FRANCHISE DISCLOSURE DOCUMENT

DIESEL BARBERSHOP FRANCHISING, LLC
A Texas Limited Liability Company
11255 Hubner Road, Suite 104
San Antonio, Texas 78230
(919) 446-8163
www.dieselbarbershop.com

We offer qualified individuals and entities a franchise for the right to independently own and operate a distinctive retail hair care outlet that operates under the DIESEL BARBERSHOP mark and features haircutting and grooming, coloring and barbering services provided to clients by a staff of trained, licensed professionals (each, a "Barbershop" or "Franchised Business"). We also offer qualified parties the right to own and operate multiple Shops within a designated market area that we designate.

The total investment necessary to begin operation of a single Barbershop ranges from $321,114 to $432,924. This includes $ $49,400 to $63,300 that must be paid to us or our affiliates.

The total investment necessary to operate multiple Shops under our form of area development agreement depends on the number of franchises we grant you the right to open. The total investment necessary to enter into a development agreement for the right to develop: (i) three (3) Shops is $396,114 to $497,924, which includes a $115,000 development fee that is paid to us and your total investment to begin operation of your first Barbershop; (ii) five (5) Shops is $431,114 to $532,924, which includes a $150,000 development fee that is paid to us and your total investment to begin operation of your first Barbershop; and (iii) ten (10) Shops is $506,114 to $607,924, which includes a $225,000 development fee that is paid to us and your total investment to begin operation of your first Barbershop.

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 us at 11255 Hubner Road, Suite 104, San Antonio, Texas 78230 or (919) 446-8163.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire 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-FTCHELP 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.

Issue Date: March 31, 2022.

© 2022 Diesel Barbershop Franchising, LLC

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's discretion. 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 D include 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 Diesel Barbershop 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 franchise 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 Diesel Barbershop franchisee?	Item 20 or Exhibit F list 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.

© 2022 Diesel Barbershop Franchising, LLC

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 to 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.

© 2022 Diesel Barbershop Franchising, LLC

Some States Require Registration

Your state may have a franchise law, or other state 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 may also 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.

© 2022 Diesel Barbershop Franchising, LLC

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and development agreement require you to resolve disputes with us by mediation (at our option) or litigation only in Texas. Out of state mediation/litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and/or litigate with us in Texas 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.

© 2022 Diesel Barbershop Franchising, LLC

TABLE OF CONTENTS

Item Page

ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES 1
ITEM 2 BUSINESS EXPERIENCE 4
ITEM 3 LITIGATION 5
ITEM 4 BANKRUPTCY 5
ITEM 5 INITIAL FEES 5
ITEM 6 OTHER FEES 7
ITEM 7 ESTIMATED INITIAL INVESTMENT 12
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 15
ITEM 9 FRANCHISEE'S OBLIGATIONS 19
ITEM 10 FINANCING 20
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 21
ITEM 12 TERRITORY 32
ITEM 13 TRADEMARKS 35
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 36
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 37
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 38
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 39
ITEM 18 PUBLIC FIGURES 48
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS 48
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION 64
ITEM 21 FINANCIAL STATEMENTS 67
ITEM 22 CONTRACTS 67
ITEM 23 RECEIPTS 68

Exhibits:

A. List of State Franchise Administrators/Agents for Service of Process
B. Franchise Agreement (and Exhibits)
C. Development Agreement (and Exhibits)
D. Financial Statements
E. State Specific Addenda to FDD and to the Franchise and Development Agreements
F. List of Franchisees and Franchisees That Left Our System
G. Operations Manual Table of Contents
H. Sample Termination and Release Agreement
I. List of Area Representatives
J. State Effective Dates
K. Receipts

© 2022 Diesel Barbershop Franchising, LLC

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

To simplify the language of this Disclosure Document, the Franchisor is referred to in this Disclosure Document as "we," "us" or "our." We refer to the person interested in buying the franchise as "franchisee," "you" or "your." If you are a corporation, partnership, limited liability company or other entity, the terms "franchisee," "you" and "your" also refer to your owners.

The Franchisor

We were organized under the laws of Texas as a limited liability company on or around August 9, 2017 under the name Diesel Barbershop Franchising, LLC. Our principal business address is at 11255 Hubner Road, Suite 104, San Antonio, Texas 78230, and our telephone number is (919) 446-8163. We only do business under our corporate name and our current proprietary marks, including our current primary mark DIESEL BARBERSHOP. Our agent for service in Texas is Michael Shayne Brown, 11255 Huebner Road, Suite 104, San Antonio, TX 78230-1685.

We grant franchises for the right to independently own and operate Barbershops that are distinctive retail hair care outlets featuring haircutting, grooming, coloring and barbering services provided to clients by a staff of trained and independently licensed professionals. These Barbershops operate under our current primary mark DIESEL BARBERSHOP and any other proprietary marks we designate in the future (the "Proprietary Marks"), and also operate utilizing our proprietary business system described more fully below.

We first began offering franchises for the right to operate a Franchised Business as of November 2017.

As of December 2017, we also commenced offering and selling area representative franchises (the "Area Representatives") under a separate form of disclosure document (the "AR FDD"). If you purchase the right to operate a Barbershop in an area where we have an Area Representative, some of the assistance provided to you under the Franchise Agreement will be provided by our Area Representatives. See Exhibit I for more information on our Area Representatives.

We do not sell franchises in any other line of business and, except as provided in this Item, we are not otherwise engaged in any other business activity.

Our agents for service of process are listed in Exhibit A to this Disclosure Document.

Our Parent, Predecessors and Affiliates

We have six affiliates.

Our affiliate, Outlaws & Gents Grooming LLC , ("O&G") is a Texas limited liability company organized on August 30, 2016. O&G is located at 11255 Huebner Road, Suite 104, San Antonio, Texas 78230-1685. O&G does not franchise in this or any line of business. O&G sells men's grooming products, including to our franchisees.

Diesel Barbershop LLC ("DB") is a Texas limited liability company formed on April 12, 2011 with a principal address of 11255 Huebner Road, Suite 104, San Antonio, Texas 78230-1685. DB operates a Barbershop in San Antonio, Texas similar to the one described in this Disclosure Document.

© 2022 Diesel Barbershop Franchising, LLC

Wilderness Oak Cutters, LLC ("WOC") is a Texas limited liability company formed on January 3, 2012 with a principal address of 11255 Huebner Road, Suite 104, San Antonio, Texas 78230-1685. WOC operates a Barbershop in San Antonio, Texas similar to the one described in this Disclosure Document.

Diesel Barbershop Dominion Oaks LLC ("DBDO") is a Texas limited liability company formed on March 31, 2014 with a principal address of 11255 Huebner Road, Suite 104, San Antonio, Texas 78230-1685. DBDO operates a Barbershop in San Antonio, Texas similar to the one described in this Disclosure Document.

Diesel Barbershop Town Center LLC ("DBTC") is a Texas limited liability company formed on October 21, 2014 with a principal address of 11255 Huebner Road, Suite 104, San Antonio, Texas 78230-1685. DBTC operates a Barbershop in San Antonio, Texas similar to the one described in this Disclosure Document.

Diesel Barbershop Alamo Ranch LLC ("DBAR") is a Texas limited liability company formed on January 5, 2016 with a principal address of 11255 Huebner Road, Suite 104, San Antonio, Texas 78230-1685. DBAR operates a Barbershop in San Antonio, Texas similar to the one described in this Disclosure Document.

Except as described above, we do not have any parents, predecessors or other affiliates that offer franchises in any line of business, provide products or services to franchisees or operate Diesel Barbershops.

The Franchised Business

Your Franchised Business will be authorized to provide haircutting, grooming, coloring and barbering services to customers at competitive pricing in a unique environment that blends creative design, music and cutting-edge style. In operating your Franchised Business, you will be required to provide the foregoing services, along with any other services and products we authorize (collectively, the "Approved Products and Services").

Your Franchised Business will be operated using our Proprietary Marks and in accordance with our proprietary operating system, which includes our valuable know how, information, trade secrets, methods, confidential operations manual (the "Operations Manual") and other proprietary manuals we may loan to you (collectively, the "Manuals"), standards and specifications, sales techniques, merchandising, marketing, advertising, inventory management systems, marketing and sales programs, fixture and furniture selection, staffing guidelines and other research and development connected with the establishment and operation of a Barbershop (collectively, the "System"), which we may modify from time to time as we deem appropriate in our sole discretion.

Your Franchised Business will have between approximately 1,200 to 1,500 square feet of leased or owned space, and your Franchised Business will typically be located in retail shopping centers, lifestyle centers, or other high-traffic areas. In order to own and operate a Franchised Business, you must enter into our current form of franchise agreement that is attached as Exhibit B to this Disclosure Document (the "Franchise Agreement"). If the franchisee is a business entity (for example, a corporation, partnership or limited liability company), then all of the individuals that have any type of ownership interest in the franchisee entity, as well as their spouses, must sign our form of personal guaranty (attached as Exhibit B to the Franchise Agreement) where each owner agrees to be personally bound by, and personally guarantee the entity's obligations under, all terms of the Franchise Agreement (the "Personal Guaranty"). If the franchisee is an individual, then the franchisee's spouse will be required to execute the Personal Guaranty unless the spouse also signs the Franchise Agreement directly.

© 2022 Diesel Barbershop Franchising, LLC

Once we agree on the location of your Franchised Business (the "Premises"), we will designate a geographical area around the Premises where we will not own, operate, or license a third party the right to own or operate, a Barbershop that utilizes the Proprietary Marks and System (your "Designated Territory").

Multi-Unit Offering

We also offer qualified individuals and entities the right to open and operate three (3), five (5), or ten (10) Franchised Businesses within a designated market area (the "DMA") under our current form of area development agreement that is attached to this Disclosure Document as Exhibit C (the "Development Agreement"), which will also outline a schedule or defined period of time in which you must open and commence operating each Franchised Business (a "Development Schedule").

You will be required to sign a Franchise Agreement for your initial Franchised Business at the same time you sign your Development Agreement. In addition, you will eventually need to sign our then-current form of franchise agreement, which may differ from the current Franchise Agreement included with this Disclosure Document, for each of the Franchised Businesses you open under the Development Schedule.

You will be required to pay us a one-time development fee that will be calculated based on the number of Franchised Businesses we grant you the right to open under the Development Agreement (the "Development Fee"), but you will not be required to pay an initial franchise fee at the time you execute your franchise agreements for each Franchised Business we permit you to open under your Development Agreement.

Market and Competition

The market for hair care services is well-developed and competitive. You will compete with a range of hair care salons and barbershops. There are a number of local independent hair care salons and barbershops throughout the U.S. that may offer a similar range of products and services as your Franchised Business, as well as other franchise chains such as SuperCuts, Great Clips and similar concepts.

Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

Industry-Specific Regulations

Each state requires that barbers or stylists providing haircuts, shaves, and related services have a current license valid in that state, based on our understanding and experience to date. Owners of barbershops are not typically required to be licensed unless they personally provide these services. With that said, you must investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating a franchised Barbershop and you should consider both their effect and cost of compliance.

Most states and local jurisdictions have also enacted other laws, rules, regulations and ordinances that may apply to the operation of your Barbershop, including those that: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the business premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as restrictions on smoking; (c) set standards pertaining to employee health and safety; (d) regulate matters affecting requirements for accommodating disabled persons, including the Americans with Disabilities Act; (e) set standards and requirements for fire safety and general emergency preparedness; and (f) regulate, or otherwise relate to or govern, the operation of a barbershop generally (including those that may require you to obtain certain permits, certificates, licenses or approvals to provide the Approved Products and Services at your Franchised Business).

© 2022 Diesel Barbershop Franchising, LLC

The United States enacted the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (the "USA Patriot Act"). We are required to comply with the USA Patriot Act. To help us comply with the USA Patriot Act, we ask you in the Franchise Agreement to confirm for us that neither you nor your directors, officers, shareholders, partners, members, employees, or agents are suspected terrorists or persons associated with suspected terrorists or are under investigation by the U.S. government for criminal activity.

You must consult with your own attorney to ensure that the laws of the state and city where your Franchised Business is located permits you to provide the Approved Products and Services from your Barbershop. It is your sole responsibility to investigate any regulations in your area, including those related to the establishment and operation of a Barbershop generally.

Please be advised that you must investigate and comply with all of these applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations, despite any advice or information that we may give you. We have not researched any of these laws to determine their applicability to your Franchised Business.

ITEM 2
BUSINESS EXPERIENCE

Founder and CEO: Shayne Brown

Mr. Brown has served as Founder and CEO of Diesel Barbershop Franchising, LLC since our inception. Mr. Brown has served as CEO of each of our affiliate-owned Diesel Shops, all of which are located in the San Antonio, Texas area, since the first Barbershop opened in August 2011.

COO: Eric Bauer

Mr. Bauer has served as our Chief Operating Officer since February 2021. Concurrently, since October 2020 he is the owner of Franchise Advisory Group in Ponte Vedra, Florida. From December 2018 Mr. Bauer also serves as the President of E. Bauer Enterprises located in Ponte Vedra, Florida. Mr. Bauer serves as President of Bauer Family Enterprises located in Ponte Vedra, Florida from December 2018 until the present time. Previously Mr. Bauer has served as a Marketing Contractor for Brown Jordan International in St. Augustine, Florida from April 2018 until June 2018. From April 2017 until March 2018 Mr. Bauer served as Director of Product Management for Web.com in Jacksonville, Florida. From February 2016 until April 2017 Mr. Bauer was the Marketing Manager for Southeastern Grocers located in Jacksonville, Florida. Mr. Bauer also serves as an Area Representative (see Exhibit I) and owns and operates a Diesel Barbershop (see Exhibit F).

Sarah Klingensmith – Director of Training and Operations

Ms. Klingensmith serves as our Director of Training and Operations since May 2021. Previously, she was the Director of Business Operations and Education for Dino Palmieri Salons and Spa in Cleveland, Ohio from May 2020 through July 2020. Prior to that she served as the Regional Director, Field Services Operation/Education for Ulta Beauty in Bolingbrook, Illinois from July 2018 until February 2020. Ms. Klingensmith was the Senior National Education Manager for Wella in Los Angeles, California from July 2011 until July 2018.

© 2022 Diesel Barbershop Franchising, LLC

Controller: Shelley Smith

Ms. Smith has served as our Controller since August 2018. Prior to that, Ms. Smith served as the operations administrator for Aldridge Refrigeration located in Garner, NC from October 2015 until August 2018.

VP of Franchise Development: Chelsea Drudge

Ms. Drudge has served as our VP of Franchise Development since August 2021. Prior to that, Ms. Drudge served as the Director of Franchise Development for FranDevCo located in Huntersville, NC from February 2021 until August 2021. Before that Ms. Drudge served as the Director of Executive Operations for Dudan Partners in Huntersville, NC from July 2019 until February 2021. Prior to that Ms. Drudge was the Franchise Development Manager for Self-CAR Development LLC in Huntersville, NC from February 2017 until July 2019. Before that Ms. Drudge was the Franchise Development Marketing Manager for AdvantaClean Systems Inc. located in Huntersville, NC from August 2012 until February 2017.

Area Representatives

We may also enter into agreements with Area Representatives that may provide you and other system franchisees with franchise sales services, training, assistance and support. A list of our Area Representatives is set out in Exhibit I.

ITEM 3
LITIGATION

No litigation must be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

Initial Franchise Fee

The Initial Franchise Fee is $50,000 for your first Franchised Business, $47,500 for your second Franchised Business, $45,000 for your third Franchised Business, $42,500 for your fourth Franchised Business, and $40,000 for each subsequent Franchised Business that we grant you the right to open. The Initial Franchise Fee is payable in full upon the signing of the corresponding Franchise Agreement that will govern its operations. The Initial Franchise Fee is deemed fully earned when paid and is non-refundable.

VetFran

To honor those men and women who have served in the U.S. military, the Veterans Transition Franchise Initiative, known as "VetFran", was developed to help those individuals' transition to civilian life. This initiative is a voluntary effort of International Franchise Association (IFA) member-companies and is designed to encourage franchise ownership by offering financial incentives to honorably discharged veterans. We offer a 10% discount of the Initial Franchise Fee for the first Franchised Business to

© 2022 Diesel Barbershop Franchising, LLC

individuals who qualify under the VetFran program. This 10% discount does not apply to any Additional Franchise Agreements if any other discounts apply.

Technology Fees

We collect our then-current technology fee to help us defray and/or cover the costs of certain technology-related tools and development as part of the System (the "Technology Fee"). The Technology Fee is $300 per month. See Item 6 for additional information regarding the use of the Technology Fee.

You must typically begin paying the monthly Technology Fee within 30 days of the date you sign the Franchise Agreement. As such, we estimate that you could pay anywhere from $2,400 to $3,600 to us in such fees prior to opening your Franchised Business depending on how quickly you schedule your Initial Training Program after signing your Franchise Agreement. All Technology Fees will be deemed fully earned and non-refundable once paid.

Site Selection Fee

You will pay us or our approved supplier (as we designate) a site selection fee in the amount of $6,000 (the "Site Selection Fee") for site selection support services. You will pay a reduced Site Selection Fee in the amount of $3,000 for each additional location. Typically, we will require that the Site Selection Fee be paid to us upon execution of your Franchise Agreement (unless we agree otherwise in a separate writing), and this fee is deemed fully earned and non-refundable once paid.

Project Management Fee

As of the Issue Date, we are the approved supplier for project management services and you must pay us a fee of $4,000 (the "Project Management Fee") for the project management services we offer that are designed to help facilitate and coordinate with the various other suppliers and providers associated with the development, construction and/or buildout of your Franchised Business. Typically, we will require that the Project Management Fee be paid to us upon execution of your Franchise Agreement (unless we agree otherwise in a separate writing), and this fee is deemed fully earned and non-refundable once paid.

Development Fee

If we grant you the right to open three or more Franchised Businesses under a Development Agreement, you must pay us a one-time Development Fee upon executing your Development Agreement. Your Development Fee will depend on the number of Franchised Businesses we grant you the right to open within the DMA and is calculated as follows: (a) $115,000 for the right to open three Franchised Businesses, (b) $150,000 for the right to open and operate five Franchised Businesses; and (c) $225,000 for the right to open and operate 10 Franchised Businesses.

You will be required to enter into our then-current form of franchise agreement for each Franchised Business you wish to open under your Development Agreement, but you will not be required to pay any additional Initial Franchise Fee at the time you execute each of these franchise agreements. If you enter into a Development Agreement, you must execute our current form of Franchise Agreement for the first Franchised Business we grant you the right to open within your DMA concurrently with the Development Agreement.

Your Development Fee will be deemed fully earned upon payment and is not refundable under any circumstances.

© 2022 Diesel Barbershop Franchising, LLC

Reduced Initial Fees for Area Representatives

If we offer you the opportunity to become an Area Representative and you enter into an area representative agreement (the "ARA") with us after you have been disclosed with our separate form of AR FDD, you will be required to pay 50% of the Initial Franchise Fee in connection with the Franchised Business you are required to open under your ARA and any other Franchised Business within the territory we designate in your ARA that you own and operate pursuant to a separate Franchise Agreement with us.

If you wish to purchase additional Barbershops during the term of your ARA, whether through a single-unit franchise agreement or via a development agreement, then your required initial fee payable under the then current form of Franchise Agreement Or Development Agreement you enter into with to us to fulfill your development obligations under the ARA will be equal to 50% of the corresponding Initial Franchise Fee or Development Fee, as applicable, described above in this Item that would otherwise be due in connection with that agreement.

Uniformity

Except as provided for in this Item above, we expect and intend to calculate and impose the fees described in this Item uniformly to all franchisees (and, if applicable, Area Representatives). For our fiscal year ending November 30, 2021, we did not collect any Initial Franchise Fees or Development Fees.

ITEM 6
OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	An amount equal to 7.5% of weekly Gross Sales of your Franchised Business (the "Royalty Fee").	On Tuesday of each week based on the Gross Sales generated by the Franchised Business during the preceding week.	Your Royalty Fee will begin once your Franchised Business opens. We may require you to pay your Royalty Fee and other reoccurring amounts via electronic funds transfer (the "EFT Program"). See Notes 1, 2 and 3, including definition for "Gross Sales".
Fund Contribution	Currently, 1% of the Gross Sales of your Franchised Business.	Same interval and manner as your weekly Royalty Fee.	We have established and currently maintain a Brand Development Fund (the "Fund") designed to promote/market/advertise and otherwise develop our brand, Proprietary Marks and System, which we will administer as we determine appropriate. See Notes 1, 2 and 3. We have the right to increase the Fund Contribution to up to 2% upon 30 days prior written notice.
Technology Fee	Then-current Technology Fee, which is currently $300 per month per Barbershop.	Monthly.	We collect a Technology Fee in connection with any costs we incur in establishing and maintaining an intranet, extranet, online portal, website, online advertising tools, mobile application and/or any other technology for use in connection with the Franchised Business. This amount is subject to increase based upon vendor pricing.

© 2022 Diesel Barbershop Franchising, LLC

Name of Fee	Amount	Due Date	Remarks
POS System	Then-current license fee charged by our Approved Supplier, which is currently $162 per month.	As invoiced.	You are required to pay a fee to an Approved Supplier for the point-of-sale system you are required to use in connection with the operation of the Barbershop.
Bookkeeping/ Accounting Service	$275 per month subject to change.	As incurred.	You are required to use our designated vendor for your bookkeeping services.
Relocation Fee	Our actual cost, including legal expenses, site approval expenses and travel and living expenses to conduct Site review (if any).	Upon approval of relocation request.	Payable only if you request the right to relocate your Barbershop to a different location. You will also be required to pay us a fee of $500 per week during the time your Barbershop is closed during the relocation process.
Successor Renewal Fee	10% of our then current initial franchise fee at time of your renewal of the right to operate the Barbershop.	Payable at the time you sign the Successor Franchise Agreement.	
Transfer Fee	$10,000 (per Franchise Agreement and Development Agreement being assigned), plus any applicable broker fees.	Payable prior to obtaining our consent to your proposed transfer.	There are other conditions that you and the proposed transferee must meet in order for us to approve any proposed transfer/assignment.
Conference Attendance Fee	Our then-current registration fee to attend any Annual Conference we designate, currently $500 per person.	As incurred.	We may schedule and hold an Annual Conference as we deem advisable in our sole discretion. We may require that you and, if appropriate your Designated Manager and other management personnel attend such conference. You will be responsible for the costs and expenses you incur in connection with any Annual Conference (lodging, travel, meals, etc.).
Liquidated Damages	$250 per day.	Upon demand.	Payable for each day unauthorized products or services are offered or sold in your Barbershop or products or services are acquired from unauthorized suppliers or vendors and sold or offered to be sold in your Barbershop.
Correction of Deficiency or Unsatisfactory Condition	Actual cost.	Within 10 days of invoice.	If you fail to correct deficiency, We may do so on your behalf and at your expense.
Collection Charges	Varies.	Upon demand.	You must pay all collection charges associated with our efforts in collecting any amounts owed to you or us under the Franchise Agreement.

© 2022 Diesel Barbershop Franchising, LLC

Name of Fee	Amount	Due Date	Remarks
Audit Fees	Actual cost of audit.	Upon billing after audit.	Payable if audit reveals that you have underreported the Gross Sales of your Franchised Business by 3% or more for any designated reporting period. See Note 4.
Interest	1.5% per month or highest commercial contract interest rate applicable laws permit.	Upon demand.	Payable on all delinquent payments that are due to us for more than 30 days. See Note 5.
Dishonored Check Charge	$50.	Upon demand.	Payable if a check you provide to us is returned or dishonored by the bank, or if your EFT Account does not have sufficient funds to cover amounts you owe under the Franchise Agreement as they become due and owing to us.

