated _____ (the "**Franchise Agreement**");

B. Franchisor and Franchisee have agreed, pursuant to the Franchise Agreement, [to renew or extend Franchisee's rights under the Franchise Agreement (the "**Renewal Transaction**")] [to permit a transfer or assignment of _____ pursuant to Section 16 of the Franchise Agreement (the "**Transfer Transaction**")], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. Release. [Franchisee] [Transferor], its officers and directors and Principals, and their respective agents, heirs, administrators, successors and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the "**Franchisor Group**") from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its Principals had, have or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership or operation of the Franchised Salon. The Franchisee

Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or the Franchised Salon. The Franchisee Group and its Principals represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

2. General Terms.

2.1. This Release shall be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2. This Release shall take effect upon its acceptance and execution by each of the parties hereto.

2.3. This Release may be executed in counterparts, and signatures exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only, and shall neither amend nor modify the terms hereof.

2.5 The parties agree that all actions arising under this Release must be commenced in the state or federal court of general jurisdiction in Delaware, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. This Release shall be interpreted and construed under the laws of the State of Delaware. In the event of any conflict of law, the laws of Delaware shall prevail (without regard to, and without giving effect to, the application of Delaware conflict of law rules).

2.6. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.7. No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

Franchisor:	**[Franchisee][Transferee]:**
Dessange Franchising, LLC	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT J
STATE EFFECTIVE DATES AND RECEIPTS

State Effective Dates

The following states 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
New York	Pending

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
ITEM 23 • 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 Dessange Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you:

a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or

b) In New York and Rhode Island, if applicable, at the earlier of i) your first personal meeting to discuss the franchise, or ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale; or

c) In Michigan, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Dessange 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, D.C. 20580 and to the appropriate state agency listed in Exhibit H.

The franchisor is Dessange Franchising, LLC located at 6901 East Fish Lake Road, #170, Maple Grove, Minnesota 55369 (tel – 978.232.5600).

Issuance date is April 29, 2024, as amended May 28, 2024.

The franchise seller is _____ of Dessange Franchising, LLC located at 6901 East Fish Lake Road, #170, Maple Grove, Minnesota 55369 (tel - 978.232.5600). Any additional individual franchise sellers involved in offering the franchise are: _____

_____

Dessange Franchising, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a Franchise Disclosure Document dated April 29, 2024, as amended May 28, 2024. This Disclosure Document included the following exhibits:

A	Agents for Service of Process	E	Table of Contents for Manual
B	List of Current and Former Franchisees and Company/Affiliated-owned Units	F	Franchise Compliance Certification
		G	List of State Administrators
C-1	Financial Statements	H	State–specific Addenda to Disclosure Document
C-2	FSFC Guarantee		
D-1	Franchise Agreement and Exhibits	I	General Release
D-2	State–specific Addenda to Franchise Agreement	J	State Effective Date and Receipts (2 copies)

FRANCHISEE COPY

EXHIBIT J
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a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or

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_____

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		G	List of State Administrators
C-1	Financial Statements	H	State–specific Addenda to Disclosure Document
C-2	FSFC Guarantee		
D-1	Franchise Agreement and Exhibits	I	General Release
D-2	State–specific Addenda to Franchise Agreement	J	State Effective Date and Receipts (2 copies)

FRANCHISOR COPY
Please complete and return to:
Dessange Franchising, LLC
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