© 2022 Diesel Barbershop Franchising, LLC

Name of Fee	Amount	Due Date	Remarks
Additional Training Fee	Our then-current additional training provided after you open your Barbershop or assistance fee. Currently, $350 per day (plus any costs or expenses incurred, including travel and living expenses.)	At time of training.	We may require you (or your Operating Principal) and your Designated Manager (if any) to attend: (a) up to five (5) days of refresher/additional training in a given year ("Additional Training"); and (b) up to five (5) days of remedial training that we have the right to require you to attend and satisfactorily complete if you are not operating your Barbershop in compliance with the Franchise Agreement or our Manuals ("Remedial Training"). We will not charge you our then-current training fee (the "Additional Training Fee") in connection with any Additional Training that we require, but we reserve the right to charge our then-current training fee in connection with any (i) Additional Training that you request, or (ii) Remedial Training. You will be responsible for all costs and expenses that you and your trainees incur in connection with attending any Additional Training or Remedial Training. We may also charge you this Additional Training Fee if we are required to provide on-site assistance at your Franchised Business at your request, in which case you will also be responsible for the costs and expenses we incur in connection with providing such on-site assistance. We will not charge you an Additional Training Fee in connection with any day-to-day assistance we provide to you remotely via the telephone, e-mail, virtual communication or for any Additional Training that we require that you have not requested.
System Standard Violations	$250 per violation.	Upon demand.	Payable if you are not operating the Franchised Business in accordance with system and brand standards.
New Product or Supplier Testing	Reimbursement of costs.	As incurred.	If you propose an alternate supplier or product/service that we have not already authorized for use in connection with your Franchised Business, you may be required to reimburse us for the actual costs we incur in connection with evaluating your proposal. See Item 8.

Name of Fee	Amount	Due Date	Remarks
Advertising Cooperative Fee	If collected, no more than the current Local Advertising Requirement.	Upon demand.	Payable to us if we assign your Franchised Business to a Regional Advertising Cooperative. Any payment for a Regional Advertising Cooperative will be credited against your Local Advertising Requirement. If there is an affiliate-owned Barbershop in your Cooperative, then our affiliate will be able to vote on all matters that you and the other Cooperative members have the right to vote on.
Fees on Default and Indemnity	Attorneys' fees, costs, interest, audit costs, default fees.	Upon demand.	Payable in addition to other payments to us.
Costs and Attorneys' Fees	Will vary according to circumstance.	Upon demand.	You must reimburse us for our attorneys' fees and any court costs that we are forced to incur in connection with enforcing or protecting our rights under your Franchise and/or Development Agreement.
Indemnification	Will vary according to circumstance.	Upon demand.	You must reimburse us for our attorneys' fees and other costs that we incur in connection with any third-party claims brought against us that arise out of, or are related to, the operation of your Franchised Business.
Insurance	Will vary according to circumstance.	Upon demand.	If you fail to obtain required insurance, we may obtain such insurance at your expense (but are not required to do so) and charge you a service fee to do so. Otherwise, these payments are made directly to your third-party insurance provider.
Management Fee	Up to 6% of the Gross Sales of your Franchised Business during the period-of-time we or our representative manages your Franchised Business on your behalf (the "Management Fee"), plus the costs and expenses we incur.	As incurred.	The Management Fee will only be due to us if (a) you are in material default under your Franchise Agreement or upon your death or you become disabled (and unable to perform as the "Franchisee" under your Franchise Agreement), and (b) we exercise our right to temporarily operate your Franchised Business in an effort to assist in getting the operations of the Franchised Business back into compliance with the Franchise Agreement and System standards.

Explanatory Notes

Except as otherwise stated in this Item, all fees listed in this Item 6 Chart are imposed by, and payable to, us and are uniformly imposed on all of the franchisees in our System. These fees are payable in U.S. dollars and are non-refundable unless otherwise stated in this Item. Unless otherwise stated, the fees outlined in the Chart above apply to the Franchise Agreement only (and not the Development Agreement).

1. Royalty Fee and Other Fees. Your Royalty Fee, as well as any other fees payable to us or our affiliates under

the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Franchised Business ("EFT Account"). You must provide us with the details of your EFT Account prior to opening and execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as an Exhibit to our current form of Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account.

2. Collection Interval. We reserve the right to change the interval at which we collect your Royalty Fee, Fund Contribution and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. For example, we may collect these recurring fees on a monthly rather than weekly basis. Regardless, you are required to provide us with a weekly Gross Sales report detailing your Gross Sales from the preceding week, along with your calculated Royalty Fee, Fund Contribution (if appropriate) and other information that we reasonably require (the "Gross Sales Report") on Tuesday of each week. We may also require you to use a Computer System and/or related software that provide us with automatic access to such Gross Sales Reports.

3. Definition of Gross Sales. "Gross Sales" means the total dollar sales from all guests or customers of your Franchised Business, including without limitation (a) the sale and provision of any and all Approved Products and Services; (b) all proceeds from any business interruption insurance related to the non-operation of your Barbershop; (c) all revenue from the sale of any and all goods, products, items, merchandise or services sold under any of the Proprietary Marks or at or through the Barbershop; (d) all revenue generated from the sale and redemption of gift cards and gift certificates at or through your Franchised Business; and (e) all sales of Approved Products and Services on a wholesale basis, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. "Gross Sales" does not include (i) tips received by stylists and other practitioners at the Franchised Business; or (ii) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto. We will always have the right to address how a System franchisee's use of Groupon® or other similar program in connection with their Franchised Business will impact and/or be accounted for with respect to Gross Sales in our Manuals or otherwise in a writing that we provide to you.

4. Right to Inspect/Audit. We have the right to inspect your books and other financial information associated with your Franchised Business during the term of the Franchise Agreement. If we conduct an audit and it reveals that you have underreported your Gross Sales by 3% or more, than we may require you to (a) pay the costs we incur in connection with conducting the audit of your Franchised Business (including any fees paid to auditors and/or attorneys); and/or (b) provide us with annual audited financial statements regarding the operation of your Franchised Business.

5. Interest on Late Payments. Interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR SINGLE FRANCHISE AGREEMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[(1)]	$40,000	$50,000	Lump sum	Upon execution of the Franchise Agreement	Us
Project Management Fee	$4,000	$4,000	Lump sum	Upon execution of your Franchise Agreement	Us

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Site Selection Fee[2]	$3,000	$6,000	Lump sum	Upon signing Franchise Agreement	Us or Approved Supplier
Technology Fees for the first 11 months from the Effective Date of the Franchise Agreement	$3,300	$3,300	$300 per month	30 days after signing your Franchise Agreement	Us
Architectural Fees	$8,500	$10,000	Per contract	Per contract	Architects
Leasehold Improvements[3]	$98,950	$165,000	Per contract	During construction and at completion	Contractors, landlord, vendors and other suppliers
Security, Utility Deposits, Insurance, First Month's Rent[4]	$8,000	$10,000	Lump sum	Per contract	Landlord and utility companies
Equipment, FF&E and Signage[5]	$69,000	$90,000	Per contract	Per contract terms	Approved Suppliers
Computer System and AV Package[6]	$34,264	$34,264	Per contract	Before opening	Approved Supplier(s)
Initial Barber Supplies and Inventory	$18,000	$23,000	Per vendor terms	Before opening	Approved Supplier(s) and/or Other Third-Party Suppliers
Initial Marketing Spend[7]	$5,000	$5,000	Lump Sum	Within Six Weeks of Opening the Barbershop	Approved Supplier(s)
Legal Fees	$3,000	$3,000	Per contract	Per contract	Attorneys
Training Expenses, Travel and Living to attend Initial Training Program	$2,000	$ 4,000	Lump sum	Before opening	Airlines, hotels, restaurants, cars
Additional Funds – Three Months[8]	$25,000	$25,000	As incurred	As incurred	Varies
Total[9]	$322,014	$432,924			

Explanatory Notes to Chart One

In general, none of the expenses listed in the above chart are refundable. Fees paid to us or our affiliates are non-refundable. We do not finance any portion of your initial investment.

1. Initial Franchise Fee. The Initial Franchise Fee is described more fully in Item 5 of this Disclosure Document.

2. Site Selection Fee. You will pay a range of fees for site selection and the low-end site selection fee is for each additional location.

3. Leasehold Improvements. This number is the NET out of pocket cost to franchisees, accounting for the

typical range of tenant improvement allowance that tenants receive as part of their lease agreement. Barbershops are typically located in trade areas that match the demographic profile of our customers and range in size from 1,200 to 1,500 square feet. Any location you lease will have to be built-out to our specifications. These costs vary significantly from locale to locale, and your initial cash outlay will depend on whether you choose to purchase or lease the site for your Barbershop and whether you choose to locate the Barbershop in a strip shopping center or high traffic area, as well as whether your landlord determines to provide you with any kind of tenant improvement allowance or similar credit to help facilitate the buildout of the premises at issue. Mall locations are typically more expensive to build-out than strip center locations, so leasehold improvement expenses in an enclosed mall location may be higher.

4. Deposits. Assumes a lease deposit equal to one month's rent. Utility deposits vary from locale to locale, and your insurance premiums may vary based on the kind of payment you plan to give based on your carrier. The low end includes a rent abatement period of an average of three months for buildout and construction.

5. Equipment, FF&E and Signage. The estimate for equipment includes amounts for Barbershop décor, including promotional materials, security system, and a music licensing service which you must buy from us or an approved vendor prior to Barbershop opening. Municipal code and lease restrictions on signage may increase the cost of your signs.

6. Computer System. You must purchase the required computer hardware and software we designate for use in connection with your franchised Barbershop, including our designated point of sale ("POS") system and software (collectively, the "Computer System"), as well as: (i) the supporting networking hardware; and (ii) an audio-visual equipment package that will be based on the size and layout of your Barbershop premises.

7. Initial Marketing Spend. You must spend a minimum of $5,000 in the initial advertising of your Barbershop prior to and around the opening of your Franchised Business.

8. Additional Funds. These figures assume you will need the indicated amounts for personnel wages or other compensation (but no salary or other compensation for you as the franchise owner), employee training, insurance premiums, debt service, legal and accounting fees and other expenses during the initial phase of your Barbershop's operation, which we estimate to be three months. You may incur additional expenses in starting up your Barbershop. Your actual costs will depend on a number of factors, including local economic conditions, the time of year in which you open, prevailing wage rates, your own business skill and experience, and the level of your sales during the initial phase of your Barbershop's operation.

9. Total. In preparing the estimates above, we relied on the experience of (a) our affiliates that have opened and operated five Diesel Barbershop Shops at different points over the past ten years, and (b) certain information we received in connection with the development and opening of franchisee's Barbershops in accordance with the System. The estimates are, however, only estimates that, by their nature, may change and may vary from location to location and the number of barber chairs in your Barbershop. You should carefully review these figures and compare them with information you obtain from local sources, and then discuss your findings with a business or legal advisor before you make a decision to purchase any franchise. We do not offer financing for any portion of your initial investment.

© 2022 Diesel Barbershop Franchising, LLC

YOUR ESTIMATED INITIAL INVESTMENT FOR DEVELOPMENT AGREEMENT

Type of Expenditure	Offering[(1)]	Amount		Method of Payment	When Due	To Whom Payment Is to be Made
		Low	High			
Development Fee[2]	Three-Pack	$115,000	$115,000	Lump Sum	Upon execution of Development Agreement	Franchisor
	Five-Pack	$150,000	$150,000			
	10-pack	$225,000	$225,000			
Initial Investment for Individual Franchised Business[3]		$282,014	$382,924	Calculated by taking the total estimated initial investment in Chart A of this Item 7 and subtracting the Initial Franchise Fee amount.		
Totals	3-Pack	$397,014	$497,924	This is the total estimated initial investment to enter into a Development Agreement for the right to develop each of the multi-unit offerings we typically offer under our ADA, as well as the costs to open and commence operating your first Franchised Business for the first three months (as described more fully in the first chart of this Item 7). See Note 3.		
	5-Pack	$432,014	$532,924			
	10-pack	$507,014	$607,924.00			

Explanatory Notes to Chart Two

1. Offering. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Development Agreement for the right to own and operate three, five or 10 Franchised Businesses, as well as the initial investment to open your first Franchised Business under your Development Schedule.

2. Development Fee. The Development Fee is described in greater detail in Item 5 of this Disclosure Document.

3. Initial Investment. This figure represents the total estimated initial investment required to open the first Franchised Business you agree to open under the Development Agreement. You will be required to enter into our then-current form of franchise agreement for each Franchised Business you open under your Development Agreement. The range includes all the items outlined in Chart One of this Item, except for the Initial Franchise Fee (which you are not required to pay if one you pay the Development Fee). It does not include any of the costs you will incur in opening any additional Franchised Business(es) that you are granted the right to open and operate under your Development Agreement.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Franchised Business in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing, video and orally through our confidential Manuals and other proprietary guidelines, recordings and writings that we prepare for your use in connection with the Franchised Business and System. We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

Approved Products and Services and Required Items

You may only market, offer, sell and provide the Approved Products and Services and use Required Items at your Franchised Business in a manner that meets our System standards and specifications. We will

provide you with a list of our then-current Approved Products and Services and Required Items, along with their standards and specifications, as part of the Manuals or otherwise in writing prior to the opening of your Franchised Business. We may update or modify this list in writing at any time.

If you wish to offer any product or service in your Franchised Business other than our Approved Products and Services, or use any item, other than our Required Items, in connection with your Franchised Business that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item.

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an "Approved Supplier"), which may include us or our affiliates. We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate.

Currently, we have Approved Suppliers for the following items: (a) POS system and related software, as well as any other software we designate for use in connection with your Franchised Business (collectively, the "Required Software"); (b) other technology that we designate or determine to make available for use as part of the Technology Fee; (c) certain inventory (for both operations and retail sale) and supplies; (d) uniforms and branded merchandise, which may include apparel and other items for resale from your Barbershop; (e) signage; (f) certain millwork; (g) architectural/design services; (h) site selection services and project management services; (i) paper goods; (j) certain furniture, fixtures and equipment; (k) insurance; and (l) merchant processing services.

We may develop proprietary products for use in your Franchised Business, including private-label products that bear our Proprietary Marks, and require you to purchase these items from us, our affiliates, or our parent.

As of the Issue Date of this Disclosure Document: (a) we are the Approved Supplier for project/construction management services; (b) we provide you with certain technology as part of the Technology Fee you must pay to us; and (c) as provided above in this paragraph, we and/or our affiliate are one of the Approved Suppliers for items you are required to purchase in connection with your Franchised Business. Currently, one of our officers owns an interest in an Approved Supplier that provides certain grooming products.

We reserve the right to designate us or any future affiliates or parent as an Approved Supplier with respect to any item you must purchase in connection with your Franchised Business in the future.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "Required Purchases." We estimate that your Required Purchases will account for approximately 75% to 95% of your total costs incurred in establishing your Franchised Business, and approximately 15% to 25% of your ongoing costs to operate the Franchised Business after the initial start-up phase (not including your lease or occupancy costs). Please be advised that these percentages do not include your lease payments you make in connection with your Premises.

We reserve the right to derive revenue from any of the purchases (items or services) that our franchisees are required to make in connection with the Franchised Business.

In our past fiscal year ending November 30, 2021, we collected a total of $101,600 in Technology Fees

from our franchisees and $16,206.40 in rebates from our Approved Suppliers, or 17.75% of our total revenue of $663,510 generated over our past fiscal year.

We did not collect any Project Management Fees from our franchisees during our prior fiscal year ending November 30, 2021.

Except as provided above, we have not generated any revenue from our franchisees' required purchases in the past fiscal year ending November 30, 2021.

Non-Approved Product/Service and Alternate Supplier Approval

If you wish to (a) purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source; or (b) offer any products or services in connection with your Franchised Business that are not Approved Products and Services, then you must obtain our prior written approval. We may, but are not obligated to, grant your request. However, if you wish to undertake either of these actions, you must request and obtain our approval in writing before: (1) using or offering the non-approved product or service in connection with your Franchised Business; or (2) purchasing from a non-approved supplier. You must pay our then-current supplier or non-approved product or service evaluation fee when submitting your request (See Item 6). We may charge you for the reimbursement costs for each evaluation request. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product or service at issue, but also the supplier's production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) or service(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within 90 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (but are not required to) make it available to you upon request. Each supplier that we approve of must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Proprietary Marks. The revocation of a previously approved product, service or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, service or with the revoked supplier.

Gift Cards

You must offer our gift cards and participate in our designated gift card program in your Barbershop (if and when established), and you must purchase your cards from our Approved Supplier. You are also required to honor any gift cards for payment of services at your Barbershop, even if the gift card was purchased at another System Barbershop. We reserve the right to change this policy from time-to-time.

Promotions/Loyalty Programs

You will fully participate in all customer loyalty or frequent customer programs approved and required by us and you will fully participate in all promotional campaigns, prize contests, advertising, sales, special offers and other promotion programs, national, regional or local in nature approved and required by us.

© 2022 Diesel Barbershop Franchising, LLC

Any promotions and discount programs for your Barbershop must be approved by us and meet our standards set out in the Manuals.

Customer Service Policies

You are required to follow all customer service policies, including re-do policies, as we identify and modify them from time to time. Currently, you are required to honor any request for a re-do of services at your Barbershop in accordance with the re-do policy as set forth in the Manuals or otherwise in writing by us, which currently limits the obligation to provide re-do services when the original services were performed at your Barbershop.

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Barbershops in our System. If we do establish those types of alliances or programs, we may: (a) limit the number of approved suppliers with whom you may deal; (b) designate sources that you must use for some or all products, equipment and services; and (c) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Businesses in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

We do not currently have a purchasing cooperative with any third-party vendors but reserve the right to create purchasing cooperatives in the future.

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

Advertising

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Manuals or otherwise. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Franchised Business if we have not prepared or approved them during the 12 months prior to the date of your proposed use.

Approved Location and Lease

You must obtain our approval of the Premises for your Franchised Business before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Premises before you execute the contract or lease. We will review your proposed lease for the site only to determine if the lease complies with the terms of the Franchise Agreement. Our review of your proposed lease will not constitute any

business, economic, legal, or real estate advice or analysis. You are responsible for hiring your own attorney to review the proposed contract of sale or lease on your behalf. We may condition our approval of any such lease on you and your landlord's execution of our prescribed form of Collateral Assignment of Lease (attached as Exhibit C to our current form of Franchise Agreement). You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Franchised Business at the Premises.

If we grant you the right to open and operate multiple Franchised Businesses under a Development Agreement, you will enter into your Franchise Agreement for each Franchised Business opened under your Development Schedule prior to locating Premises for that Franchised Business.

Insurance

You must purchase and maintain the types and amounts of insurance that we designate in our Manuals or otherwise in writing, including, without limitation, a general liability policy with $1,000,000 per occurrence and $2,000,000 in the aggregate, with umbrella coverage of $2,000,000, all of which we may modify from time to time as we deem appropriate in our reasonable discretion. We currently have an Approved Supplier for insurance, and you must furnish us with certificates of insurance (or, at our request, copies of all insurance policies), evidencing the existence and continuation of the insurance coverage required by the Franchise Agreement. All policies must contain a waiver of subrogation in our favor and must name us and any additional parties we designate as additional insureds (except with regards to workers' compensation insurance). In the event you do not obtain or maintain the required insurance, we have the right to purchase it and charge you our costs in doing so.

Computer Hardware and Software

You must purchase any and all computer hardware, software and peripherals in accordance with our System standards and specifications. We may require you to purchase any of these items from one of our Approved Suppliers. Your Premises must have Internet Wi-Fi access that your customers can access. We may require you to purchase any of these items from one of our Approved Suppliers, and we currently have an Approved Supplier in connection with the software you must use at your Franchised Business (and maintenance/support associated with this software).

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 in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 2, 5, and 6	Section 1 and Exhibit A	Item 11
b.	Pre-opening purchases/leases	Sections 5 and 6	N/A	Items 7, 8, 11
c.	Site development and other pre-opening requirements	Sections 2, 5, and 6	Sections 1, 5 and Exhibit A	Items 6, 7, 11
d.	Initial and ongoing training	Sections 3, 5 and 6	N/A	Item 11

	Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
e.	Opening	Sections 5 and 6	N/A	Item 11
f.	Fees	Sections, 4 and 9,	Section 2	Items 5, 6, 7, 11
g.	Compliance with standards and policies/Confidential Operations Manual	Sections 3, 5, 6, 7 and 8	N/A	Items 6, 11
h.	Trademarks and proprietary information	Section 7	N/A	Items 13, 14
i.	Restrictions on products/services offered	Sections 5 and 6	N/A	Items 8, 11, 16
j.	Warranty and customer service requirements	Section 6	N/A	Item 8
k.	Territorial development and sales quotas	Sections 2 and 6	Sections 1, 5 and Exhibit A of the Development Agreement	Item 12
l.	Ongoing product/service purchases	Sections 5, 6 and 8	N/A	Items 8, 16
m.	Maintenance, appearance, and remodeling requirements	Sections 5, 6 and 8	N/A	Items 8, 11
n.	Insurance	Sections 6 and 11	N/A	Items 6, 11
o.	Advertising	Sections 4, 6, 7, and 9	N/A	Items 6, 11
p.	Indemnification	Section 11	N/A	Item 9
q.	Owner's participation/ management/staffing	Section 6	N/A	Item 15
r.	Records and reports	Sections 4, 6, and 10	N/A	Items 6, 9, 21
s.	Inspections and audits	Section 5, 6, and 10	N/A	Items 6, 11, 21
t.	Transfer	Section 13	Section 8	Item 17
u.	Renewal	Section 3	N/A	Item 17
v.	Post-termination obligations	Sections 14and 16	N/A	Item 17
w.	Non-competition covenants	Section 14	N/A	Item 17
x.	Dispute resolution	Sections 18	Section 11	Item 17

ITEM 10
FINANCING

Neither we, nor our affiliates or agents offer direct or indirect financing to franchisees, nor do we guarantee your obligations.

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

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

Pre-Opening Obligations

Prior to the opening of your Franchised Business, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. If you have entered into a Development Agreement for the right to operate three, five, or 10 Franchised Businesses, we will designate your DMA wherein you must secure Premises, approved by us, for each of your Franchised Businesses. (Development Agreement, Section 1);

2. We will provide site selection guidelines and assistance (as described more fully below in this Item 11), as we deem appropriate in our discretion, in connection with selecting the Premises for each of your Franchised Business(es), including calls with an assigned start-up specialist. We will also review, and subsequently approve/reject any proposed lease or purchase agreement for each location that you select as a Premises for any Franchised Business. (Franchise Agreement, Sections 2.2 and 5.3);

3. Once you secure Premises that we approve for the Franchised Business, we will define your Designated Territory for that Franchised Business and include its boundaries in a Data Sheet attached as Exhibit A to your Franchise Agreement. (Franchise Agreement, Section 2.2);

4. We will provide you with online access to, or otherwise loan you, one copy of our confidential and proprietary Manuals. You must operate your Franchised Business in accordance with the Manuals and all applicable laws and regulations. The Manuals may be amended or modified by us to reflect changes in the System. You must keep the Manuals confidential and current, and you may not copy any part of the Manuals. You are required to keep a copy of the Manuals at your Premises, and if there is a dispute relating to the contents of the Manuals, then the master copy (which we maintain at our corporate headquarters) will control. We reserve the right to disclose updates to the Manuals in writing in any manner, including electronic means such as e-mail, our website and any intranet or extranet that we establish in connection with the System. The table of contents for our Operations Manual as of the Issue Date of this Disclosure Document is attached to this Disclosure Document as Exhibit G and is a total of approximately 90 pages. Please note, however, that certain portions of the Manuals will be set forth on the Diesel Barbershop Team Site and you will be solely responsible for ensuring compliance with these "online" portions of the Manuals as well. (Franchise Agreement, Section 8);

5. We will provide you with a list of our Required Items and Approved Suppliers (to the extent we have designated them), either as part of the Manuals or otherwise in writing. (Franchise Agreement, Section 5.5);

6. We will provide you with a set of our then-current standard building plans and specifications and/or standard recommended floor plans, and our specifications for required décor. (Franchise Agreement, Section 5.4); and

7. We will provide you with our Initial Training Program. (Franchise Agreement, Section 5.2).

© 2022 Diesel Barbershop Franchising, LLC

Post-Opening Obligations

After the opening of your Franchised Business, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. We may provide Additional Training and Remedial Training. We may require you to pay our then-current Additional Training Fee for any Additional Training and Remedial Training. You will also be solely responsible for all expenses incurred in attending Additional Training. (Franchise Agreement, Section 5.2(d));

2. We may provide you with continuing consultation and advice, as we deem necessary in our sole discretion during our reasonable business hours, regarding the management and operation of the Franchised Business. We may provide this assistance by telephone, virtual communication tools, intranet communication, Skype, Zoom, Microsoft Teams or any other communication channel, as we deem advisable and subject to the availability of our personnel. Certain of this advice and consultation may be provided based on certain reports, guest satisfaction surveys and other brand quality measurements we impose in connection with the operation of your Franchised Business, and such advice/consultation will be subject to your timely provision of any reports we require you to submit. (Franchise Agreement, Section 5.8);

3. We may provide you with additional on-site assistance, subject to the availability of our field representatives and, upon our request, payment of our then-current Additional Training Fee. (Franchise Agreement, Section 5.8);

4. We will approve or deny any advertising/marketing materials you wish to use in connection with your Franchised Business. (Franchise Agreement, Section 5.6(b));

5. We will approve or disapprove your requests to: (i) purchase and/or offer non-approved products or services in connection with the Franchised Business; and (ii) make Required Purchases from suppliers other than our then-current Approved Suppliers. (Franchise Agreement, Section 5.5);

6. We may schedule and hold a franchise conference. You will pay the Conference Attendance Fee and all travel and living expenses for your attendees. (Franchise Agreement, Section 6.1(d));

7. We will display the contact information of your Franchised Business on the website that we or our designee maintains to advertise and promote the Diesel Barbershop brand, Proprietary Marks and other Barbershop locations, provided you are in compliance with the terms of your Franchise Agreement. (Franchise Agreement, Sections 5.6(c) and 9.6(b));

8. We may administer and maintain a brand development fund (the "Fund") for the benefit of the System. (Franchise Agreement, Sections 5.6(c) and 9.6);

9. We may, as we deem appropriate in our discretion, establish and maintain a website portal that will be accessible by our System franchisees, which may be used for purposes of (a) providing updates, supplements and supplemental information that will constitute part of one or more Manuals; (b) providing webinars and other training, including portions of our Initial Training Program and Additional Training; (c) providing advertising templates or other marketing/promotional materials, as well as information related thereto; and (d) otherwise communicate with our Franchisees regarding the brand, System and/or specific operational/promotional aspects of a Franchised Business (collectively, the "Team Site"). (Franchise Agreement, Sections 5.5);

10. We may conduct, as we deem advisable in our sole discretion, inspections of the Premises and audits of the Franchised Business and your operations generally to ensure compliance with our System standards and specifications. We may also prepare written reports outlining any recommended or required changes or improvements in the operations of a franchised Barbershop, as we deem appropriate in our sole discretion, and detail any deficiencies that become evident as a result of any inspection or audit. (Franchise Agreement, Section 10.15);

11. We may supplement, revise or otherwise modify the Manuals and/or the Diesel Barbershop Team Site as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e-mail and our System-wide intranet. (Franchise Agreement, Section 2.7 and 8.6); and

12. We may: (i) research new haircare services, products and equipment and methods of doing business and provide you with information we have developed as a result of this research, as we deem appropriate in our sole discretion; and (ii) create and develop additional products and services to be offered or provided as Approved Products and Services, including proprietary products and services that may be sold under the trademarks we designate. (Franchise Agreement, Section 9.6(b)).

Training

Initial Training Program

Our Initial Training Program provides instruction and education on our System, methods and techniques related to establishing and operating your Franchised Business. The Initial Training Program consists of the following four phases: In-Person Owner/Operating Principal Training, Virtual Owner/Operating Principal Training, Designated Manager Training and On-Site Assistance Training. We reserve the right to provide any in-person training virtually for health/safety reasons. Other than the Introduction to the Diesel Barbershop System, which is part of the In-Person Owner/Operating Principal Training, the balance of the In-Person Owner/Operating Principal Training and the additional phases of the Initial Training Program will take place after you (1) sign your lease for the Premises; and (2) complete our required conditions, including but not limited to, providing proof of insurance, a completed EFT Form, signed exhibits to the Franchise Agreement, to the extent such exhibits have not been signed, your completed Initial Marketing Spend plan, etc.

We require that your Operating Principal, if applicable, and your Designated Manager(s) attend and satisfactorily complete the Initial Training Program. The Initial Franchise Fee, in part, covers the tuition and our internal cost to provide the Initial Training Program to you or your Operating Principal (if any) and your Designated Manager(s), provided that, all of your attendees participate at the same time. You will be responsible for all costs and expenses you (and your other attendees) incur in connection with attending or otherwise participating in our Initial Training Program (including any travel, lodging, meals and other expenses associated with attending those portions of the Initial Training Program that are provided from our headquarters, designated training facility in San Antonio, Texas or other location we designate).

The details of our Initial Training Program are set forth in the Charts below. The timing of the different phases of our Initial Training Program is based on the startup and opening of your Franchised Business as further described below. The subjects taught, and the time periods allocated for each subject may vary based on the experience of the trainees.

© 2022 Diesel Barbershop Franchising, LLC

In Person Owner/Operating Principal Training

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction to Diesel Barbershop System	12	0	Our headquarters or other location we designate
POS System, Hands-On Barbershop Operations, Products and Services (Opening, Closing, Operations, etc.)	3	8	Our Affiliate Barbershop or other location we designate
Totals	15	8	

You or your Operating Principal will be required to attend the Introduction to Diesel Barbershop System within six weeks of signing the Franchise Agreement (subject to space availability). You will be required to complete the rest of the In Person Owner/Operating Principal Training after you have signed your lease for the Premises and commenced your build-out of your Barbershop.

Virtual Owner/Operating Principal Training

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Financial Budget for Your Barbershop	2	0	Phone, Webinar and Video Conference
Recruiting, Interviewing and Hiring	1	0	Phone, Webinar and Video Conference
Marketing	6	0	Phone, Webinar and Video Conference
Software Education (Fran Connect)	1	0	Phone, Webinar and Video Conference
Total	10	0	

The Virtual Owner/Operating Principal Training begins within the first two weeks of signing the Franchise Agreement and continues until you open your Barbershop.

© 2022 Diesel Barbershop Franchising, LLC

Designated Manager Training

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
On-Hands Training for Designated Manager(s)	3	9.5	Barbershop Location We Designate
Totals	3	9.5	

The Designated Manager Training takes place after you hire your Designated Manager. Generally, the training takes place two weeks after you hire your Designated Manager and prior to your Required Opening Date.

On-Site Assistance Training

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Recruiting, Interviewing and Hiring	0	16	At your Barbershop
Hands On Training and Opening Assistance	16	21	At your Barbershop
Totals	16	37	

Upon completion of your Designated Manager Training, we will provide the On-Site Assistance Training. The On-Site Assistance Training generally commences a week prior to your Required Opening Date.

Unless we agree otherwise in writing, you must complete certain phases of the Initial Training Program within 30 days of signing your Franchise Agreement and complete the entire Initial Training Program no later than two weeks prior to your Required Opening Date (except for the On-Site Assistance which typically occurs the week prior to your Required Opening Date). Failure by you or any other required attendee to complete these portions of the Initial Training Program to our satisfaction within this time-period is grounds for terminating your Franchise Agreement. (Franchise Agreement, Sections 6.1(a)).

Our training program is supervised by Ms. Sara Klingensmith who serves as our Director of Training and Operations since May 2021. Ms. Klingensmith has 10 years of experience in education, operations and training in the personal services franchise field. She may also utilize other employees to assist them with all aspects of training. We will loan you, or otherwise provide you with access to, our proprietary instructional materials prior to or upon your attendance at our Initial Training Program, which may include our Manuals and certain other instructional materials that we develop. You, or another person that successfully completes our Initial Training Program, will be required to train all other personnel that works at your Franchised Business. (Franchise Agreement, Sections 6.1(f)).

Subject to space restrictions and availability, you may have additional individuals attend our Initial Training Programs at times other than your scheduled training sessions. We reserve the right to charge our then-current training fees for these additional participants to attend the Initial Training Program.

© 2022 Diesel Barbershop Franchising, LLC

If you, your Operating Principal or your Designated Manager(s) fail to complete any part of the Initial Training Program to our satisfaction, we may permit that person to re-attend or you may send a replacement to our next available Initial Training Program session, provided there is availability. We may charge our then-current training tuition rate for these individuals to re-attend the Initial Training Program as well. In any event, you are solely responsible for all expenses incurred related to you and your additional attendees at our Initial Training Program, including transportation to and from the training site, lodging, meals and employee wages. (Franchise Agreement, Section 5.2(b)) and 6.1(c)).

Additional Training, Remedial Training and Conventions

We will also require you to participate in our Business Objective System Meetings, which focus on progress reports, setting objectives for your Barbershop and problem solving. We conduct the Business Objective System Meetings each month for the first year of operations.

We may require you (or your Operating Principal) and your Designated Manager(s) (if any) to attend: (a) up to five days of Additional Training; and (b) up to five days of Remedial Training if we determine that you are not operating your Barbershop in compliance with the Franchise Agreement or our Manuals. We will not charge you an Additional Training Fee in connection with any Additional Training that we require, but we reserve the right to charge our then-current Additional Training Fee for any Additional Training that you request, or any Remedial Training. You will be responsible for all costs and expenses that you and your trainees incur in connection with attending any Additional Training or Remedial Training.

We may also charge you an Additional Training Fee if we provide on-site assistance at your Franchised Business at your request. You will also pay the costs and expenses we incur in connection with providing such on-site assistance.

In our discretion we may conduct a franchisee conference to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees and recognize certain franchisees. In the event we schedule a conference, we may require you or your Operating Principal and your Designated Manager(s) to attend for up to five days each year. You will pay the Conference Fee and be responsible for the costs and expenses you incur in connection with attending the conference.

Site Selection

We will designate a designated market area ("DMA") wherein you must locate your Franchised Business. If we grant you the right to open multiple franchises under our form of Development Agreement, you will be granted a similar DMA wherein you will be required to open a certain number of Franchised Businesses as set forth in your Development Schedule. You must use our Approved Supplier to assist you in securing an approved Premises within your DMA (See Item 8). Despite any assistance that we or our Approved Supplier provide to you, it is your fundamental and primary responsibility to locate and secure a site for the Franchised Business in accordance with the Franchise Agreement.

Your rights within any DMA are not exclusive. Other franchisees and developers may also be looking for sites in all or some portion of the same DMA at that time. We operate a priority list ("Priority List") for each DMA, which is a summary of all of the Franchise Agreements that have been purchased for the DMA, but for which a site has not yet been leased. Franchise Agreements are listed in the order in which they were purchased, and you will receive one position on the list for each of your purchased Franchise Agreements. In order for a Franchise Agreement to be categorized as active on the Priority List, you must: (i) have written authorization from us to move forward with the site selection process for that particular Franchise Agreement; and (ii) have paid your Site Selection Fee. With that said, any active Franchise Agreements

© 2022 Diesel Barbershop Franchising, LLC

signed by a given franchisee to fulfill its development obligations under a Development Agreement may be given priority over a single-unit Franchise Agreement that is made active around the same time.

As a general matter, if there are more than one developer/franchisee searching for sites in the same DMA and neither franchisee/developer has secured a site for development, the party seeking to operate a Barbershop within that DMA whose Franchise Agreement first became active on the Priority List will have the first opportunity to review and secure a site within the DMA that is found by our Approved Supplier or otherwise approved by us. We generally award sites to Franchisees based on when they signed their respective Franchise Agreement for the Franchised Business at issue (a "first signed, first served" basis). You may not get a particular site if there is another developer or Franchisee that has the same DMA as you and that became active on the Priority List before you did.

We must also have the opportunity to review and approve/reject any lease or purchase agreement for a proposed Premises before you enter into such an agreement. We may condition our approval on a number of factors, including: (i) an agreement by you and the landlord of the Premises to enter into our prescribed form of Collateral Assignment of Lease attached to the Franchise Agreement as Exhibit C; and (ii) receiving a written representation from the landlord of the Premises that you will have the right to operate the Franchised Business, including offering and selling the Approved Products and Services, throughout the term of your Franchise Agreement. Under the Collateral Assignment of Lease, we will have the option, but not the obligation, to assume or renew the lease for the Premises (the "Lease") for all or part of the remaining term of the Lease if you are in material default of your Franchise Agreement and/or Lease and/or fail to timely cure that default. (Franchise Agreement, Sections 5.3(b) and 6.2(a); Exhibit C to Franchise Agreement).

We will use reasonable efforts to approve or reject any proposed location (and corresponding lease/purchase agreement) within 30 days of the date you provide us with all requested materials. If we determine that an on-site evaluation is necessary, then you must: (i) submit to us in the form we specify a description of the site prior to our representative conducting its on-site evaluation, including evidence that the site satisfies our site selection guidelines and any other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site; and (ii) reimburse us for the expenses incurred in connection with such an evaluation. If we do not provide our specific approval of a proposed location within this 30-day period, the proposed location will be deemed rejected. Our approval only means that the site meets our minimum requirements for a Franchised Business. (Franchise Agreement, Section 5.3(a)).

You must secure a Premises that we approve within nine months of executing your Franchise Agreement for that Franchised Business or we may terminate that Franchise Agreement. (Franchise Agreement, Section 6.2(a)).

Time to Open

Except as provided in this Item, you must open and commence operations of your Franchised Business within one year of the date you execute your Franchise Agreement for that Franchised Business ("Required Opening Date")(Franchise Agreement, Section 6.5(a) and Exhibit A)). We estimate that it will take between eight and 12 months to open your Franchised Business from the time you execute your Franchise Agreement. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable Premises, to obtain financing, to obtain the permits and licenses for the construction and operation of the Franchised Business, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Franchised Business, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Franchised Business, including purchasing any

© 2022 Diesel Barbershop Franchising, LLC

inventory or supplies needed prior to opening. If you do not open and operate your Franchised Business on or before the Required Opening Date, we may terminate your Franchise Agreement (unless we agree to extend your Required Opening Date in a writing signed by both of us) (Franchise Agreement, Section 6.5(a) and Exhibit A).

With that said, we will provide you with a reasonable extension of time not to exceed 90: (i) you have already executed a lease for, or otherwise obtained, a Premises that we approve for that Franchised Business; and (ii) you notify us of your need for such an extension no less than 30 days prior to expiration of the one-year timeline to open and commence operations described above. Such an extension will not affect any of your other obligations under the Franchise Agreement at issue or any Development Agreement you have entered into with us. (Franchise Agreement, Section 6.5(b)).

If you have entered into a Development Agreement to open and operate three or more Franchised Businesses, your Development Agreement will include a Development Schedule containing a deadline by which you must have each of your Franchised Businesses open and operating. Your Development Schedule may depend on the number of Franchised Businesses you are granted the right to open and operate. (Franchise Agreement, Section 6.5(c) and Development Agreement, Section 5).

If you fail to open any Franchised Business within the appropriate time period outlined in the Development Agreement, we may terminate your Development Agreement. (Development Agreement, Section 6.2). You will not have any further development rights within the DMA upon termination of your Development Agreement, except to continue operating the Franchised Business(es) that were already open and operating as of the termination date. We must approve of the Premises you choose for each Franchised Business you are required to open under the Development Agreement.

Advertising

All advertising and promotion that you use in connection with your Franchised Business must be approved by us and conform to the standards and requirements that we specify. We may make available to you from time to time, at your expense, certain promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as an integral part of our System, provided these activities do not contravene regulations and laws of appropriate governmental authorities. (Franchise Agreement, Section 9). You will be required to purchase and display any signage in certain parts of your Franchised Business that have high visibility for purposes of notifying customers and prospective customers of any specials/promotions regarding our Approved Products and Services. (Franchise Agreement, Section 6.5(m)).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding 12 months, then you must submit the materials you wish to use to us for our prior written approval at least 20 days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date we receive the materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved, and you may not use such materials. Once approved, you may use the proposed materials for a period of 90 days, unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time. (Franchise Agreement, Section 9.2). Except as otherwise provided in this Item, we are not required to spend any amount on advertising in your Designated Territory.

© 2022 Diesel Barbershop Franchising, LLC

Local Advertising.

We advertise our Barbershops primarily through social media, community involvement promotions, print marketing, charitable events, and other marketing collateral. We expect that you will follow the same pattern. We require that franchisees spend at least $500 per month on local advertising and promotions (the "Local Advertising Requirement") (Franchise Agreement, Section 9.4). We may require you to provide us with monthly reports detailing your Local Advertising Requirement. We reserve the right to increase your Local Advertising Requirement to up to $1,000 per month.

Initial Marketing Spend.

In addition to the Local Advertising Requirement, we may require that you expend all or any portion of the Initial Marketing Spend on products or services from an Approved Supplier. You will be required to expend at least $5,000 in connection with the opening of the Franchised Business within six weeks of opening (the "Initial Marketing Spend")(Franchise Agreement, Section 9.3).

Brand Development Fund.

We established a brand development fund (the "Fund") for the benefit of the System and DIESEL BARBERSHOP brand generally. We currently require that you contribute to this Fund at the same time and same manner that we collect your Royalty Fee in an amount equal to one percent (1%) of the Gross Sales of your Franchised Business during the preceding week (the "Fund Contribution"). We reserve the right to increase the Fund Contribution to two percent (2%) of the Gross Sales of your Franchised Business upon 30 days prior notice. We will administer and use the Fund to meet certain costs related to maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, social media, secret shoppers and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System. We will designate all programs that the Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may also be used to cover the costs and fees associated with: preparing and producing video, audio, and written materials, electronic media; social media, secret shoppers, website maintenance and development, internet advertising, administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, website, radio, television, and other media advertising, Conferences, costs for advertising, promotion, and marketing agencies and other advisors to provide assistance; and public relations, market research, and other advertising, promotion, and marketing activities on a local, regional or national level, as we deem appropriate in our discretion. We have the sole discretion to administer the Fund to promote, enhance, or further the growth of the System. We and/or a regional or national advertising agency may be used to produce all advertising and marketing. (Franchise Agreement, Section 9.6).

We will account for the Fund contributions separately from our other funds and not use the Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Fund contributions. The Fund is not our asset or a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on Fund contributions to pay costs before spending the Fund's other assets. We will not use Fund contributions for advertising that principally is a solicitation for the sale of franchises, except that we may use/display the phrase "Franchises Available" on any and all advertising/marketing that is covered by the

© 2022 Diesel Barbershop Franchising, LLC

Fund. We will prepare an unaudited, annual statement of Fund collections and costs and give it to you upon written request. We may incorporate the Fund or operate it through a separate entity if we deem appropriate.

We are not required to spend any of your Fund Contributions in the Designated Territory you are granted under your Franchise Agreement, and we will provide you with an accounting of the Fund within 120 days after our fiscal year end (upon your written request). We are not required to have the Fund audited, but we may do so and use the Fund Contributions to pay for such an audit. If we do not spend all Fund Contributions in a given year, we may rollover any excess contributions into the Fund for use during the following year. We will have the right to modify or discontinue the Fund, as we deem appropriate in our sole discretion. (Franchise Agreement, Section 9.6(c)).

In the fiscal year ended November 30, 2021, we expended 63% of Fund Contributions on market research and quality assurance and 37% was spent to reimburse Franchisor for online brand management expenses. The remaining amounts were rolled over for use in the current fiscal year.

Advertising Council.

Currently, we have not established an advertising council ("Advertising Council"), but we reserve the right to do so in the future. If we establish an Advertising Council, it will serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice/guidance on how to administer the Fund (if established in the future). At our discretion, the Advertising Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve an Advertising Council (if created) at any time. (Franchise Agreement, Section 9.7).

Regional Advertising Cooperatives ("Cooperatives").

We reserve the right to establish regional advertising cooperatives that are comprised of a geographical market area that contain two or more Barbershops (whether a Franchised Business or affiliate-owned) (each a "Cooperative"). If we assign your Franchised Business to a Cooperative we establish, you must work with the other Barbershop owners in your Cooperative and us to develop and implement regional advertising campaigns designed to benefit all the Barbershops within the geographical boundaries of the Cooperative. We have not established any Cooperatives as of the Issue Date of this Disclosure Document. (Franchise Agreement, Section 9.8).

Online Directories.

As another means of advertising, you must ensure that the Franchised Business is listed in appropriate Internet-based telephone directories that we designate. You must ensure that your Franchised Business has a dedicated telephone line that is not used for any other purpose.

Computer System

We have the right to specify or require that you use certain brands, types, makes, and/or models of computer hardware and software in connection with the Franchised Business, including without limitation (i) a laptop or other computer that meets our System specifications and is capable of running accounting software such as QuickBooks and/or customer scheduling software; (ii) printers and other peripheral hardware/devices; and (iii) camera equipment necessary to maintain a physical, electronic or other security system for the Franchised Business that we designate (collectively, the "Computer System"). We may also require you to use designated software in connection with the Computer System and Franchised Business (the "Required Software"). (Franchise Agreement, Sections 6.4)

The current minimum hardware requirements for your Computer System are as follows: (i) computer that

© 2022 Diesel Barbershop Franchising, LLC

has Internet access; (ii) an iPad (also with Internet Access); (iii) barcode scanner; (iv) thumbprint scanner; (v) receipt printer; and (vi) an inkjet printer. We must approve of all of the foregoing hardware before it is used in connection with your Franchised Business, and none of the foregoing hardware may be used for any other purpose other than operating your Franchised Business. You will also need to maintain Internet access via DSL or cable broadband connection. (Franchise Agreement, Sections 6.4(a)).

If you already have computer hardware and/or software that meet our then-current standards for a Computer System and/or Required Software, then you may use these items in connection with your Franchised Business provided you obtain our approval. Otherwise, we estimate the costs to purchase our current Computer System to be between $1,000 and $2,000. In addition, you will be required to pay (a) our Approved Supplier for the POS software license fee (currently, $162/month per Barbershop), and (b) us our then-current Technology Fee (currently, $300/month per Barbershop).

You must keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as we direct from time to time in writing.

We estimate that you may spend between $200 and $500 annually on maintenance and support contracts associated with the Computer System, but we do not require you to enter into these kinds of agreements unless necessary to ensure the POS Software integrates all updates. This range also includes potential upgrades to the Computer System hardware as of the Issue Date.

You must have the components necessary to ensure that the entire Premises of the Franchised Business has access to the Internet via Wi-Fi connection. We may require that: (i) you comply with our standards and specifications for Internet access and speed; and (ii) the Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to us. We will also have the right to, at any time without notice, electronically and independently connect with your Computer System to monitor or retrieve data stored on the Computer System (or for any other purpose we deem necessary). There are no contractual limitations on our right to access the information and data on any component of your Computer System. We may also require you to use a Computer System and/or related software that is administered through us and provides us with automatic access to all data and reports that might be created by such Computer System and/or software, including any security camera footage. (Franchise Agreement, Sections 4.7 and 6.4).

You are also required to participate in any System-wide area computer network, intranet system, and/or extranet system that we implement, and may be required to use such networks or system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete certain components of any ongoing training we designate. (Franchise Agreement, Sections 6.4, 5.8 and 9).

Website and Internet Use

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Instagram, LinkedIn, Instagram, Pinterest, Twitter, YouTube or any other social media and/or networking site. Any such Internet website or presence is considered "advertising" and must be approved by us prior to use, as described in this Item. If we do permit you to establish one or more of the above presences on the Internet, you must: (i) establish and operate such advertising in accordance with System standards and any other policies we designate in the Manuals or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such advertising (Franchise Agreement, Section 6.4 and 9.6(b)).

© 2022 Diesel Barbershop Franchising, LLC

We have the right to establish and maintain a website, that may, without limitation, promote the Proprietary Marks and/or the System (the "Website"), including the contact information of your Franchised Business. We agree to establish an interior page on our Website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) the Franchise Agreement governing that Franchised Business is not subject to termination. (Franchise Agreement, Section 5.5). We have sole control over all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. We also have the right to discontinue operation of the Website at any time without notice to you. We have the right to modify our policies regarding your use of social media and Internet websites in connection with your Franchised Business as we deem necessary or appropriate in the best interest of the System. We (or our affiliate) are the sole registrant of the Internet domain name http://www.dieselbarbershop.com/, as well as any other Internet domain names that we or our affiliates register in the future. You must not register any Internet domain name that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

ITEM 12
TERRITORY

Premises and Relocation

You may only operate your Franchised Business from the Premises we approve. You may not relocate your Franchised Business without our prior written consent, which we will not unreasonably withhold provided: (i) the new location is located within your Designated Territory and meets our then-current criteria for a Premises; and (ii) you pay our then-current relocation fee (if any). When considering a request for relocation, we may take into account the desirability of the proposed new location, its distance from other and future-planned franchised locations, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors we deem appropriate.

Franchise Agreement: Designated Territory

Once you have secured the Premises we approve for your Franchised Business, we will define the Designated Territory on the Data Sheet attached to your Franchise Agreement. Your Designated Territory will typically (i) be a two and a half-mile (2.5) radius around your Premises, or (ii) if your Franchised Business is located in a major metropolitan downtown area or similarly situated or densely populated area, have a population size of 75,000 people. The size of your Designated Territory may vary from other System franchisees based on the location and demographics surrounding your Premises.

The boundaries of your Designated Territory may be described in terms of radii, zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Data Sheet. The sources we use to determine the population within your Designated Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

During the term of your Franchise Agreement, so long as you are not in default of your Franchise Agreement, we will not open or locate, or license a third party the right to open or locate, any other Barbershop utilizing the Proprietary Marks and System within your Designated Territory. Your Designated Territory cannot be modified except by mutual written agreement signed by both parties.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

© 2022 Diesel Barbershop Franchising, LLC

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to operate Barbershops at Non-Traditional Sites, either directly or through our parent, our affiliates, licensees, or designees, and you will not be entitled to any compensation as a result of our operation of Shops at Non-Traditional Sites.

Limitations on Soliciting and Other Activities Outside of Your Designated Territory; Revenue Sharing

There are no territorial restrictions from accepting business from customers that reside/work or are otherwise based outside of your Designated Territory if these customers contact you and/or visit your Franchised Business. You may solicit prospective customers outside of your Designated Territory, provided (a) these prospective customers do not reside within the territory granted to another franchisee or Barbershop; and (b) you obtain our prior written consent. You may not use alternative channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make any sales inside or outside of your Designated Territory.

Please note that if a customer purchases a gift card from a given Barbershop and subsequently redeems such gift card at a different Barbershop, then the revenue associated with that customer's transaction will be allocated between the two Barbershops at issue (consistent with our then-current policy).

Development Agreement: Designated Market Area

If you are granted the right to open three, five, or 10 Franchised Businesses under our form of Development Agreement, then we will provide you with a designated market area ("DMA") upon execution of the Development Agreement. The size of your DMA will substantially vary from other System developers based on: (i) the number of Franchised Businesses we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening the Barbershops. The boundaries of your DMA may be described in terms of radii, zip codes, streets, landmarks (both natural and man-made), county lines or otherwise delineated on a map attached to Exhibit A to the Development Agreement.

Each Franchised Business you timely open and commence operating under our then-current form of Franchise Agreement will be operated: (i) from a distinct Premises located within the DMA; and (ii) within its own Designated Territory that we will define once the Premises for that Franchised Business has been approved.

You do not receive territorial rights within your DMA. Upon expiration or termination of the Development Agreement, each Franchised Business that you have opened and are continuously operating as of the date of such occurrence will have the territorial rights within their respective Designated Territories that were granted under the Franchise Agreement(s) you entered into for those Franchised Business(es).

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your rights within the DMA. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your DMA except by mutual written agreement signed by both parties. You will not receive an exclusive territory in connection with your Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Reserved Rights

We, our parent and affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement and/or Development Agreement (as applicable):

© 2022 Diesel Barbershop Franchising, LLC

1. establish and operate, and license any third party the right to establish and operate, other Barbershops and Franchised Businesses using the Proprietary Marks and System at any location outside of your Designated Territory(ies) and, if applicable, DMA;

2. market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Designated Territory(ies) and DMA;

3. use the Proprietary Marks and System, other such marks we designate, to distribute our Approved Products and/or Services in any alternative channel of distribution, within or outside the Designated Territory(ies) and DMA (including the Internet, mail order, catalog sales, toll-free numbers, wholesale stores, etc.);

4. to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside your Designated Territory(ies) and, if applicable, DMA;

5. use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, if applicable, your Development Agreement;

6. offer and sell, and/or license or franchise others to offer and sell, products and services for Other Businesses and market Other Businesses to anyone, including prospective and existing franchisees anywhere within or outside of Franchisee's Designated Territory, and if applicable, DMA;

7. own and operate Barbershops in "Non-Traditional Sites" including, but not limited to, malls, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, both within or outside your Designated Territory(ies) and, if applicable, DMA; and

8. to implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere and Franchisor has the right to issue mandatory policies to coordinate such multi-area marketing programs.

Neither the Franchise Agreement nor Development Agreement grants you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our affiliates, our parent, or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Designated Territory.

Additional Disclosures

Neither the Franchise Agreement nor the Development Agreement provides you with any right or option to open and operate additional Franchised Businesses (other than as specifically provided for in your Development Agreement if you are granted multi-unit development rights). Regardless, each Franchised Business you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that sell our Approved Products and Services under a different trade name or trademark,

but we reserve the right to do so in the future without your consent.

ITEM 13
TRADEMARKS

We grant you a limited, non-exclusive license to use the Proprietary Marks we designate from time to time in connection with the operation of your Franchised Business only at your Premises and within your Designated Territory, provided you use these Proprietary Marks as outlined in your Franchise Agreement(s) and our Manuals. You do not obtain any additional rights to use any of our Proprietary Marks under any Development Agreement you enter into.

Our affiliate, Diesel Barbershop, LLC, has registered the following Proprietary Marks on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration Number	Registration Date
	4,474,364	January 28, 2014

We have worked, and will continue to work, with our affiliate to ensure that it files all affidavits and other documents with the USPTO to maintain the federal registration described above. Our affiliate entered into a license agreement with us that is effective as of August 1, 2017, under which we were granted a perpetual, worldwide license to use, and sublicense third parties the right to use, the Proprietary Marks in connection with the System and DIESEL BARBERSHOP franchises (the "License Agreement"). Other than this License Agreement, there are no agreements in effect that significantly limit our right to use, or license the use of, the Proprietary Marks that are material to the franchise. In the event this License Agreement is terminated, your rights to use the Proprietary Marks will not be materially altered.

You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Proprietary Marks. The goodwill associated with our Proprietary Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Franchised Business during the term of the Franchise Agreement. Any increase in the goodwill associated with our Proprietary Marks during the term of the Franchise Agreement will benefit us. All rights to use our Proprietary Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of your Franchise Agreement.

As of the Issue Date of this Disclosure Document, there is no litigation pending arising out of our Proprietary Marks, and we are not aware of any superior rights in, or infringing uses of, our Proprietary Marks that could materially affect your right to use these marks. Presently, there are not any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Proprietary Marks, nor are there any pending infringement, opposition or cancellation proceedings, or any material litigation, involving the Proprietary Marks.

You may not use all or any portion of our Proprietary Marks as part of your company name and, without our prior written consent, as part of your trade name or "d/b/a". You may not modify the Proprietary Marks with words, designs or symbols, except those that we license to you. You may not use our Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in

© 2022 Diesel Barbershop Franchising, LLC

writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise System, or contest our sole right to register, use, or license others to use, our Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the term "Diesel Barbershop" or any similar phrase.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Proprietary Marks or other proprietary information, and you must permit us to participate in any litigation involving you and our Proprietary Marks. We will take the action we think appropriate. We will indemnify, defend and hold you harmless in connection with any third-party claims that are brought against you that arise solely out of your authorized use of any Proprietary Marks in the manner we prescribe, provided you immediately notify us of the proceeding (within three days), and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel, unless we approve of your use of such counsel in writing prior to you engaging counsel. We will not reimburse you for disputes where we challenge your use of our Proprietary Marks.

You must modify or discontinue using any of the Proprietary Marks, and add new names, designs, logos or commercial symbols to the Proprietary Marks as we instruct. We may, at our sole discretion, impose changes whenever we believe the change is advisable. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change and will be given a reasonable time to conform to our directions (including changing signage, marketing displays, trade dress and other advertising), at your sole expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or pending patent applications that are material to the franchise. We do, however, claim common law copyright and trade secret protection for several aspects of the System including our Manuals, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. You will promptly notify us should you become aware that any unauthorized third party is using any of our copyrighted materials. We may revise our System and any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement and/or Development Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement and/or Development Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Franchised Business (the "Confidential Information"). You, your Operating Principal and owners will sign our Confidentiality and Non-Competition Agreement that is attached to the Franchise Agreement as Exhibit E-1. You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

You must require your Designated Manager and any personnel having access to any of our Confidential Information to sign our then-current form of Confidentiality and Non-Competition Agreement that is attached to the Franchise Agreement as Exhibit E-2, under which these individuals agree that they will

maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This confidentiality agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise and Development Agreement provide that if you, your employees, owners, Designated Manager(s) or Operating Principal develop any new concept, process or improvement in the operation or promotion of any Franchised Business, you will promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your employees, owners, Designated Manager(s) and Operating Principal will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your employees, owners, Designated Manager(s) and Operating Principal agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your employees, owners, Designated Manager(s) and Operating Principal will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that these provisions in the Franchise and/or Development Agreement are found to be invalid or otherwise unenforceable, you and your employees, owners, Designated Manager(s) and Operating Principal will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

We may revise any of our copyrighted materials at our discretion and may require that you cease using any outdated item or portion of the Manuals.

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

You are required to have at least two Designated Managers personally participate in the day-to-day management of Your Barbershop. You or your Operating Principal (if You are a corporation, limited liability company, partnership, or other entity), may be one of the Designated Managers. Your Designated Managers are subject to our approval. Both you or your Operating Principal and your Designated Manager(s) will be required to complete the Initial Training Program to our satisfaction (prior to undertaking any management responsibilities).

We will not unreasonably withhold our approval of any Designated Manager you propose, provided that Designated Manager has completed our Initial Training Program and otherwise demonstrated that he/she a good handle on our System standards and specifications for daily operations of a Franchised Barbershop. If the franchisee is a business entity, we do not require a Designated Manager to own an interest in the entity, but the Designated Manager must sign our prescribed form of Confidentiality and Non-Competition Agreement attached to the Franchise Agreement as Exhibit E-2.

Your Franchised Business must, at all times, be managed and staffed with at least one individual who has successfully completed our Initial Training Program. In the event that you operate more than one Franchised Business, you must have a properly trained Designated Manager at each Barbershop you own and operate. You must keep us informed at all times of the identity of any personnel acting as Designated Manager and

obtain our approval before substituting a new Designated Manager at any of your Barbershop locations.

It is important to note that we are not your employer and that you will have the right to control all decisions related to recruiting, hiring or firing any personnel, including any stylists or other specialized/licensed personnel that must be independently licensed to perform certain of the Approved Services at your Barbershop you use to perform the Approved Services at your Barbershop. Please note that nothing in this Disclosure Document or any agreement you enter into with us will create any type of employer or joint employer relationship between (a) you and/or your personnel, and (b) us.

If you are an individual, then your spouse will also be required to sign the Franchise Agreement or, in the alternative, form of Personal Guaranty attached to the Franchise Agreement as Exhibit B (the "Guaranty"). If you are a business entity (limited liability company, corporation, partnership, etc.), then (a) each of your shareholders/members/partners (the "Owners"), as applicable, must sign the Guaranty, and (b) at our option, the spouses of each such Owner must sign the Guaranty.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer and must offer all of the Approved Products and Services that we expressly authorize through your Franchised Business and may only offer these products and services at the Premises and in the manner prescribed in your Franchise Agreement and our Manuals. We may supplement, revise and/or modify our Approved Products and Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

If we discontinue any Approved Product or Service offered by the Franchised Business, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us). You may not use the Premises of your Franchised Business for any other business purpose other than the operation of your Franchised Business.

Currently, you must also permit redemption of any brand gift cards at the rates we specify from time to time in the Manuals or otherwise in writing as part of our then-current gift card policy and be advised that we may sell such gift cards to customers via alternative channels of distribution.

© 2022 Diesel Barbershop Franchising, LLC

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.

A. Franchise Agreement

	Provision	Section in Franchise or Other Agreement	Summary
a.	Term of the Franchise	Section 3	The initial term is for 10 years from the date your Franchised Business is open to the general-public.
b.	Renewal or extension of the term	Section 3	You have the right to be considered for two (2) additional, consecutive 10-year terms.
c.	Requirements for franchisee to renew or extend	Section 3	In order to renew (which means renewing your franchise relationship with us), you must: not have any uncured material defaults under your Franchise Agreement (including any monetary defaults) or any other agreement between you and us or the landlord of the Premises; not have received more than three separate, written notices of material default from Franchisor with respect to this Agreement in the 12-month period preceding the renewal request date or renewal date; complete required renovation and modernization of your Franchised Business; execute our then-current form of franchise agreement (which may contain materially different terms and conditions than your original franchise agreement); complete our then-current refresher training course and pay the appropriate tuition fee; you must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by us to our satisfaction; and execute a general release in our favor (as well as related parties); and you must pay our Successor Renewal Fee.
d.	Termination by franchisee	Not Applicable	Not Applicable.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable.
f.	Termination by franchisor with "cause"	Section 15	We may terminate your Franchise Agreement with cause as described in (g) through (i) of this Item 17 Chart.
g.	"Cause" defined – curable defaults	Sections 15.3	Failure to perform all of the lawful terms, conditions, and obligations contained in this Agreement or the Manuals or any other agreement that Franchisee, Operating Principal, Owner(s), Guarantor(s), Affiliates, officers or directors have with Franchisor or its Affiliates; Franchisee's principals default on any other agreement with Franchisor or any affiliate or Designated Supplier of Franchisor, and such default is not cured within the prescribed time period set forth

	Provision	Section in Franchise or Other Agreement	Summary
			in that other agreement; Franchisee defaults under the lease for the Premises and does not cure within the prescribed period of time thereunder; Franchisee fails to open and commence operations of the Franchised Business on or before the Required Opening Date; Franchisee fails to cure any of the following violations under this Agreement within ten (10) days of being notified by Franchisor: (i) failure to offer only those Approved Products and Services that Franchisor authorizes at the Franchised Business; (ii) any purchase of any non-approved items, products or service for use in connection with the Franchised Business; (iii) failure to purchase any Required Item that Franchisor designates as necessary for the establishment or operation of the Franchised Business from the appropriate Designated Supplier(s) that Franchisor designates; Franchisee fails to provide Franchisor with access, or otherwise blocks Franchisor's access, to Franchisee's POS system, Computer System or registers located at the Franchised Business as required under this Agreement, and fails to remedy this default within twenty four (24) hours of being notified by Franchisor; Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business; Franchisee fails, for a period of ten (10) days after notification of non-compliance, to obtain any other licenses, certificates, permits or approvals necessary to operate the Franchised Business at the Premises; if there are insufficient funds in Franchisee's EFT Account to cover a check or EFT payment due to Franchisor or its Affiliates under this Agreement three (3) or more times within any twelve (12) month period; Franchisee fails to provide Franchisor with the reports and other financial information as required under this Agreement or as set forth in the Manuals; Franchisee fails to pay Franchisee lawful debts and taxes when due, provided that, Franchisee will not be in Default hereunder during the period that Franchisee may reasonably contest such debt or taxes; Franchisee fails, refuses or neglects to obtain the Franchisor's prior written approval or consent as required by this Agreement; or Franchisee commits repeated violations of any health, zoning, sanitation, or other regulatory law, standard, or practice; operates the business in a manner that presents a health or safety hazard to its employees or customers; or if Franchisee loses its approval from any city, state, or other regulatory agency to operate a business that provides hair care services, including haircutting, coloring and barbering services.

	Provision	Section in Franchise or Other Agreement	Summary
			Except as provided above and those defaults listed in (h) of this Item 17 Chart, you must cure all other defaults and violations of any provision of your Franchise Agreement or any other agreement with us or our affiliates within 30 days of being provided with notice of your default(s).
h.	"Cause" defined - defaults which cannot be cured	Section 15.2	Your Franchise Agreement may be terminated automatically and without notice from us if: you become insolvent or make a general assignment for the benefit of creditors; a bankruptcy petition if filed by or against you and not dismissed within 30 days; a bill in equity or appointment of receivership is filed in connection with you or the Franchised Business; a receiver or custodian of your assets of property is appointed; a final judgment in the amount of $10,000 or more is entered against you and not satisfied within 60 days (or longer period if we consent); you attempt to make an invalid transfer in violation of Section 13 of your Franchise Agreement. Your Franchise Agreement may be terminated by us upon written notice and no opportunity to cure if: you commit and fraud or misrepresentation in connection with your Franchised Business; you or other required attendees fail to timely complete our Initial Training Program; you receive three or more notices to cure the same or similar defaults of your Franchise Agreement in any 12-month period (whether or not subsequently cured); you violate any in-term restrictive covenants; you misuse the Proprietary Marks, Confidential Information or other confidential information provided to you; misuse any proprietary software that might be developed; you fail to cure any default under any other agreement you have with our affiliates or any Approved Supplier within the appropriate cure period; you default under your lease for the Premises and fail to timely cure; you fail to open and commence operations within the required time period; you abandon your Franchised Business; you or any person controlling, controlled by, or under common control with you are convicted of a felony or any other crime of moral turpitude or offense that will adversely affect the System; you take any property of the Franchised Business for personal use; there are insufficient funds in your EFT Account on three or more occasions in any 12-month period; or if you commit repeated violations of any applicable law.

	Provision	Section in Franchise or Other Agreement	Summary
i.	Franchisee's obligations on termination/non-renewal	Section 16.1	Upon termination or early expiration of the Franchise Agreement, your obligations include: immediately discontinuing the use of the Proprietary Marks and trade dress; cease doing business in a form or manner that may give the general public the impression that you are operating a Franchised Business; pay us any outstanding amounts due to us; return of the Manuals of any other Confidential Information to us; provide us with all customer information, lists and membership agreements; cancel or, at our option, assign us all telephone/facsimile numbers and domain names (if permitted) used in connection with the Franchised Business (as well as all related listings) to us or our designee; comply with all post-term restrictive covenants; provide us with written confirmation of compliance with these obligations within 30 days.
j.	Assignment of contract by franchisor	Section 13.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee – defined	Sections 13.3	Includes any transfer of Franchise Agreement, assets of the Franchised Business, or ownership change in you (as the Franchisee).
l.	Franchisor approval of transfer by franchisee	Section 13.2	We must approve all transfers, but we will not unreasonably withhold our approval if you meet our conditions.
m.	Conditions for franchisor approval of transfer	Section 13.4	We have the right to impose the following conditions on any transfer by you: all of your obligations under the Franchise Agreement have been satisfied; you must cure all existing defaults under the Franchise Agreement; the new franchisee must meet our then-current qualifications and criteria for a new franchisee; transferee must complete Franchisor's application and pass a background check; transferee must assume all of your obligations under the Franchise Agreement; transferee must complete our training program; transferee must execute our then-current form of franchise agreement which may contain materially different terms than your agreement; transferee must sign Franchisor's current Guaranty and Confidentiality and Non-Compete Agreement; transferee must pay our Transfer Fee and successfully complete our Initial Training Program; and you must execute a general release in our favor (as well as related parties); you must comply with all post-term obligations; you or the transferee must provide us with the executed purchase agreement; the purchase price and other terms of the assignment must not be so burdensome as to impair the transferee's success; lessors, as necessary, must consent to the assignment of the lease consistent with the remaining Initial Term of this Agreement or the Initial Term of the then-current Standard Franchise Agreement; transferee must obtain or maintain all necessary permits and licenses; transfer

	Provision	Section in Franchise or Other Agreement	Summary
			must be made in compliance with all laws; and you must request that we provide our then-current Franchise Disclosure Document to the transferee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 13.8	Except in certain circumstances (death/disability or transfer from individual franchisee to business entity), you must provide us with a period of 30 days to match any third-party *bona fide* offer to purchase any interest in the Franchise Agreement or Franchised Business. If we do not exercise this right, then you will have 60 days to effectuate the transfer to the third party that made the offer on those exact; and the closing date for the sale of the Franchised Business will take place within one hundred twenty (120) days after Notice Date for Franchisee to conduct a due diligence review.
o.	Franchisor's option to purchase franchisee's business	15.8	We have the right, but not the obligations, to purchase all or any portion of the assets of your Franchised Business upon expiration/termination of your Franchise Agreement at the net depreciated book value.
p.	Death or disability of franchisee	Section 13.7	You will have a period of 90 days to find a suitable legal representative that we approve to continue the operation of your Franchised Business, provided that, person completes our Initial Training Program and pays the appropriate tuition fee. During this 90-day period, we may step in and operate the Franchised Business on your behalf and pay ourselves a reasonable amount to reimburse our costs associated with this operation on your behalf. We are not under any obligation to step in and operate your business during this period.
q.	Non-competition covenants during the term of the franchise	Section 14.2(b)	Neither Franchisee nor a Restricted Person (defined below) will engage in Competitive Activities. Competitive Activities are defined as: (i) Offering products and services that are the same as, similar to or competitive with the Franchised Business; (ii) Offering or providing haircutting, hair-coloring, barbering or the other types of haircare services; (iii) Operating a business that employs or incorporates one or more distinctive elements of the System; (iv) Providing services of the type provided by Franchisor and/or its Affiliates where those services are provided in relation to businesses of the type described in Section 14.2(a)(i) or Section 14.2 (a)(ii) of the Franchise Agreement; Ownership, whether directly or indirectly, and whether beneficially or of record of any capital stock, partnership interest, membership interest or any other interest in a business or entity that engages in the activities described in Section 14.2 (a)(i) or Section 14.2 (a)(ii) of the Franchise Agreement; (v)Participation, either directly or indirectly, in the management or operation of a business as a partner,

	Provision	Section in Franchise or Other Agreement	Summary
			investor, shareholder, owner, director, officer, employee, principal, agent, advisor, manager, joint venture, franchisee, licensee, contractor or consultant or in any other capacity of any entity, business or person that engages in the activities described in Section 14.2 (a)(i) or Section 14.2 (a)(ii) of the Franchise Agreement; (vi)Franchise, license, conduct or be connected with or assist any person, entity or business to franchise, license, conduct or be connected with the activities described in Section 14.2 (a)(i) or Section 14.2 (a)(ii) of the Franchise Agreement; (vii)Lend money or extend credit to, lease or sublease space to, a business, person or Entity that that engages in the activities described in Section 14.2 (a)(i) or Section 14.2 (a)(ii) of the Franchise Agreement; and (ix) Divert or attempt to divert, directly or indirectly, any business related to, or any customer or account of, Franchisee's Franchised Business, Franchisor, Affiliates, any Other Business operated by Franchisor its franchisees, licensees or Affiliates, or any other business then being offered or operated by Franchisor or its Affiliate(s) in the Designated Territory, or contact any of Franchisor's suppliers or vendors for any competitive business purpose. The restriction applies to (a) Franchisor, its Owners and Operating Principal; (b) Designated Managers; (c) if Franchisee is an Entity, (d) its managers, officers, members, trustees, beneficiaries, directors, partners, shareholders, non-managing parties; (e) employees, agents and independent contractors who have access to the Confidential Information and/or Trade Secrets; (f) Franchisee's Guarantors; and (g) Franchisee's spouse, domestic partner and family members who have access to the Confidential Information and/or Trade Secret ("Restricted Persons").
r.	Non-competition covenants after the franchise is terminated or expires	Section 14.2(c)	For a period of two (2) years after the later of (i) the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause; or (ii) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, Franchisee and the Restricted Persons (defined above) will not engage in any Competitive Activities within: (i) the Premises; (ii) the Designated Territory; (iii) a twenty (20) mile radius of the Designated Territory; or (iv) a twenty (20) mile radius of any other DIESEL BARBERSHOP business (whether owned by a franchisee, licensee, Franchisor or its Affiliate) that is open, under lease or otherwise under development as of the date that is the later

	Provision	Section in Franchise or Other Agreement	Summary
			of (i) the expiration and nonrenewal, transfer or termination of this Agreement; or (ii) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant; or (iii) if Franchisee signs a Development Agreement, the DMA set out in Exhibit A of the Development Agreement.
s.	Modification of the agreement	Section 22.1	Your Franchise Agreement may not be modified, except by a writing signed by both parties. With that said, we may modify the System and Manuals as we deem appropriate in our discretion from time to time.
t.	Integration/merger clause	Sections .22.2	Only the terms of the Franchise Agreement and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 18.2	You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. Except for certain claims that are excluded, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation and binding arbitration, which will take place at our then-current headquarters. You must notify us of any potential disputes.
v.	Choice of forum	Section 18.3	All claims and causes of action arising out of the Franchise Agreement must mediated/arbitrated in San Antonio, Texas or our city closest to our then-current headquarters. For Disputes not subject to mediation/arbitration claims will be brought in the state court of general jurisdiction that is closest to our then-current headquarters or, if appropriate, the United States District Court for the Western District of Texas. (subject to state law).
w..	Choice of law	Section 18.1	The Franchise Agreement is governed by the laws of the state of Texas, without reference to this state's conflict of laws principles. (subject to state law).

B. Development Agreement

	Provision	Section in Development Agreement	Summary
a.	Term of the Franchise	Section 6.1, Exhibit A	The Development Agreement will commence on the date it is fully executed and end on the earlier of (a) the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule or (b) the day that the final Franchised Business is opened.
b.	Renewal or extension of the term	Not Applicable	Not Applicable.
c.	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable.
d.	Termination by franchisee	Not Applicable	Not Applicable.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable.
f.	Termination by franchisor with "cause"	Section 6.2	We may terminate your Development Agreement with cause.
g.	"Cause" defined – curable defaults	Section 6.2	You will be provided notice and 30 days to cure any default caused by your failure to meet your development obligations under the Development Schedule for any single Development Period.
h.	"Cause" defined - defaults which cannot be cured	Section 6.2	Your Development Agreement can be terminated by us, without an opportunity to cure, if: (i) you cease to actively engage in development activities in the DMA or otherwise abandon your development business for three (3) consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Franchised Businesses within the DMA; (ii) you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; and (iii) any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i.	Franchisee's obligations on termination/non-renewal	Not Applicable	Not Applicable.
j.	Assignment of contract by franchisor	Section 8	We have the right to assign our rights under the Development Agreement.
k.	"Transfer" by franchisee – defined	Section 8	Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement.

	Provision	Section in Development Agreement	Summary
l.	Franchisor approval of transfer by franchisee	Section 8	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m.	Conditions for franchisor approval of transfer	Not Applicable	Not Applicable.
n.	Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable.
o.	Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable.
p.	Death or disability of franchisee	Not Applicable	Not Applicable.
q.	Non-competition covenants during the term of the franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
s.	Modification of the agreement	Section 20	Your Development Agreement may not be modified, except by a writing signed by both parties.
t.	Integration/merger clause	Section 20	Only the terms of the Development Agreement (and ancillary agreements) and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and this Agreement may not be enforceable. Nothing in this Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 11.2(a) Section 11.2(b)	You must first submit all dispute and controversies arising under the Development Agreement to our management and make every effort to resolve the dispute internally. Except for certain excluded claims, all disputes arising out of the Development Agreement must be submitted to non-binding mediation and binding arbitration which will take place at our then-current headquarters.
v.	Choice of forum	Section 11.3	All claims and causes of action arising out of the Development Agreement must mediated/arbitrated in San Antonio, Texas or our city closest to our then-current headquarters. For Disputes not subject to mediation/arbitration claims will be brought in the state court of general jurisdiction that is closest to our then-current headquarters or, if appropriate, the United States District Court for the Western District of Texas (subject to state law).
w.	Choice of law	Section 11.1	The Development Agreement is governed by the laws of the state of Texas, without reference to this state's conflict of laws principles (subject to state law).

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchise, but we reserve the right to use one in the future.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19 by, for example, providing information about possible performance at a particular location or under particular circumstances.

BACKGROUND

Chart One details the historic Average Gross Revenue and Median Gross Revenue generated for the total calendar years each Barbershop owned and operated by our affiliates (each, an "Affiliate Location") have been open.

Chart Two details the historic Total Revenue generated, as well as the operating costs and expenses incurred in connection with certain items ("Expenses"), Net Profit, Imputed Expenses and Adjusted Net Profit for each Affiliate Location (a) operating for the full calendar years of 2019, 2020 and 2021 ("Affiliate Locations Reporting Period") and (b) operating as of the date of this FDD. There are six Affiliate Locations. The Imputed Expenses Show for Affiliate Locations One through Five are not actually paid by the Affiliate Locations.

Chart Three details the quarterly and annual Gross Revenue for 2021 calendar year ("Reporting Period"). Included in Chart Three are those Franchisees that operated a Barbershop during the Reporting Period as of January 30, 2021 ("Criteria"). Chart Three does not include any Barbershops that were transferred to a Franchisee during the Reporting Period. During the Reporting Period, there was a total of 24 Franchisees operating a Barbershop. Of the 24 Franchisees, 18 Franchisees met the Criteria ("Franchisee Subset"). All of the Franchisees in the Franchisee Subset are reported in Chart Three.

Written substantiation of the data presented in this financial performance representation will be made available to you upon reasonable request. A new franchisee's individual financial results may differ from the results stated in the financial performance representation above.

Due to COVID-19, governmental authorities required Barbershops to temporarily close in 2020. Upon reopening, many states'-imposed capacity restrictions on Barbershops. These capacity restrictions limited the number of clients Barbershops were allowed to service, including limiting Barbershops' ability to take walk-in customers. In 2020, Barbershops were closed between 42 and 91 days.

Some Barbershops have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

© 2022 Diesel Barbershop Franchising, LLC

Chart One

Average Gross Revenue and Median Gross Revenue for Affiliate Locations

Location	Average Gross Revenue	Median Gross Revenue	High Gross Revenue	Low Gross Revenue
One	$694,571.03	$761,207.50	$1,014,406	$254,492
Two	$462,803.47	$446,663.94	$684,352	$226,173
Three	$619,618.57	$648,906.62	$796,819	$350,402
Four	$490,293.74	$547,921.18	$559,274	$256,674
Five	$660,536.33	$700,478.00	$812,149	$371,627
Six	$377,986.00	$377,986.00	$518,066	$237,906

Chart Two

Gross Revenue, Expenses, Net Profit, Imputed Expenses and Adjusted Net Profit

Affiliate Location One

LOCATION ONE	2019	2020	2021
Average Ticket	**$44.67**	**$44.08**	**$44.97**
Total Revenue	**$908,688**	**$391,205**	**$614,282**
Total Cost of Goods Sold	**$46,804**	**$20,488**	**$24,075**
Gross Profit (Total Revenue less Total COGS)	**$861,884**	**$370,717**	**$590,207**
Labor			
Receptionist			
Wages	$43,268	$39,119	$33,233
Commissions for Products Sold	$1,412	$398	$490
Bonus	$40	$0	$0
Payroll Taxes/Workers Comp	$5,387	$5,097	$4,137
Total Receptionist Labor Costs	$50,107	$44,614	$37,860
Manager			
Wages	$59,261	$51,646	$37,095

© 2022 Diesel Barbershop Franchising, LLC

LOCATION ONE	2019	2020	2021
Commissions for products sold	$17,364	$0	$11,794
Productivity Bonus	$7,048	$588	$221
Payroll Taxes/Workers Comp	$15,251	$11,333	$12,184
Total Manager Labor Costs	$98,924	$63,567	$61,294
Barber/Stylist			
Wages	$189,734	$138,382	$153,737
Commissions for Products Sold	$46,111	$20,274	$4,626
Productivity Bonus	$5,358	$3,287	$14,320
Payroll Taxes/Workers Comp	$45,642	$28,469	$29,805
Total Barber Stylist Labor Costs	$286,845	$190,412	$202,488
Total Labor Costs	**$435,876**	**$298,593**	**$301,642**
Occupancy Expense			
Rent	$46,968	$48,897	$50,275
Utilities	$6,220	$4,175	$5,311
Telephone/WiFi/Satellite	$4,690	$5,441	$5,629
Building Maintenance & Repair	$4,208	$2,973	$5,660
Total Occupancy Costs	**$62,086**	**$61,486**	**$66,875**
Total Marketing Costs	**$7,898**	**$7,027**	**$10,329**
Miscellaneous Expenses			
Software	$2,865	$5,925	$3,383
Professional Fees	$3,029	$1,831	$3,099
Office Supplies	$3,141	$549	$1,112
Miscellaneous Dues/Subscriptions	$244	$817	$2,378
License/Permits	$100	$200	$100
Liability Insurance	$1,217	$1,069	$1,524
Payroll Processing	$292	$155	$260
Bank Charges	$175	$369	$605
Misc. Expenses	$1,836	$280	$1,575
Salon Supplies, Linens, Laundry	$9,878	$7,229	$6,106
Total Mis. Expenses	**$22,777**	**$18,424**	**$20,142**
Total Expenses	**$528,637.00**	**$385,530.00**	**$398,988.00**
Net Profit	**$333,247**	**($14,813.00)**	**$191,219**

© 2022 Diesel Barbershop Franchising, LLC

Imputed Amounts for Affiliate Location One

LOCATION ONE	2019	2020	2021
Estimated Royalty	$68,151	$29,340	$46,071
Estimated Fund Contributions and Local Marketing Requirement Less Total Marketing Costs	$7,188	$2,885	$1,813
Adjusted Net Profit	**$257,906.52**	**($47,038.43)**	**$143,334**

Affiliate Location Two

LOCATION TWO	2019	2020	2021
Average Ticket	**$44.63**	**$45.92**	**$45.70**
Total Revenue	**$592,263.00**	**$289,835.00**	**$412,621.00**
Total Cost of Goods Sold	**$31,688.00**	**$20,429.00**	**$22,420.00**
Gross Profit (Total Revenue less Total COGS)	**$560,575.00**	**$269,406.00**	**$390,201.00**
Labor			
Receptionist			
Wages	$35,327	$30,167	$38,042
Commissions for Products Sold	$304	$232	$246
Bonus	$0	$0	$0
Payroll Taxes/Workers Comp	$4,569	$3,848	$4,691
Total Receptionist Labor Costs	$40,200	$34,247	$42,979
Manager			
Wages	$76,634	$57,023	$21,187
Commissions for products sold	$1,187	$420	$2,511
Productivity Bonus	$54	$434	$0
Payroll Taxes/Workers Comp	$11,152	$8,119	$0
Total Manager Labor Costs	$89,027	$65,996	$23,698
Barber/Stylist			
Wages	$147,534	$97,760	$104,419
Commissions for Products Sold	$2,341	$1,163	$1,867
Productivity Bonus	$2,342	$1,332	$2,295

© 2022 Diesel Barbershop Franchising, LLC

LOCATION TWO	2019	2020	2021
Payroll Taxes/Workers Comp	$28,355	$19,562	$19,610
Total Barber Stylist Labor Costs	$180,572	$119,817	$128,191
Total Labor Costs	**$309,799.00**	**$220,060.00**	**$194,868.00**
Occupancy Expense			
Rent	$37,709	$41,258	$41,396
Utilities	$522	$4,262	$5,397
Telephone/WiFi/Satellite	$5,495	$6,890	$6,500
Building Maintenance & Repair	$2,788	$933	$3,647
Total Occupancy Costs	**$46,514**	**$53,343**	**$56,940**
Total Marketing Costs	**$7,898**	**$7,066**	**$10,020**
Miscellaneous Expenses			
Software	$2,765	$2,137	$7,855
Professional Fees	$1,724	$1,831	$2,379
Office Supplies	$1,088	$402	$663
Miscellaneous Dues/Subscriptions	$173	$67	$137
License/Permits	$16	$0	$285
Liability Insurance	$1,326	$1,202	$2,221
Payroll Processing	$270	$240	$280
Bank Charges	$0	$309	$453
Misc. Expenses	$899	$977	$1,008
Salon Supplies, Linens, Laundry	$7,976	$5,904	$5,537
Total Mis. Expenses	**$16,237**	**$13,069**	**$20,818**
Total Expenses	**$380,448.00**	**$293,538.00**	**$282,646.00**
Net Profit	**$180,127**	**($24,132)**	**$107,555**

© 2022 Diesel Barbershop Franchising, LLC

Imputed Amounts for Affiliate Location Two

LOCATION TWO	2019	2020	2021
Estimated Royalty	$44,419.73	$21,737.63	$30,946.58
Estimated Fund Contributions and Local Marketing Requirement Less Total Marketing Costs	$4,024.63	$1,832.35	$106.21
Adjusted Net Profit	**$131,682.63**	**($47,701.98)**	**$76,502.22**

Affiliate Location Three

LOCATION THREE	2019	2020	2021
Average Ticket	**$44.56**	**$45.02**	**$44.70**
Total Revenue	**$712,229**	**$350,402**	**$618,871**
Total Cost of Goods Sold	**$34,271**	**$18,506**	**$23,531**
Gross Profit (Total Revenue less Total COGS)	**$677,959**	**$331,896**	**$595,340**
Labor			
Receptionist			
Wages	$34,443	$40,122	$46,439
Commissions for Products Sold	$530	$421	$764
Bonus	$45	$0	$0
Payroll Taxes/Workers Comp	$4,242	$5,102	$5,157
Total Receptionist Labor Costs	**$39,260**	**$45,645**	**$52,360**
Manager			
Wages	$50,156	$43,874	$47,020
Commissions for products sold	$1,813	$139	$69
Productivity Bonus	$467	$1,610	$0
Payroll Taxes/Workers Comp	$6,839	$5,366	$4,526
Total Manager Labor Costs	**$59,275**	**$50,989**	**$51,615**
Barber/Stylist			
Wages	$160,850	$117,092	$140,916
Commissions for Products Sold	$8,099	$1,165	$1,595
Productivity Bonus	$2,719	$4,674	$2,949
Payroll Taxes/Workers	$32,742	$22,825	$27,624

© 2022 Diesel Barbershop Franchising, LLC

LOCATION THREE	2019	2020	2021
Comp			
Total Receptionist Labor Costs	**$204,410**	**$145,756**	**$173,084**
Total Labor Costs	**$302,945**	**$242,390**	**$277,059**
Occupancy Expense			
Rent	$57,205	$53,726	$61,704
Utilities	$4,437	$4,228	$4,909
Telephone/WiFi/Satellite	$4,641	$4,851	$5,169
Building Maintenance & Repair	$2,596	$1,429	$3,041
Total Occupancy Costs	**$68,879**	**$64,234**	**$74,823**
Total Marketing Costs	**$7,898**	**$6,976**	**$10,931**
Miscellaneous Expenses			
Software	$2,556	$1,985	$3,373
Professional Fees	$1,724	$1,831	$2,199
Office Supplies	$1,599	$227	$366
Miscellaneous Dues/Subscriptions	$565	$197	$112
License/Permits	$16	$0	$60
Liability Insurance	$1,520	$1,287	$1,755
Payroll Processing	$260	$25	$110
Bank Charges	$60	$361	$492
Misc. Expenses	$461	$1,629	$644
Salon Supplies, Linens, Laundry	$6,901	$5,627	$4,508
Total Mis. Expenses	**$15,662**	**$13,169**	**$13,619**
Total Expenses	**$395,384**	**$326,769**	**$376,432**
Net Profit	**$282,575**	**$5,127**	**$218,908**

© 2022 Diesel Barbershop Franchising, LLC

Imputed Amounts for Affiliate Location Three

LOCATION THREE	2019	2020	2021
Estimated Royalty	$53,417	$26,280	$46,415
Estimated Fund Contributions and Local Marketing Requirement Less Total Marketing Costs	$5,224	$2,528	$1,258
Adjusted Net Profit	**$223,933**	**($23,681)**	**$171,235**

Affiliate Location Four

LOCATION FOUR	2019	2020	2021
Average Ticket	**$45.76**	**$46.04**	**$47.00**
Total Revenue	**$784,514**	**$371,627**	**$700,478**
Total Cost of Goods Sold	**$36,054**	**$16,036**	**$23,518**
Gross Profit (Total Revenue less Total COGS)	**$748,460**	**$355,591**	**$676,960**
Labor			
Receptionist			
Wages	$31,903	$29,464	$33,536
Commissions for Products Sold	$386	$245	$180
Bonus	$-0	$0	$0
Payroll Taxes/Workers Comp	$3,987	$4,626	$4,011
Total Receptionist Labor Costs	**$36,276**	**$34,335**	**$37,727**
Manager			
Wages	$59,907	$43,182	$44,618
Commissions for products sold	$16,423	$8,454	$8,128
Productivity Bonus	$33	$392	$248
Payroll Taxes/Workers Comp	$12,143	$13,359	$8,080
Total Manager Labor Costs	**$88,506**	**$65,387**	**$61,074**
Barber/Stylist			
Wages	$158,845	$131,194	$123,311
Commissions for Products Sold	$22,909	$2,749	$11,720
Productivity Bonus	$4,223	$1,812	$4,127
Payroll Taxes/Workers Comp	$35,813	$25,173	$26,329

© 2022 Diesel Barbershop Franchising, LLC

LOCATION FOUR	2019	2020	2021
Total Barber Stylist Labor Costs	**$221,790**	**$160,928**	**$165,487**
Total Labor Costs	**$346,572**	**$260,650**	**$264,288**
Occupancy Expense			
Rent	$59,571	$59,715	$60,871
Utilities	$5,439	$4,006	$4,671
Telephone/WiFi/Satellite	$4,289	$5,487	$5,608
Building Maintenance & Repair	$2,563	$925	$3,487
Total Occupancy Costs	**$71,862**	**$70,133**	**$74,637**
Total Marketing Costs	**$8,810**	**$8,262**	**$10,566**
Miscellaneous Expenses			
Software	$2,497	$1,948	$3,487
Professional Fees	$1,499	$1,831	$1,949
Office Supplies	$1,269	$597	$865
Miscellaneous Dues/Subscriptions	$38	$16	$53
License/Permits	$16	$0	$60
Liability Insurance	$2,422	$1,825	$3,066
Payroll Processing	$260	$150	$260
Bank Charges	$60	$309	$410
Misc. Expenses	$966	$691	$1,670
Salon Supplies, Linens, Laundry	$8,156	$6,923	$5,153
Total Mis. Expenses	**$17,183**	**$14,290**	**$16,973**
Total Expenses	**$444,427.00**	**$353,335.00**	**$366,464.00**
Net Profit	**$304,033**	**$2,256**	**$310,496**

Imputed Amounts for Affiliate Location Four

LOCATION FOUR	2019	2020	2021
Estimated Royalty	$58,839	$27,872	$52,536
Estimated Fund Contributions and Local Marketing Requirement Less Total Marketing Costs	$5,035	$1,454	$2,439
Adjusted Net Profit	**$240,159**	**($27,070)**	**$255,521**

© 2022 Diesel Barbershop Franchising, LLC

Affiliate Location Five

LOCATION FIVE	2019	2020	2021
Average Ticket	**$42.65**	**$42.66**	**$44.26**
Total Revenue	**$541,009**	**$256,674**	**$470,774**
Total Cost of Goods Sold	**$30,148**	**$16,544**	**$19,300**
Gross Profit (Total Revenue less Total COGS)	**$510,861**	**$240,130**	**$451,474**
Labor			
Receptionist			
Wages	$20,584	$22,570	$27,706
Commissions for Products Sold	$410	$257	$425
Bonus	$0	$0	$0
Payroll Taxes/Workers Comp	$3,447	$2,846	$3,292
Total Receptionist Labor Costs	**$24,441**	**$25,673**	**$31,423**
Manager			
Wages	$72,576	$38,707	$20,847
Commissions for products sold	$1,594	$26	$0
Productivity Bonus	$89	$140	$0
Payroll Taxes/Workers Comp	$9,814	$2,785	$4,041
Total Manager Labor Costs	**$84,073**	**$41,658**	**$24,888**
Barber/Stylist			
Wages	$126,590	$105,440	$124,507
Commissions for Products Sold	$1,454	$394	$1,538
Productivity Bonus	$1,134	$1,853	$285
Payroll Taxes/Workers Comp	$22,822	$19,744	$24,063
Total Barber Stylist Labor Costs	**$152,000**	**$127,431**	**$150,393**
Total Labor Costs	**$260,514**	**$194,762**	**$206,704**
Occupancy Expense			
Rent	$55,590	$52,547	$54,573
Utilities	$5,425	$4,101	$5,061
Telephone/WiFi/Satellite	$6,181	$7,385	$7,595
Building Maintenance & Repair	$2,952	$1,544	$1,509

© 2022 Diesel Barbershop Franchising, LLC

LOCATION FIVE	2019	2020	2021
Total Occupancy Costs	**$70,148**	**$65,577**	**$68,738**
Total Marketing Costs	**$8,179**	**$6,518**	**$9,607**
Miscellaneous Expenses			
Software	$2,590	$1,765	$2,742
Professional Fees	$1,724	$1,831	$1,949
Office Supplies	$672	$451	$299
Miscellaneous Dues/Subscriptions	$189	$164	$113
License/Permits	$16	$0	$60
Liability Insurance	$2,266	$2,432	$1,857
Payroll Processing	$280	$0	$270
Bank Charges	$20	$311	$443
Misc. Expenses	$744	$473	$119
Salon Supplies, Linens, Laundry	$5,938	$4,998	$4,866
Total Misc. Expenses	**$14,439**	**$12,425**	**$12,718**
Total Expenses	**$353,280.00**	**$279,282.00**	**$297,767.00**
Net Profit	**$157,581**	**($39,152)**	**$153,707**

Imputed Amounts for Affiliate Location Five

LOCATION FIVE	2019	2020	2021
Estimated Royalty	$40,576	$19,251	$35,308
Estimated Fund Contributions and Local Marketing Requirement Less Total Marketing Costs	$3,231	$2,049	$1,101
Adjusted Net Profit	**$113,774**	**$(60,451)**	**$117,298**

Affiliate Location Six

LOCATION SIX	2020	2021
Average Ticket	**$42.66**	**$41.38**
Total Revenue	**$237,906**	**$518,066**
Total Cost of Goods Sold	**$16,082**	**$32,365**
Gross Profit (Total Revenue less Total COGS)	**$221,824**	**$485,701**

© 2022 Diesel Barbershop Franchising, LLC

LOCATION SIX	2020	2021
Labor		
Receptionist		
Wages	$456	$495
Commissions for Products Sold	$0	$0
Bonus	$0	$0
Payroll Taxes/Workers Comp	$323	$55
Total Receptionist Labor Costs	**$779**	**$550**
Manager		
Wages	$52,990	$48,710
Commissions for products sold	$0	$2,255
Productivity Bonus	$0	$10,460
Payroll Taxes/Workers Comp	$13,704	$7,438
Total Manager Labor Costs	**$66,694**	**$68,863**
Barber/Stylist		
Wages	$21,693	$84,901
Commissions for Products Sold	$0	$4,604
Productivity Bonus	$0	$6,725
Payroll Taxes/Workers Comp	$12,583	$13,458
Total Barber Stylist Labor Costs	**$34,276**	**$109,688**
Total Labor Costs	**$101,749**	**$179,101**
Occupancy Expense		
Rent	$60,950	$72,772
Utilities	$5,636	$7,187
Telephone/WiFi/Satellite	$4,148	$4,621
Building Maintenance & Repair	$611	$1,121
Total Occupancy Costs	**$71,345**	**$85,701**
Total Marketing Costs	**$11,346**	**$12,450**
Miscellaneous Expenses		
Software	$1,232	$766
Technology Fee	$1,685	$2,750
POS System		$441
Professional Fees	$985	$0
Office Supplies	$404	$513

© 2022 Diesel Barbershop Franchising, LLC

LOCATION SIX	2020	2021
Dues/Subscriptions	$0	$0
License/Permits	$856	$150
Liability Insurance	$4,796	$4,703
Payroll Processing	$928	$1,283
Bank Charges	$60	$180
Misc. Expenses	$ 579	$3,854
Salon Supplies, Linens, Laundry	$9,593	$7,907
Total Misc. Expenses	**$21,318**	**$22,547**
Total Expenses	**$206,029**	**$299,799**
Net Profit	**$16,066**	**$185,902**

Payments to Diesel for Affiliate Location Six*

LOCATION SIX	2020	2021
Royalty Paid to Franchisor	$18,517	$32,497
Brand Fund Contribution	$1,955	$4,309
Adjusted Net Profit	**($4,406)**	**$149,096**

*See Note One.

Explanatory Notes:

1. Affiliate Location Six. Franchisor's Affiliate Location Six is owned by an officer of Franchisor and operates under a franchise agreement. This Affiliate Location was opened for a full Calendar Year beginning in 2020. This Affiliate Location Six opened in July 2019.

2. Total Revenue Defined. "Total Revenue" means the revenue generated by the Affiliate Locations disclosed in the Charts above, including all amounts generated from the sale and provision of any and all gift cards and other Approved Products and Services at or through the Affiliate Locations and all proceeds from any business interruption insurance related to the non-operation of the Affiliate Locations, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. The average Total Revenue for a given subset of Affiliate Locations in their respective first (and each subsequent) full calendar year of operations is calculated by taking the sum of the Total Revenue of each Affiliate Location in that subset and dividing that figure by the number of Affiliate Locations comprising that subset. The Gross Revenue for Calendar Year 2021 for each Affiliate Location include any PPP the Affiliate Location received that was forgiven by the federal government.

3. Net Profit. The term "Net Profit" means Total Revenue less Total Cost of Goods Sold and Total Expenses described in the Charts above

4. Estimated Royalty. The term "Estimated Royalty" means the Royalty Fee that an Affiliate Location would have had to pay us over an applicable calendar year if that Barbershop was owned by a franchisee and governed by our current form of Franchise Agreement. We calculated the Estimated Royalty for each Affiliate Location by multiplying the Gross Sales by 0.075 (to account for the 7.5% Royalty Fee described in Item 6). It is important to note that the "Estimated Royalty" figures provided for Affiliate Locations One through Five are only an estimate, and these Affiliate Locations (other than Affiliate Location Six) did not actually pay us these amounts because they are

not required to pay us any Royalty Fee in connection with operating the Affiliate Locations. Affiliate Location Six paid the Royalty Fee set out in the Chart.

5. Estimated Fund Contributions. The term "Estimated Fund Contribution" means the Fund Contribution that the Affiliate Location would have had to pay us over an applicable calendar year if that Barbershop was owned by a franchisee and governed by our current form of Franchise Agreement. We calculated the Estimated Fund Contribution for each Affiliate Location by multiplying the Gross Sales by 0.01 (to account for the 1% Fund Contribution described in Item 6) adding $6,000 to account for the required local marketing investment and subtracting the Estimated Fund Contributions and Local Marketing Requirement Less Total Marketing Costs invested by the Affiliate Location. It is important to note that the "Estimated Fund Contribution" figures provided Affiliate Locations One through Five are only an estimate, and these Affiliate Locations (other than Affiliate Location Six) did not actually pay us this amount because they are not required to pay us any Fund Contribution in connection with operating the Affiliate Locations. Affiliate Location Six paid the Fund Contribution set out in the Chart.

6. Adjusted Net Profit. The term "Adjusted Net Profit" means the Net Profit less the Estimated Royalties and Estimated Fund Contributions".

7. Excluded Expenses. The figures disclosed in Chart Two A are specific types of expenses identified in the Charts and do not include any of the other expenses that might be incurred in connection with opening and commencing operations of your Franchised Business. Excluded expenses include depreciation, amortization, interest, taxes, recruiting costs, costs associated with buildout, initial supplies, equipment and inventory, legal and administrative expenses associated with purchasing a franchise, entity formation, training, and various other pre-opening and openings . Additionally, other than Affiliate Location Six, Affiliate Locations did not pay Initial Franchise Fees.

8. Goodwill. The Affiliate Locations are located in Texas where the Proprietary Marks and our brand have garnered goodwill and a reputation that may not yet exist where you decide to open your Franchised Business.

9. Covid Impact. Calendar Year 2020 was impacted by Covid closures. Additionally, Affiliate Location operations were impacted by state and local Covid restrictions including occupancy restrictions, restrictions on walk-ins, mask requirements and six feet space restrictions.

Chart Three

Quarterly Gross Revenue for Franchisee Subset

Franchisee Barbershop	First Quarter Gross Revenue 2021	Second Quarter Gross Revenue 2021	Third Quarter Gross Revenue 2021	Fourth Quarter Gross Revenue 2021	Total Gross Revenue for 2021
One	$82,061.95	$106,489.50	$124,674.80	$142,695.74	$518,066
Two	$78,676.25	$98,345.40	$118,211.15	$145,289.54	$476,222.34
Three	$56,434.50	$108,599.05	$131,372.66	$124,656.80	$421,063.01

© 2022 Diesel Barbershop Franchising, LLC

Franchisee Barbershop	First Quarter Gross Revenue 2021	Second Quarter Gross Revenue 2021	Third Quarter Gross Revenue 2021	Fourth Quarter Gross Revenue 2021	Total Gross Revenue for 2021
Four	$85,933.20	$105,113.00	$107,028.60	$119,550.75	$417,625.55
Five	$48,782.10	$90,901.20	$105,180.95	$123,202.09	$368,066.34
Six	$65,979.45	$74,773.80	$74,444.55	$86,822.10	$341,519.90
Seven	$47,003.75	$66,676.65	$81,231.85	$98,764.51	$293,676.76
Eight	$52,225.20	$71,220.00	$76,601.00	$91,469.20	$291,515.40
Nine	$51,220.30	$64,892.05	$77,535.80	$74,516.90	$268,165.05
Ten	$47,749.60	$55,422.15	$58,967.65	$77,859.26	$266,198.66
Eleven	$31,295.70	$46,626.00	$67,763.70	$77,932.30	$223,617.70
Twelve	$31,419.90	$53,893.65	$59,679.55	$76,701.44	$221,694.54
Thirteen	$33,800.80	$47,678.80	$51,373.30	$55,601.09	$188,453.99
Fourteen	$41,705.05	$38,402.10	$37,822.55	$51,314.35	$169,244.05
Fifteen	$30,115.00	$39,284.75	$43,355.70	$46,374.40	$159,129.85
Sixteen	$29,742.40	$37,177.90	$29,871.40	$30,670.00	$127,461.70

© 2022 Diesel Barbershop Franchising, LLC

Franchisee Barbershop	First Quarter Gross Revenue 2021	Second Quarter Gross Revenue 2021	Third Quarter Gross Revenue 2021	Fourth Quarter Gross Revenue 2021	Total Gross Revenue for 2021
Seventeen	$12,516.05	$22,458.00	$29,391.50	$41,682.09	$106,047.64
Eighteen	$8,603.50	$16,771.25	$21,640.20	$23,130.80	$86,485.75
	Average/Median For Q1	**Average/Median For Q2**	**Average/Median For Q3**	**Average/Median For Q4**	**Average/Median For 2021**
Average	$46,403.59	$63,595.85	$72,008.16	$82,679.63	$274,680.79
Median	$47,376.68	$60,157.10	$71,104.13	$77,895.78	$267,181.86
Highest Quarter/Annual Gross Revenue	$85,933.20	$108,599.05	$131,372.66	$145,289.54	$518,066
Lowest Quarter/Annual Gross Revenue	$8,603.50	$16,771.25	$21,640.20	$23,130.80	$86,485.75

Explanatory Notes

1. Gross Revenue. "Gross Revenue" has the same meaning as Total Revenue in the explanatory notes following Chart One. The Gross Revenue for Calendar Year 2021 includes any PPP the franchisee received that was forgiven by the federal government.

2. Quarter. First quarter is for the period of January to March. Second quarter is for the period of April to June. Third quarter is for the period of July to September. Fourth quarter is for the period of October to December.

3. Covid Impact. Franchisee operations were impacted by state and local Covid restrictions including occupancy restrictions, restrictions on walk-ins, mask requirements and six feet space restrictions.

General Notes to this Item 19

1. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Franchised Business.

2. Interest expense, interest income, depreciation, amortization and other income or expenses will vary substantially from business to business, depending on the amount and kind of financing you obtain to establish your Franchised Business. You should consult with your tax advisor regarding depreciation and amortization schedules and

the period over which assets of your Franchised Business may be amortized or depreciated, as well as the effect, if any, of any recent or proposed tax legislation.

Other than as expressly disclosed in this Item above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. 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: Shayne Brown at 11255 Hubner Road, Suite 104, San Antonio, Texas 78230 (919) 446-8163.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years 2019-2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	0	14	+14
	2020	14	17	+3
	2021	17	24	+7
Company-Owned*	2019	6	6	0
	2020	6	5	-1
	2021	5	5	0
Total Outlets	**2019**	**6**	**20**	**+14**
	2020	**20**	**22**	**+2**
	2021	**22**	**29**	**7**

*These outlets are owned and operated by our affiliate.

Table No. 2

Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2019-2021

State	Year	Number of Transfers
Texas	**2019**	0
	2020	0
	2021	1

© 2022 Diesel Barbershop Franchising, LLC

State	Year	Number of Transfers
Total	**2019**	0
	2020	0
	2021	1

Table No. 3

Status of Franchised Outlets
For years 2019-2021

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arizona	2019	0	2	0	0	0	0	2
	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	0	0
Colorado	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Florida	2019	0	3	0	0	0	0	3
	2020	3	0	2	0	0	0	1
	2021	1	2	0	0	0	0	3
Georgia	2019	6	0	0	0	0	0	6
	2020	6	0	5	0	0	0	1
	2021	1	0	0	0	0	0	1
Missouri	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Nevada	2019	0	0	0	0	0	0	0
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
North Carolina	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Pennsylvania	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
South Carolina	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1

© 2022 Diesel Barbershop Franchising, LLC

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Texas	2019	0	3	0	0	0	0	3
	2020	3	5	0	0	0	0	8
	2021	8	2	0	0	0	0	10
Wisconsin	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Total	**2019**	**0**	**14**	**0**	**0**	**0**	**0**	**14**
	2020	**14**	**11**	**8**	**0**	**0**	**0**	**17**
	2021	**17**	**7**	**0**	**0**	**0**	**0**	**24**

Table No. 4

Status of Company-Owned Outlets
For years 2019-2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Texas*	2019	6	0	0	0	0	6
	2020	6	0	0	1	0	5
	2021	5	0	0	0	0	5
Total	**2019**	**6**	**0**	**0**	**0**	**0**	**6**
	2020	**6**	**0**	**0**	**1**	**0**	**5**
	2021	**5**	**0**	**0**	**0**	**0**	**5**

*These outlets are owned and operated by our affiliate.

Table No. 5

Projected Openings as of November 30, 2022

State	Franchise Agreements Signed But Outlet Not Open as of 11/30/2021	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Arizona	1	0	0
Florida	0	1	0
Nevada	0	1	0

© 2022 Diesel Barbershop Franchising, LLC

State	Franchise Agreements Signed But Outlet Not Open as of 11/30/2021	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
North Carolina	2	1	0
Pennsylvania	0	1	0
South Carolina	0	1	0
Texas	4	1	0
Wisconsin	3	0	0
Total	10	7	0

A list of the names of all of our current System franchisees, along with the addresses and telephones numbers of their respective franchises, are set forth in Exhibit F to this Disclosure Document.

We do not have any franchisees that have left the System in the past fiscal year or otherwise not communicated with us in the 10 weeks prior to the Issue Date of this Disclosure Document. The name, city, state and current business telephone number (if known) of every System franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable franchise agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document, will be listed on Exhibit F to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three (3) fiscal years, we have had any franchisees sign confidentiality provisions that might restrict their ability to speak openly about their experience with our System. There are no trademark-specific organizations formed by our franchisees that are associated with the System.

ITEM 21
FINANCIAL STATEMENTS

Exhibit D contains our audited financial statements for the fiscal year(s) ending November 30, 2021, 2020, and 2019 , respectively. Our fiscal year end is November 30.

ITEM 22
CONTRACTS

The following agreements are attached as Exhibits to this Franchise Disclosure Document:

Franchise Agreement (and Exhibits)	Exhibit B
Development Agreement (and Exhibits)	Exhibit C
State Specific Addenda	Exhibit E
Sample Termination and Release	Exhibit H

© 2022 Diesel Barbershop Franchising, LLC

ITEM 23
RECEIPTS

Exhibit J to this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to Shayne Brown, c/o Diesel Barbershop Franchising, LLC, at 11255 Hubner Road, Suite 104, San Antonio, Texas 78230 or (919) 446-8163.

EXHIBIT A

TO THE DIESEL BARBERSHOP FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

© 2022 Diesel Barbershop Franchising, LLC

LIST OF STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of the California Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204

© 2022 Diesel Barbershop Franchising, LLC

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 651-539-1600	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1230 "O" Street, Suite 400 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 402-471-2171	Same

© 2022 Diesel Barbershop Franchising, LLC

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8222	Secretary of State of New York 99 Washington Street Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same

© 2022 Diesel Barbershop Franchising, LLC

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-3563	Director of the South Dakota Division of Insurance, Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B

TO THE DIESEL BARBERSHOP FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

© 2022 Diesel Barbershop Franchising, LLC

DIESEL BARBERSHOP FRANCHISING, LLC

FRANCHISE AGREEMENT

©2022 Diesel Barbershop Franchising, LLC
2022 Franchise Agreement v2

TABLE OF CONTENTS

Section		Page
1.	PREAMBLES, ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE	2
2.	GRANT OF FRANCHISE.	5
3.	TERM AND RENEWAL.	7
4.	FEES AND PAYMENTS.	8
5.	DUTIES OF FRANCHISOR	13
6.	DUTIES OF FRANCHISEE	17
7.	PROPRIETARY MARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS	33
8.	MANUALS.	39
9.	ADVERTISING	40
10.	ACCOUNTING AND RECORDS	43
11.	INSURANCE AND INDEMNIFICATION	46
12.	INDEPENDENT CONTRACTOR	48
13.	TRANSFER AND ASSIGNMENT	48
14.	COVENANTS	53
15.	DEFAULT, SUSPENSION AND TERMINATION	58
16.	POST-TERM OBLIGATIONS	63
17.	WRITTEN APPROVALS; WAIVERS; FORMS OF AGREEMENT; AMENDMENT	66
18.	DISPUTE RESOLUTION	66
19.	NOTICES	71
20.	DISCLAIMER	72
21.	LEASE AS SECURITY; TERMINATION OF LEASE	73
22.	MISCELLANEOUS PROVISIONS.	75
23.	DEFINITIONS	77

EXHIBITS

Exhibit A: Data Sheet
Exhibit B: Form of Personal Guaranty
Exhibit C: Form of Collateral Assignment of Lease
Exhibit D: EFT Withdrawal Authorization Form
Exhibit E-1: Form of Confidentiality and Non-Competition Agreement (Owners, Operating Principal, Guarantors, Spouses)
Exhibit E-2: Form of Confidentiality and Non-Competition Agreement (Management Staff)
Exhibit F: Conditional Assignment of Telephone/Facsimile Numbers and Domain Names
Exhibit G: Franchisee Questionnaire/Compliance Certification
Exhibit H : Statement of Ownership
Exhibit I : State Rider

©2022 Diesel Barbershop Franchising, LLC

DIESEL BARBERSHOP FRANCHISING, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into on _____ (the "**Effective Date**,") by and between Diesel Barbershop Franchising, LLC, a Texas limited liability company with its principal place of business at 11255 Huebner Road, San Antonio, Texas 78230 (the "**Franchisor**"); and _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the "**Franchisee**").

RECITATIONS

A. Franchisor and its Affiliates, as a result of the expenditure of time, skill, effort, and money, have developed and own a unique System related to the establishment, development, opening, and operation of a business that features haircutting and grooming, coloring, and barbering services provided to clients by a staff of trained and independently-licensed professionals, as well as related Approved Products and Services, from a unique retail setting (the "**Franchised Business**").

B. Franchisor's System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operation of a Franchised Business; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Franchised Business; standards and specifications for the furniture, fixtures and equipment located within a Franchised Business; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for sales techniques, merchandising, marketing, advertising, inventory management systems, advertising, bookkeeping, sales and other aspects of operating a Franchised Business. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Franchisee hereby acknowledges and agrees that: (i) while the System and Franchisor's related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.

C. The System and Franchised Businesses are identified by the mark DIESEL BARBERSHOP, as well as certain other trade names, trademarks, service marks and trade dress, all of which Franchisor may modify, update, supplement or substitute in the future (collectively, the "**Proprietary Marks**"). The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor is in the business of granting qualified individuals and entities a franchise for the right to independently own and operate a single Franchised Business utilizing the Proprietary Marks and System at a location that Franchisor approves in writing.

E. Franchisee recognizes the benefits derived from being identified with Franchisor, appreciates and acknowledges the distinctive and valuable significance to the public of the System and the Proprietary Marks, and understands and acknowledges the importance of Franchisor's high and uniform standards of quality, appearance, and service to the value of the System.

©2022 Diesel Barbershop Franchising, LLC

F. Franchisee desires to acquire a franchise for the right to operate a single Franchised Business from an approved location and has submitted an application to obtain such a franchise from Franchisor.

G. Franchisor is willing to grant Franchisee the right to operate a Franchised Business based on the representations contained in the franchise application and subject to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. PREAMBLES, ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE

Franchisee represents, warrants and acknowledges the following:

1.1 Non-Reliance on Representations. Franchisor does not furnish or authorize any parties to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of Franchisee's Franchised Business outside the Franchise Disclosure Document. Franchisee acknowledges and represents that Franchisor, itself or through any officer, director, employee, or agent, has not made, and Franchisee has not received or relied upon, any express or implied, oral, written, visual, information, representations, warranties, guarantees, or promises regarding the amount of sales levels, volume, profit, success or income Franchisee might expect to earn from the franchise granted hereby, except as set forth in the Franchise Disclosure Document. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, that Franchisee will be successful in this venture. Franchisee's signature to this Agreement has not been induced by any representation inconsistent with the terms of this Agreement or inconsistent with the Franchise Disclosure Document given to Franchisee by Franchisor.

1.2 Consultation with Advisers; Independent Investigation; Acknowledgement of Franchisee. The business venture contemplated by this Agreement involves business risks. Franchisee's success will be largely dependent upon Franchisee's ability as an independent businessperson. Franchisee has conducted an independent investigation of the Franchised Businesses contemplated in this Agreement and understands and agrees that the barber and hair care industry is highly competitive with constantly changing market conditions. Franchisee further acknowledges that Franchisee has had the opportunity and adequate time to independently investigate, analyze, and construe both the franchise being offered hereunder and the terms and provisions of this Agreement utilizing the services of legal counsel, accountants, and other advisors (if Franchisee so elects). Franchisee has consulted with Franchisee's own advisors with respect to the legal, financial, and other aspects of this Agreement, the business concept franchised hereby, and the prospects for such business. Any written inquiries made to Franchisor by Franchisee pertaining to the nature of this franchise were answered in writing to the satisfaction of Franchisee. Franchisee acknowledges and agrees that Franchisor answered fully and adequately Franchisee's questions made to Franchisor regarding the provisions of this Agreement to Franchisee's satisfaction. Franchisee recognizes and acknowledges that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of the Franchisee as an independent businessperson.

1.3 Franchise Disclosure Document. Franchisee acknowledges that Franchisee received a complete copy of the franchise disclosure document required by the Trade Regulation Rule of the Federal

©2022 Diesel Barbershop Franchising, LLC

Trade Commission concerning the franchise at least 14 calendar days prior to the date on which this Agreement was executed.

1.4 Franchise Agreement. Franchisee has received a fully completed copy of this Agreement at least seven (7) calendar days prior to signing it. Franchisee, and if Franchisee is a partnership, limited liability company, corporation or other entity, each of Franchisee's partners, members, managers, shareholders, and owners, as the case may be, have fully read this Agreement and all related agreements, fully understand the terms and the import of the same, and represent that Franchisee and each of them is capable of complying and will comply with this Agreement.

1.5 Entire Agreement. Franchisee acknowledges that this Agreement, and the exhibits hereto constitutes the entire Agreement of the parties. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives will be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

1.6 Application for Franchise. Any and all applications, financial statements, and representations submitted to Franchisor by Franchisee, whether oral or in writing, were complete and accurate when submitted and are complete and accurate as of the date of execution of this Agreement unless the same has been otherwise amended in writing. Franchisee represents that neither it nor its principals are presently involved in any business activity that could be considered competitive in nature, unless heretofore disclosed to Franchisor in writing.

1.7 Franchisor May Refuse to Grant Franchisee a Franchise. FRANCHISEE UNDERSTANDS AND AGREES THAT FRANCHISOR HAS NO OBLIGATION TO ACCEPT FRANCHISEE'S APPLICATION AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON, OR FOR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. FRANCHISEE ACKNOWLEDGES THAT, UNLESS AND UNTIL FRANCHISOR NOTIFIES FRANCHISEE IN WRITING WITH A FRANCHISOR EXECUTED FRANCHISE AGREEMENT THAT THE FRANCHISE HAS BEEN GRANTED, FRANCHISEE IS NOT A FRANCHISEE AND MAY NOT RELY UPON BECOMING A FRANCHISEE OF FRANCHISOR.

1.8 Legal, Valid and Binding Validation. The individuals executing this Agreement on Franchisee's behalf are duly authorized to do so, and, upon its execution, this Agreement will constitute Franchisee's legal, valid and binding obligation. Franchisee represents and warrants that Franchisee is not a party to or subject to any order or decree of any court or government agency which would limit or interfere in any way with the performance by Franchisee of the obligations under this Agreement and that Franchisee is not a party, and has not within the last ten (10) years been a party, to any litigation, bankruptcy, or legal proceedings other than those heretofore disclosed to Franchisor in writing.

1.9 No Violation of Any Other Agreement or Commitment. The execution and performance of this Agreement by Franchisee does not violate or constitute a breach of the terms of any other agreement or commitment to which Franchisee are a party.

1.10 Licenses to Operate the Franchised Business. Franchisee represents and warrants that Franchisee has familiarized itself with the laws and licensing requirements which govern the operation of Franchisee's Franchised Business in the Designated Territory defined in **Exhibit A**. Franchisee agrees and acknowledges that it is solely responsible for ensuring that: (a) it acquires and maintains all business licenses, permits and approvals, including those that are specifically required to offer and provide hair care services, including hair cutting and hair coloring and related services, that are necessary to operate the

©2022 Diesel Barbershop Franchising, LLC

Franchised Business at the Premises described in **Exhibit A** and within the Designated Territory defined in **Exhibit A**; and (b) the Franchised Business is otherwise operated in full compliance with all federal, state and local laws and regulations where the Franchised Business is located.

1.11 Different Form of Agreements. Franchisee agrees and acknowledges that: (a) Franchisor may enter into franchise agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement, including without limitation, franchise agreements for the operation of a Franchised Business; and (b) the existence of different forms of agreement and the fact that Franchisor and other franchisees may have different rights and obligations does not affect the parties' duty to comply with the terms of this Agreement.

1.12 No Right to Sub-franchise. Franchisor hereby expressly forbids sub-franchising of any kind. Franchisee hereby agrees that Franchisee has no right to sell or negotiate the sale of franchises in the name of or on behalf of Franchisor. Franchisor further prohibits Franchisee from establishing any contractual relationship with any other party which could be deemed or interpreted to have established a sub-franchise relationship. Franchisee hereby agrees that, to the full extent permitted by applicable law, sub-franchising of any kind on Franchisee's part or behalf will be grounds for immediate termination of Franchise Agreement without notice and without opportunity to cure.

1.13 Credit Checks and Background Checks. All statements made by Franchisee in writing in connection with its application for this franchise were, to the best of Franchisee's knowledge, true when made and continue to be true as of the Effective Date of this Agreement.

1.14 Anti-Terrorism. Franchisee, Franchisee's, guarantors and owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws. In connection with such compliance, Franchisee, Franchisee's guarantors and owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee, Franchisee's, guarantors and owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(a) Franchisee, Franchisee's guarantors and owners certify that none of them, their respective employees, or anyone associated with Franchisee, Franchisee's guarantors and owners is listed in the Annex to Executive Order 13224 (which can be accessed at http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's guarantors, owners, their employees, or anyone associated with Franchisee, Franchisee, Franchisee's guarantors and owners to be listed in the Annex to Executive Order 13224.

(c) Franchisee is solely responsible for ascertaining what actions Franchisee must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities set forth in this Agreement pertain to its obligations under this **Section 1.14**.

(d) Any misrepresentation under this **Section 1.14** or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's guarantors, owners and their employees will constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or its Affiliates.

©2022 Diesel Barbershop Franchising, LLC

1.15 Statement Of Ownership. Franchisee represents that the Statement of Ownership attached to this Agreement as **Exhibit H** is true, complete, accurate and not misleading.

1.16 Continuing Obligations. The representations, warranties and covenants contained in this **Section 1** are continuing obligations of the Franchisee and the Owners and that any failure to comply with such representations, warranties and covenants will constitute a material breach of this Agreement.

2. GRANT OF FRANCHISE.

2.1 Grant of Franchise. Subject to all the terms and conditions of this Agreement, Franchisor grants Franchisee, and Franchisee accepts, a personal license to use the Proprietary Marks and System solely for the purpose of establishing and operating a single Franchised Business during the Initial Term only at the Premises described in **Exhibit A**. The rights granted to Franchisee by this Agreement are limited to the Designated Territory and are subject to the reservation of rights described in **Section 2.6.**

2.2 Approved Premises; Designated Market Area. The Franchised Business must be operated from a single Premises that Franchisor reviews and approves. If the parties have not agreed on a Premises as of the Effective Date of this Agreement, Franchisor will designate a general marketing area (the "**DMA**") on the Data Sheet attached to this Agreement as **Exhibit A**. wherein Franchisee must locate and secure the Premises as detailed more fully in **Section 6.2** of this Agreement. Franchisee acknowledges and agrees that: (a) it does not have any territorial rights within the DMA; (b) Franchisor may permit other new franchisees to search for the location of their Franchised Business within the same DMA that is assigned to Franchisee under this Agreement if Franchisor determines in its discretion that the DMA is large enough to contain additional Franchised Businesses; and (c) potential locations for each Franchised Business, and resulting Designated Territories within the DMA will be reviewed and rejected/granted on a first-to-propose basis.

2.3 Relocation of Premises. Once the Franchisor approves the Premises of the Franchised Business, the location will be set forth in the Data Sheet. Franchisee may only use the Premises to operate the Franchised Business. Franchisee may not relocate the Franchised Business to any location other than the Premises without Franchisor's prior written consent, which Franchisor will not unreasonably withhold, provided that Franchisee secures an alternate location for the Franchised Business within the Designated Territory defined in **Section 2.4** that meets Franchisor's then-current site selection criteria for the premises of a Franchised Business prior to Franchisor's approval of the relocation. The Franchisee will pay the Relocation Fee amount upon Franchisor's approval of Franchisee's relocation request. In order to receive approval to relocate, the Franchisee may be required to sign the Franchisor's then-current Franchise Agreement for a full initial franchise term as provided in the Franchisor's then-current Franchise Agreement and execute a general release in a form satisfactory to Franchisor of any and all claims against Franchisor, its parent, subsidiaries and Affiliates (if applicable) and their respective officers, directors, attorneys, owners and employees. The Franchisee will pay the Franchisor a fee of $500 per Week during all Weeks that the Franchisee's Franchised Business is closed due to relocation.

2.4 Designated Territory. Subject to **Section 2.6,** upon locating and securing a Premises, Franchisor will designate a geographical area surrounding the Premises wherein Franchisor will not open or locate, or license a third party the right to open or locate, another Franchised Business utilizing the System and Proprietary Marks for so long as Franchisee is in compliance with this Agreement. The boundaries of the Designated Territory, once determined by Franchisor, will be described in the Data Sheet attached hereto as **Exhibit A**. Franchisee acknowledges that it does not have any other territorial rights within the Designated Territory.

©2022 Diesel Barbershop Franchising, LLC

(a) There are no territorial restrictions for a Franchisee to accept business from customers that reside/work or are otherwise based outside of the Designated Territory if these customers contact Franchisee and/or visit the Franchised Business.

(b) Franchisee may not solicit prospective customers outside of the Designated Territory, unless (i) these prospective customers do not reside within the territory granted to another franchisee or other Franchised Business location, and (ii) Franchisee obtains Franchisor's prior written consent. Franchisor will not unreasonably withhold its approval of certain digital-based marketing that reaches beyond the Designated Territory, provides such marketing doesn't geographically target potential customers outside of the Designated Territory.

2.5 Rights Not Granted. Franchisee acknowledges and agrees that this Agreement does not afford Franchisee any rights or options to open any additional Franchised Businesses and that Franchisee does not have any right to sub-license or sub-franchise any of the rights granted hereunder. Franchisee may not use the Proprietary Marks or System for any purpose other than promoting and operating the Franchised Business at the Premises and within the Designated Territory. Franchisor will have sole discretion as to whether it decides to grant Franchisee the right to open any additional Franchised Businesses, each of which will be governed by a separate form of Franchisor's then-current franchise agreement.

2.6 Reservation of Rights. Franchisee acknowledges that the license granted in **Section 2.1** is non-exclusive and, notwithstanding anything contained in this Agreement to the contrary, the following rights are reserved to Franchisor and its Affiliates and their successors and assigns:

(a) establish and operate, and license any third party the right to establish and operate, other Franchised Businesses using the Proprietary Marks and System at any location outside of the Designated Territory; regardless of proximity to the Premises;

(b) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Designated Territory;

(c) use the Proprietary Marks, other marks Franchisor may designate, and/or the System to distribute the Approved Products and/or Services in any alternative channel of distribution, within or outside the Designated Territory (including the Internet, mail order, catalog sales, toll-free numbers, wholesale stores, etc.);

(d) to acquire, be acquired, merge with, or otherwise affiliate with, businesses that are the same as or similar to the Franchised Business, Approved Products and/or Services and operate, franchise and/or license such businesses anywhere within or outside the Designated Territory (under different marks);

(e) to operate, offer and sell, and/or license or franchise others to offer and sell, products and services for Other Businesses and market Other Businesses to anyone, including prospective and existing franchisees anywhere within or outside of Franchisee's Designated Territory;

(f) to market, distribute and sell, on a wholesale or retail basis Approved Products, and other products and services, by direct sale, wholesale, the Internet, mail order, other alternative distribution channels or by any other marketing or distribution methods that may use the System under the Proprietary Marks or other Proprietary Marks within or outside of Franchisee's Protected Area;

©2022 Diesel Barbershop Franchising, LLC

(g) to implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere and Franchisor has the right to issue mandatory policies to coordinate such multi-area marketing programs;

(h) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in this Agreement; and

(i) own and operate Franchised Businesses in "Non-Traditional Sites" including, but not limited to, amusement parks, military bases, college campuses and other academic institutions, hospitals, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, both within or outside the Designated Territory.

2.7 Modification of System. Franchisor reserves the right to supplement, revise or otherwise modify the System or any aspect/component thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and make such reasonable expenditures as may be necessary to comply with any change that Franchisor makes to the System. Any change or modification that Franchisor makes to the System will not materially alter Franchisee's fundamental rights under this Agreement. Moreover, Franchisor will provide Franchisee with a reasonable amount of time to comply with any change or modification to the System once Franchisee has been notified of such change/modification in writing (via the Manual or otherwise).

3. TERM AND RENEWAL.

3.1 Term. Unless terminated early pursuant to this Agreement, the term of this Agreement will be for a period of ten (10) years (the "**Initial Term**") commencing on the date the Franchisee's Franchised Business is open to the general public.

3.2 Successor Term. Franchisee may submit a request to renew the right to operate the Franchised Business for up to two (2) additional, consecutive terms of ten (10) years each (the "**Successor Term**"), and must provide each request to renew no less than six (6) months and no more than twelve (12) months prior to the end of the Initial Term or then-current Successor Term. Failure to provide such notice to Franchisor will be deemed an indication that Franchisee does not wish to renew the franchise relationship. Franchisor will not unreasonably withhold its approval of such requests for renewal, provided Franchisee complies with the following conditions:

(a) Franchisee must not have: (i) any uncured material defaults under this Agreement (including any monetary defaults) or any other agreement between Franchisee and Franchisor or the landlord of the Premises, either at time of Franchisee's renewal request or at the time of renewal; and (ii) received more than three separate, written notices of material default from Franchisor with respect to this Agreement in the 12-month period preceding the renewal request date or renewal date.

(b) Franchisee must execute Franchisor's then-current form of franchise agreement (the "**Successor Franchise Agreement**"), which may contain materially different terms and conditions from those contained in this Agreement, within thirty (30) days of the date Franchisee is provided with Franchisor's then-current form of franchise agreement.

(c) Franchisee will pay the Successor Renewal Fee set out in **Section 4.2(f)**.

©2022 Diesel Barbershop Franchising, LLC

(d) If requested by Franchisor, Franchisee, its Operating Principal and/or the Designated Manager(s) attend and satisfactorily complete any prescribed training refresher course at least thirty (30) days before the expiration of the Initial Term of this Agreement or then-current Successor Term. Franchisee will also be responsible for all expenses incurred in connection with attending this refresher training.

(e) Franchisee executes a general release, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor and its Affiliates, subsidiaries, parent, officers, directors, shareholders, and employees in their corporate and individual capacities, including without limitation, all claims arising under any federal, state, or local law, rule, or ordinance.

(f) Franchisee must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by Franchisor to the satisfaction of Franchisor.

(g) Franchisee or transferee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Premises and Franchised Business within the time frame required by Franchisor, including the design, equipment, signs, interior and exterior décor items, displays, inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, as necessary to meet Franchisor's then-current System standards, specifications, and design criteria for a newly opened Franchised Business.

(h) Franchisee must have all licenses, insurance, registrations and approvals required by Franchisor or applicable governing authority to operate the Franchised Business in the DMA and Designated Territory.

(i) Franchisee must provide written evidence to the Franchisor that the Franchisee either owns or has the right to lease the Premises for at least five additional years after the end of the Initial Term or preceding Successor Term, as the case may be.

3.3 Interim Period. If the Franchisee does not sign a Successor Franchise Agreement prior to the expiration of the Initial Term of this Agreement and the Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the Franchisor's option, this Agreement may be treated either as (a) expired as of the date of expiration with the Franchisee then operating without a license to do so and in violation of Franchisor's rights; or (b) continued on a month-to-month basis (the "**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period and the provisions of **Section 16** will apply. In the latter case, all of the Franchisee's obligations will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on the Franchisee upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

4. FEES AND PAYMENTS.

4.1 Payments Due at Time of Signing Franchise Agreement. In consideration of the rights and license granted herein, Franchisee will pay to Franchisor the following amounts upon the execution of this Agreement:

©2022 Diesel Barbershop Franchising, LLC

(a) Initial Franchise Fee. An initial franchise fee is set out in the Data Sheet attached hereto as **Exhibit A** (the "**Initial Franchise Fee**"), which will be deemed fully earned and non-refundable under any circumstances upon payment.

(b) Project Management Fee. Four Thousand Dollars ($4,000) for project management services (the "**Project Management Fee**"). The Project Management Fee is deemed fully earned and non-refundable under any circumstances upon payment.

(c) Site Selection Fee. Six Thousand Dollars ($6,000) for site selection services for Franchisee's first Franchised Business and Three Thousand Dollars ($3,000) for each additional Franchised Business ("**Site Selection Fee**"). The Site Selection Fee is deemed fully earned and non-refundable under any circumstances upon payment.

4.2 Payments Due After Signing the Franchise Agreement. In addition to other fees and charges as may be described elsewhere in this Agreement, Franchisee will pay the following fees and charges to Franchisor, its Affiliates or third parties, as designated by Franchisor. The fees and charges are not refundable under any circumstance.

(a) Royalty Fee. Beginning the first Week of the Required Opening Date, Franchisee will pay on or before the Tuesday (or other day Franchisor designates) of each Week the Franchised Business is open and operating (and/or required to be open and operating under this Agreement), Franchisee must pay Franchisor an ongoing royalty fee amounting to seven-and-a-half percent (7.5%) of the Gross Sales (as defined in **Section 4.6** generated by the Franchised Business in the preceding Week (the "**Royalty Fee**").

(b) Fund Contribution. At the same time and in the same manner the Franchisee is required to pay the Royalty Fee, Franchisee will be required to make the then-current contribution amount to a brand development fund (the "**Brand Development Fund**") that Franchisor has established to promote the brand, Proprietary Marks and System. The Fund Contribution is one percent (1%) of the Gross Sales of the Franchised Business during the preceding Week (or other reporting period) and as described more fully in **Section 9.6** of this Agreement (the "**Fund Contribution**"). Notwithstanding the forgoing, Franchisor may increase the Fund Contribution to up to two percent (2%) of the Gross Sales of the Franchised Business upon 30 days prior written notice.

(c) POS System Fee. In connection with the required computer software to be used in connection with the point-of-sale system at the Franchised Business (the "**POS System**"), Franchisee is required to pay the then-current monthly fee charged by Franchisor or its Designated Supplier for the POS System.

(d) Technology Fee. Franchisor reserves the right to charge Franchisee its then-current monthly technology fee (the "**Technology Fee**") as consideration for certain technology-related services that Franchisor may determine to pay for all or some portion of as part of the System, which may include: (i) website development and hosting, (ii) establishing a System-wide intranet or other type of website portal for the System (a "**Website Portal**") of any kind, or (iii) any other technology that Franchisor determines appropriate, in its discretion, for use in connection with your Franchised Business and determines to provide as part of the Technology Fee. Franchisor may modify the Technology Fee upon thirty (30) days' written notice to Franchisee. Franchisee will pay the Technology Fee for the first 12 months from the Effective Date within thirty (30) days of the Effective Date.

©2022 Diesel Barbershop Franchising, LLC

(e) Transfer Fee. In connection with a Transfer in accordance with **Section 13** a transfer fee in the amount of $10,000 (the "**Transfer Fee**") plus any broker fees and any then current training fees charged by Franchisor for Transferee to attend Franchisor's Initial Training Program.

(f) Successor Renewal Fee. Upon the renewal of the right to operate the Franchised Business for Successor Terms, Franchisee will pay a successor franchise fee in the amount of 10% of Franchisor's then current initial franchise fee at the time Franchisee seeks to renew its rights to operate the Franchised Business (the "**Successor Renewal Fee**").

(g) Conference Attendance Fee. Franchisee will pay the then current conference attendance fee (the "**Conference Attendance Fee**") for Franchisee and, if determined by Franchisor, Franchisee's management personnel, to attend a brand conference. Franchisee will also pay for all travel and living expenses incurred by Franchisee's attendees to attend the brand conference.

(h) Relocation Fee. In connection with the relocation of the Premises in accordance with **Section 2.3**, a relocation fee equal to the costs Franchisor incurs to provide site review and approval to Franchisee, including any travel and living expenses, and legal expenses to amend the Franchise Agreement (the "**Relocation Fee**").

(i) Correction of Deficiencies. If Franchisee fails to correct any deficiencies in Franchisee's Franchised Business and Franchisor does so, Franchisee will reimburse Franchisor for the actual cost incurred by Franchisor to correct such deficiencies, including but not limited to, travel and living expenses.

(j) Liquidated Damages. If Franchisee sells or offers to sell unauthorized products or services or uses an unauthorized supplier or vendor for products or services, Franchisee will pay the Franchisor $250 per day for each unauthorized product or service offered or sold in Franchisee's Franchised Business and $250 per day for each product or service offered or sold in Franchisee's Franchised Business from unauthorized suppliers or vendors.

(k) Additional Training, Evaluation, Marketing and Misc. Fees. All other training/tuition fees, evaluation and testing fees, as well as all amounts necessary to purchase marketing materials, inventory or other supplies from Franchisor or its Affiliates must be paid on an ongoing basis, as described more fully in this Agreement.

(l) Evaluation Fee. The Franchisor's costs to evaluate, at Franchisee's request, unapproved products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment and materials or supplier in accordance with **Section 6.3(d)** (the "**Evaluation Fee**");

4.3 Date Payable. The Royalty Fee and Fund Contribution will be payable by the Franchisee on Tuesday of each Week (or such other day of the Week as ma y be designated in writing by the Franchisor) based upon the Gross Sales generated in the preceding Week. The Franchisor may elect to collect the Royalty Fee and Fund Contribution on another basis upon 30 days' prior written notice to the Franchisee specifying the payment period and payment date, which election may be rescinded or modified at any time upon thirty (30) days' prior written notice to the Franchisee. Unless otherwise designated in this Agreement or Franchisee's invoice, any other Fees required to be paid in this Agreement will be due on the tenth (10^{th}) day of the month.

©2022 Diesel Barbershop Franchising, LLC

4.4 Method of Payment. With the exception of the Initial Franchise Fee, Franchisee will pay all Fees and other amounts due to Franchisor and/or its Affiliates under this Agreement through an EFT Program under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its Affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the "**EFT Account**"). Franchisee will immediately deposit all revenues from operation of the Franchised Business into this bank account immediately upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee will provide Franchisor with: (a) Franchisee's bank name, address and account number; and (b) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee will sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of EFT Authorization Form attached as **Exhibit D** to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee will immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the EFT Account. If the Franchisee fails at any time to provide the Gross Sales Report required in **Section 4.6**, then the Franchisor will have the right, in its sole discretion, to estimate the amount of Royalty Fees and Fund Contributions payable by the Franchisee for that Week, and to withdraw the amount of the estimated Royalty Fees and Fund Contributions by EFT from the Franchisee's bank account in accordance with the provisions of this **Section 4.3**. The Franchisee will at all times maintain a balance in its account at its bank or financial institution sufficient to allow the appropriate amount to be withdrawn from the Franchisee's account and paid directly to the Franchisor for all current Royalty Fees, Fund Contributions and all Fees and other amounts due to Franchisor and/or its Affiliates under this Agreement. It will be a default under this Agreement if the Franchisee fails to maintain an account balance sufficient to pay the Royalty Fees, Fund Contributions and all Fees and other amounts due to Franchisor and/or its Affiliates under this Agreement when due or if the Franchisee closes the account designated to pay the Royalty Fees, Fund Contributions and all Fees and other amounts due to Franchisor and/or its Affiliates under this Agreement without first designating a new account and notifying the Franchisor of the new account information. The Franchisee will be responsible for all Fees imposed by its bank or financial institution in connection with the Franchisee's EFT payment of the Royalty Fees, Fund Contributions and all Fees and other amounts due to Franchisor and/or its Affiliates under this Agreement.

4.5 Application of Payments; Off Set. Franchisor will have sole discretion to apply any payments received from Franchisee or any indebtedness of Franchisor to Franchisee, to any past due indebtedness of Franchisee, Franchisee's Owners, Guarantors or Franchisee's Affiliates to Franchisor or its Affiliates of whatever nature and without regard to when such indebtedness arose and/or to interest. The Franchisee's obligation to pay the Franchisor the Fees and costs pursuant to the terms of this Agreement are absolute and unconditional and will remain in full force and effect for the entire Term and Interim Period of this Agreement. The Franchisee will not have "right of offset," and as a consequence, the Franchisee will timely pay all Fees and costs due to the Franchisor under this Agreement regardless of any Claims or allegations the Franchisee may allege against the Franchisor.

4.6 Gross Sales Reports; Right to Modify Payment Interval. On or before the Tuesday of each Week, Franchisee must send Franchisor a signed Gross Sales report (a "**Gross Sales Report**") detailing the following information: (a) Gross Sales of the Franchised Business from the preceding Week; (b) Franchisee's calculated Royalty Fee and Fund Contribution (if appropriate) based on the Gross Sales from the preceding Week; and (c) any other information Franchisor may require for that reporting period. Franchisor may, as it deems necessary in its sole discretion, change the form and content of the Gross Sales Reports from time to time.

(i) The parties agree and acknowledge that Franchisor may require Franchisee to use the Computer System in connection with the Franchised Business that provides

©2022 Diesel Barbershop Franchising, LLC

Franchisor with automatic access to Gross Sales Reports and any other data/reports generated by such Computer System and/or software, but in no event will such access by Franchisor affect Franchisee's obligation to provide all reports required under this Franchise Agreement unless Franchisor agrees otherwise in writing.

(ii) The parties agree and acknowledge that Franchisor may modify the interval at which it collects Franchisee's Royalty Fee, Fund Contribution and other recurring Fees under this Agreement upon written notice (i.e., Franchisor may provide Franchisee with notice that it will be collecting these fees on a monthly rather than Weekly basis). In such event, Franchisee's reporting obligations may also be modified by Franchisor accordingly.

4.7 Interest; Late Payments. If any payment due under this Agreement is not received by Franchisor by the scheduled date due, Franchisee will be in default under this Agreement. If any payment is overdue, Franchisee will pay interest to the Franchisor, in addition to the overdue amount, at a rate of one and one-half percent (1.5%) per month or the maximum rate allowable by applicable law, whichever is less, beginning from the date of non-payment or underpayment, until paid. Franchisor's right to collect such interest is in addition to any and all other remedies Franchisor may have under this Agreement and applicable law. Franchisee agrees to pay Fifty Dollars ($50.00) for each check given or electronic transfer made to Franchisor that is dishonored, fails to process, or is returned and for Franchisee's failure to timely submit any required reports to Franchisor. The Franchisee will, on demand, reimburse the Franchisor for the actual costs incurred by the Franchisor in the collection of any past-due fees from the Franchisee, including reasonable attorneys' fees and costs.

4.8 Taxes Owed by Franchisee. No payments to be made to Franchisor by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment. All taxes, charges, or assessments will be paid by Franchisee to the taxing authorities when due, in addition to the amounts due to Franchisor. Franchisee is solely responsible for paying any withholding, federal and state income taxes, social security taxes, sales taxes and any other taxes incurred on behalf of Franchisee, Franchisee's owners, contractors, employees or Franchisee's Franchised Business. Franchisee will reimburse Franchisor, its Affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes, and similar taxes imposed upon, required to be collected by, or paid by Franchisor, its Affiliates or designees, on account of services or goods furnished to Franchisee by Franchisor, its Affiliates or designees, through sale, lease or otherwise or on account of collection by Franchisor, its Affiliates or designees, on any payments or fees made by Franchisee to Franchisor, its Affiliates or designees required under the terms of this Agreement.

4.9 Security Interest. Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interests in the real estate where the Franchised Business is located (if Franchisee purchases its Premises), as well as all improvements to that real estate. Franchisee further grants to Franchisor a security interest in all furniture, furnishings, equipment, fixtures, inventory, and supplies located at or used in connection with the Franchised Business, whether now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions, and replacements therefore, as well as all cash and non-cash proceeds derived from insurance, the disposition of any such collateral to secure payment and performance of all debts, liabilities, and obligations of any kind of Franchisee to Franchisor under this Agreement, whenever and however incurred, any promissory note given by Franchisee to Franchisor, or any other agreement between them. Franchisee hereby authorizes Franchisor to file and record all financing statements, financing statement amendments, continuation financing statements, fixture filings, and other documents necessary or desirable to evidence, perfect, and continue the priority of the security interests

©2022 Diesel Barbershop Franchising, LLC

granted herein. Franchisee agrees and understands that it must promptly execute and deliver any such documents to Franchisor upon request.

(a) Notwithstanding anything contained in **Section 4.9** of the Franchise Agreement to the contrary, Franchisee does not grant Franchisor any security interest in any real property associated with the Franchised Business if such real property is being leased by the Franchisee.

(b) The parties agree that Franchisor will not execute on any security interest granted to Franchisor under **Section 4.9** of the Franchise Agreement unless Franchisee fails to cure a material default under the Franchise Agreement within the applicable time period for cure after Franchisor has provided Franchisee with proper notice of such default(s).

4.10 Inability to Operate Franchised Business. If Franchisee is unable to operate the Franchised Business due to damage or loss to the Premises caused or created by a casualty, act of God or condemnation, then Franchisor will waive the Royalty Fee and Fund Contribution due under this Agreement for a period of time that Franchisor reasonably determines is necessary for the Franchised Business to repair the damage/loss to the Premises and resume operations (or relocate the Franchised Business to a different approved location within the Designated Territory), with said waiver period not to exceed ninety (90) days commencing from the date Franchisee gives Franchisor written notice of the damage or loss.

5. DUTIES OF FRANCHISOR

5.1 Franchisor's Services. Franchisor will offer Franchisee initial and continuing services prior to its Required Opening Date that Franchisor deems necessary or advisable in furthering Franchisee's Franchised Business and the System as a whole. Franchisor's failure to provide any particular service, either initial or continuing, will not excuse Franchisee from any of Franchisee's obligations under this Agreement.

5.2 Training Provided by Franchisor.

(a) Initial Training Program. Franchisor, or its designee, will offer and make available an initial training program (the "**Initial Training Program**") tuition-free for Franchisee and up to four (4) additional personnel designated by Franchisee, provided these individuals attend at the same time and this is the first Initial Training Program the Franchisee has received. If Franchisee has previously received the Initial Training Program pursuant to a separate franchise agreement, then Franchisor will offer and make available the Initial Training Program only to the four (4) additional personnel.

(i) Attendees. One of the trainees must be Franchisee (or, if Franchisee is an Entity, the Franchisee's Operating Principal and, if applicable, at least one (1) of the other attendees must be the Designated Manager(s).

(ii) On-Site Assistance. The Initial Training Program will be provided by Franchisor and its training personnel through: (x) training that will be provided at Franchisor's designated training facility; and (y) on-site assistance that Franchisor's training personnel will provide at the Franchised Business prior to or at the time Franchisee is opening its Franchised Business (the "**On-Site Assistance**"). Franchisee will be responsible for all costs and expenses Franchisor's personnel incur in connection with providing the On-Site Assistance (including any travel, lodging, meals and other expenses).

©2022 Diesel Barbershop Franchising, LLC

(iii) Timing. The Initial Training Program will be provided subject to the schedule and availability of Franchisor's training personnel. In addition to Franchisee and its four (4) initial attendees, Franchisee must ensure that its initial staff is available to receive and participate in the On-Site Assistance that Franchisor provides as described above.

(b) Training for New Designated Managers, New Operating Principal and Additional Owners. Franchisor will provide the Initial Training Program to additional Owners and new Operating Principal and new Designated Managers of the Franchised Business (subject to the availability of Franchisor's staff), provided Franchisee pays Franchisor its then-current training fee for each additional individual that attends (as well as any expenses incurred).

(c) Replacement Personnel Training. Franchisor will provide the Initial Training Program to any replacement personnel or those who attend but fail to satisfactorily complete the Initial Training Program as well, provided Franchisee pays Franchisor's then-current initial training fee (as well as any expenses incurred).

(d) Additional and Refresher Training. Franchisor may, as it deems appropriate in its discretion, develop additional and refresher training courses, and require Franchisee and its management to attend such courses. Franchisor will not require Franchisee and its designated attendees to pay its then-current training fee (the "**Additional Training Fee**") in connection with attending additional/refresher training, unless (i) Franchisee requests such additional/refresher training, and/or (ii) such additional/refresher training is provided on-site at the Premises of the Franchised Business. Franchisee will always be responsible for the costs and expenses that it and its trainees incur in connection with attending any additional/refresher training under this Agreement. Franchisor may require Franchisee and its management to attend up to five (5) days of additional/refresher training each year.

(e) Remedial Training. If Franchisor determines that Franchisee is operating the Franchised Business in a manner that is not consistent with the terms of this Agreement or the Manuals, or if Franchisee is otherwise in material default of this Agreement, Franchisor may also require that Franchisee, its Designated Manager(s) (if applicable) and/or other management personnel of the Franchised Business attend and complete up to five (5) additional days of training at (i) Franchisor's designated training facility, (ii) the Franchised Business or (iii) other location Franchisor designates, that is designed to address the default or other non-compliance issue (the "**Remedial Training**"). Franchisor may require Franchisee and its designated trainees to pay Franchisor its Additional Training Fee in connection with attending Remedial Training, and Franchisee will be responsible for the costs and expenses associated with Franchisee and any personnel attending such training.

(f) Brand Conference. Franchisor may produce, on an annual basis, a Brand Conference and other conferences, seminars and additional trainings at any time and place designated by Franchisor.

(g) Release and Indemnification. The Franchisee and its Owners hereby waive any right to sue for Damages or other relief, and release all known and unknown Claims they may allegedly have against the Franchisor and/or any of its Affiliates, designees and their employees, agents, officers and directors, arising out of the adequacy or accuracy of the information provided at or any activities occurring during any Initial Training Program, additional training, periodic conferences and seminars, Brand Conference, and/or On-Site Assistance (collectively referred to as "**Training**" in this provision), or any harm or injury any attendee or participant suffers during

©2022 Diesel Barbershop Franchising, LLC

and as a result of his/her attendance at or participation in the Training. The Franchisee and the Owners agree to hold the Franchisor, its Affiliates, designees and their employees, agents, officers and directors harmless for any Claims or Damages incurred by the Franchisee, the Owners or any of their Affiliates, employees, agents, officers and directors arising out of, in any way connected with or as a result of attendance at or participation in the Training. The Franchisee, the Owners and all persons who attend and participate in the Training on behalf of the Franchisee will sign the documentation required by the Franchisor or an Affiliate or designee as a condition to their attendance at, participation in, and successful completion of the Training.

5.3 Site Selection Assistance. Franchisor or its designee may provide Franchisee with site selection assistance and guidance with regards to Franchisee's selection of a Premises for the Franchised Business in the DMA, including Franchisor's then-current site selection criteria, as it deems appropriate in its sole discretion and in accordance with the priority list process set out in the Manual. Franchisee will pay the Site Selection Fee set out in **Section 4.1(c).**

(a) Site Information. The Franchisor will review the Site Information provided by Franchisee in accordance with **Section 6.2(a)**. The Franchisee will not purchase or lease a proposed site until (i) the Franchisee has provided the Site Information to the Franchisor; (ii) the Franchisor has reviewed the Site Information, and (iii) the Franchisor has provided the Franchisee with a no-objection letter for the proposed site. The review of any Site Information, any visits by the Franchisor to a proposed site, the review of the site, and/or the issuance of a no-objection letter by the Franchisor will not constitute a warranty or representation by the Franchisor or any other party that the site for the Premises chosen by the Franchisee will be a financial or operational success. The issuance of a no-objection letter by the Franchisor will only mean that it has received the Site Information provided by the Franchisee and reviewed the Site Information. Franchisor will use reasonable efforts to review and approve of any proposed Premises location within thirty (30) days of receiving all reasonably requested Site Information from Franchisee.

(b) Lease Approval. The Franchisor will approve or disapprove the lease ("**Lease**") or purchase agreement for the proposed site for the Franchised Business prior to Franchisee entering into any such agreement for that site to serve as the Premises of the Franchised Business. Franchisor may condition its approval of any Lease for the proposed Premises on the landlord's execution of Franchisor's form of Consent and Agreement of Landlord attached to this Agreement at **Exhibit C**. Franchisor will use reasonable efforts to review and approve of any proposed Lease or purchase agreement within thirty (30) days of receiving the Lease or purchase agreement. The Franchisor's review of the Lease will be only to determine whether the terms of the Lease comply with the terms and conditions of this Agreement, and not to provide any business, economic, legal or real estate advice or analysis.

(c) Designated Supplier for Site Selection. Franchisee is required to use one (1) or more of Franchisor's approved vendors for site selection and other assistance related to securing an approved Premises.

5.4 Standard Plans and Specifications. The Franchisor will provide the Franchisee with a set of the template plans and specifications for a standard Franchised Business.

5.5 Manuals; Required Items Lists and Designated Supplier Lists. Franchisor will provide access to, or otherwise loan, Franchisee one (1) copy of its proprietary and confidential Manuals prior to the opening of the Franchised Business, as well as any other instructional manuals as Franchisor deems appropriate. Franchisor will also loan Franchisee a list of: (i) all furniture, fixtures, equipment, inventory, products, supplies and other items that Franchisee is required to purchase or Lease in connection with the

©2022 Diesel Barbershop Franchising, LLC

establishment and ongoing operation of the Franchised Business (collectively, the "**Required Items**"); (ii) a list of all Designated Suppliers from which Franchisee must purchase or lease any Required Items, which may be Franchisor or its Affiliates; and (iii) a list of the Approved Products and Services that Franchisee is authorized to offer, sell or provide at and from the Franchised Business. The foregoing lists may be provided as part of the Manuals or otherwise in writing prior to opening, and Franchisor has the right to revise, supplement or otherwise modify these lists and the Manuals at any time upon written notice to Franchisee. Franchisor may also establish and maintain a Franchise Website Portal for the franchise system, wherein Franchisor may post content that will automatically become part of, and constitute a supplement to, the Manuals, all of which Franchisee must strictly comply with promptly after such content is posted or otherwise listed on the Website Portal. In the event Franchisee or its personnel saves or prints out a hard copy of any Manual, then such electronic/hard versions of said Manual must be immediately returned upon expiration or termination of this Agreement for any reason (and never used for any competitive purpose). The provisions of this Section will survive the Initial Term of this Agreement.

5.6 Marketing Support.

(a) Initial Marketing Spend Assistance. Franchisor may assist Franchisee, as it deems appropriate in its discretion, in developing a plan to expend the Initial Marketing Spend (as defined and described more fully in **Section 9.3** of this Agreement), which program will be conducted at Franchisee's expense.

(b) Review of Advertising Materials. Franchisor will review and approve/reject any advertising or marketing materials proposed by Franchisee in connection with the Franchised Business as described more fully in **Section 9.2** of this Agreement.

(c) Website. For so long as Franchisor has an active website containing content designed to promote the brand, System and Proprietary Marks (the "**Website**"), Franchisor will establish an interior page on its Website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, (ii) Franchisee is not in default of this Agreement past any applicable cure period; and (iii) this Agreement is terminated.

(d) E-Mail Address. Franchisor may provide Franchisee with one or more email address(es), as it deems appropriate in its discretion, which Franchisee must use only in connection with the Franchised Business.

(e) Administration of Brand Development Fund. Franchisor will administer the Brand Development Fund as it deems advisable to the System in its sole discretion as described more fully in **Section 9.6** of this Agreement.

5.7 Private Label Products. Franchisor may directly, or indirectly through Franchisor's Affiliates or designated vendors, develop and provide Franchisee with private label products or other merchandise bearing the Proprietary Marks to be sold at the Franchised Business. Franchisee may be required to purchase these items from Franchisor or any other Designated Supplier Franchisor designates.

5.8 Continuing Assistance. Franchisor may, as it deems appropriate and advisable in its sole discretion, provide continuing advisory assistance in the operation of the Franchised Business during Franchisor's normal business hours. Franchisor's determination not to provide any particular service, either initial or continuing, will not excuse Franchisee from any of its obligations under this Agreement. Franchisor may provide such assistance via telephone, webinar, intranet communication, fax, Zoom or any other communication channel Franchisor deems appropriate, subject to the availability and schedules of

©2022 Diesel Barbershop Franchising, LLC

Franchisor's personnel. In the event Franchisee requests that Franchisor provide any type of assistance or training on-site at the Franchised Business, then Franchisor reserves the right to require Franchisee to: (i) pay Franchisor's then-current training tuition fee in connection with such training; and (ii) reimburse Franchisor for any costs/expenses that Franchisor's personnel incurs in connection with providing such assistance.

5.9 No Assumption of Liability. Franchisor will not, by virtue of any approvals or advice provided to the Franchisee under this Agreement, including site selection or other approval provided under this **Section 5**, assume any responsibility or liability to Franchisee or to any third party to which it would not otherwise be responsible or liable. Franchisee acknowledges that any assistance (including site selection and project oversight) provided by Franchisor or its nominee in relation to the selection or development of the Premises is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location of the Premises, that the development of the Premises is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success.

5.10 Delegation of Duties. Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may direct.

5.11 Performance of Services.

(a) Notice. If Franchisee believes Franchisor has failed to adequately provide services as set out in this Agreement, including this **Section 5**, Franchisee will notify Franchisor in writing within thirty (30) days following the completion of such services provided. Absent the timely provision of such notice to Franchisor, Franchisee will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment.

(b) Level of Service. Franchisor is not obligated to perform services set forth in this Agreement to Franchisee particular level of satisfaction, but as a function of Franchisor's experience, knowledge and Business Judgment. Franchisor does not represent or warrant that any other services will be provided to Franchisee, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment to provide such service or level of service in writing signed by an authorized officer of Franchisor, otherwise Franchisor will not be obligated to provide any other services or specific level or quality of services.

6. DUTIES OF FRANCHISEE

In addition to the other obligations set forth in other sections of this Agreement, Franchisee is required to do the following, and restricted from doing those things where noted:

6.1 Training Programs.

(a) Initial Training Program. Franchisee or its Operating Principal and its Designated Manager(s) will attend and successfully complete the Initial Training Program described in **Section 5.2(a)** at least thirty (30) days prior to the Required Opening Date for the Franchised Business.

(b) Additional and Refresher Training. Franchisee or its Operating Principal, its Designated Manager(s) and any additional management personnel required by Franchisor must

©2022 Diesel Barbershop Franchising, LLC

attend and satisfactorily complete any Additional and Refresher Training that Franchisor may offer as provided in **Section 4.2(k)** and any Remedial Training that Franchisor may require as provided for in **Section 5.2(e)**.

(c) Pre-conditions to Attending the Initial Training Program. Franchisee must complete the following pre-opening tasks before Franchisor approves Franchisee or its Operating Principal and its Designated Manager(s) to attend Franchisor's Initial Training Program:

(i) submit, and obtain Franchisor's approval of, Franchisee's Initial Marketing Spend for the Franchised Business as further described in **Section 9.3**;

(ii) demonstrate that Franchisee has pre-paid all amounts in connection with the Initial Marketing Spend ;

(iii) undertake all steps to establish the EFT Account, as described in **Section 4.3** of this Agreement, including providing Franchisor and/or its designee with all authorizations and approvals necessary to access such EFT Account;

(iv) demonstrate that Franchisee has obtained all required insurance coverages as set forth in this Agreement and the Manuals as further described in **Section 11.1;** and

(v) provide Franchisor with completed and signed copies of all agreements and contracts that are attached as Exhibits to this Agreement, to the extent such documents have not been signed or need to be updated or completed at that time (collectively, the "**Training Pre-Conditions**").

(d) Training Program for Operating Principal and/or Designated Manager. In the event Franchisee replaces its Operating Principal or Designated Manager that previously attended and satisfactorily completed the Initial Training Program, Franchisee's new Operating Principal or Designated Manager (as the case may be), must attend and satisfactorily complete the Initial Training Program within thirty (30) days of becoming the new Operating Principal or Designated Manager (as the case may be) or such other period agreed to by Franchisor. Franchisee will pay Franchisor the then current training fee, if any.

(e) Conferences. Franchisee and its Operating Principal must attend the Brand Conference if conducted by Franchisor and up to one additional mandatory conference, seminar and additional training in any calendar year. Franchisee will pay any required additional training fees as set out in **Section 4.2(k)** to attend such Brand Conference and additional conferences, seminars and trainings. Franchisee will also be solely responsible for all expenses incurred in attending such Brand Conference, additional conferences, seminars and trainings.

(f) Cost and Expenses to attend Training Program. Franchisee is responsible for all costs and expenses for Franchisee and its attendees to attend the Training Program, including all travel, lodging, meals and compensation.

(g) Training of Employees. Franchisee or at least one (1) of Franchisee's personnel that has successfully completed the entire Initial Training Program must conduct training classes for, and properly train, all of Franchisee's employees on sales, advertising, maintenance of the Premises, the POS System and Computer System, as well as any other information that is relevant to each employee's role with the Franchised Business, including Franchisor's standards and specifications for operating the Franchised Business, as Franchisor may set forth in the Manuals or

©2022 Diesel Barbershop Franchising, LLC

otherwise in writing. Further, at least one (1) person that has completed the Initial Training Program must manage the Franchised Business at all times.

6.2 Selection of Premises; Construction; Signage; Remodeling.

(a) Secure Premises For the Franchised Business. Franchisee must secure a Premises within the DMA within nine (9) months of the Effective Date of this Agreement, unless Franchisor agrees to an extension of time in writing. The Franchisee will provide to the Franchisor the information specified by the Franchisor in writing for a proposed site for the Premises (the "**Site Information**"). Franchisee will not purchase or lease a proposed site for the Premises until the Franchisee has provided the Site Information to the Franchisor, the Franchisor has reviewed the Site Information, and the Franchisor has provided the Franchisee with a no-objection letter for the proposed site for the Premises. The Franchisee will provide the Franchisor with a copy of the proposed lease or purchase agreement for the proposed site for the Premises selected by the Franchisee at least 30 days before the date the lease or purchase agreement is to be signed. The form lease or purchase agreement must be approved by Franchisor prior to execution. If Franchisee is leasing the Premises, Franchisee must ensure that both Franchisee and the landlord execute the form of Collateral Assignment of lease attached to this Agreement as **Exhibit C** prior to, or at the same time, the lease is executed. The Franchisee will be solely responsible for all terms of the lease, including the enforceability, economics and legality of all provisions in the lease. The Franchisee will not sign any lease for the Premises until Franchisor has approved the lease. The Franchisee will provide executed copies of the lease or purchase closing documents for the Premises within ten (10) days after their execution. Franchisee will be required to execute a Lease that complies with this Section within nine (9) months after the Effective Date.

(b) Plans for Premises. Franchisor will provide Franchisee with a set of template plans for the Franchised Business in accordance with **Section 5.4**. However, the Franchisee acknowledges that unique aspects of each real estate site may require significant modifications to the standard plans. Consequently, the Franchisee will, at its cost, retain a licensed architect and will be responsible for the preparation of working drawings and construction and architectural plans and specifications for the Franchisee's Franchised Business. The Franchisee will be responsible for the accuracy of all drawings, plans and specifications for its Franchised Business, subject to the Franchisor's review and approval.

(c) Design Standards. Franchisee must complete all construction and build-out of the Premises in a manner consistent with Franchisor's System standards, specifications design specifications, decoration, layout, FF&E and any agreed-upon plans (the "**Design Standards**"). and open the Franchised Business to the public no later than the Required Opening Date. Any changes or modifications to the Design Standards must be submitted to the Franchisor for its prior approval. Compliance with the Design Standards does not release the Franchisee from its obligation to ensure that the Franchised Business is designed and constructed in compliance with all federal, state, and local laws including, without limitation, the Americans with Disabilities Act. The Franchisee will purchase and install the FF&E specified in the Manual or otherwise in writing by the Franchisor for the Franchisee's Franchised Business in compliance with the Design Standards.

(d) Construction Costs. The Franchisee will retain a licensed and bonded contractor for the construction or renovation of the Premises for Franchisee's Franchised Business. The Franchisee will be solely responsible for all costs and expenses incurred for the construction or renovation of the Franchisee's Franchised Business at the Premises including, but not limited to, all costs for architectural plans and specifications, all modifications to the plans and specifications necessitated by the structure, construction or layout of the Premises, building permits, preparation

©2022 Diesel Barbershop Franchising, LLC

of the Premises, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior décor and decorations, FF&E, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors.

(e) Inspection; Licenses. The Franchisee will be solely responsible for inspections during construction or renovation to confirm that the Premises is being constructed or renovated in a workmanlike manner and according to the specifications established by the Franchisor. The Franchisee will be solely responsible for complying with all federal, state and local laws, ordinances, statutes and building codes, and for acquiring all licenses and building, occupancy, and other permits required by law in connection with the construction or renovation of the Franchisee's Franchised Business at the Premises. The Franchisor will have no responsibility to the Franchisee or any other party if the Franchised Business is not constructed or renovated by the Franchisee or its architect or contractor: (i) according to the specifications established by the Franchisor; (ii) in compliance with all applicable federal, state or local laws or ordinances; or (ii) in a workmanlike manner. The Franchisee will not open the Franchised Business for business without the prior written approval of the Franchisor. Franchisor reserves the right to inspect the construction and/or build-out of the Franchised Business at any reasonable time prior to the Required Opening Date.

(f) Project Management Services. Franchisee may be required to use a Designated Supplier for pre-opening project and construction management services (the "**Project Management Services**"). Franchisee will pay the Project Management Fee set out in **Section 4.1(b)**.

(g) Approved Signs. All exterior and interior signs at the Premises (the "**Signs**") must comply with the standard sign plans and specifications established by the Franchisor and provided to the Franchisee and interior signs must be purchased from a Designated Supplier. The Franchisee will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit them to the Franchisor for written approval. The Franchisor will have the absolute right to inspect, examine, videotape and photograph the Signs during the Initial Term of this Agreement and any Interim Period. The Franchisee will be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. The Franchisee will comply with all federal, state and local laws, regulations, building codes and ordinances relating to the construction, erection, maintenance and use of the Signs. The Franchisee may not alter, remove, change, modify, or redesign the Signs unless approved by the Franchisor in writing. The Franchisor will have the right to redesign the specifications for the Signs without the approval or consent of the Franchisee. Within ninety (90) days after receipt of written notice from the Franchisor, the Franchisee will, at its expense, either modify or replace the Signs so that the Signs displayed at the Premises will comply with the new specifications.

(h) Ownership of Premises. If the Franchisee, any of the Owners, or an Entity owned by the Franchisee and/or any of the Owners, owns, leases or otherwise controls the Premises, including the land, building and related real estate, or if the Franchisee, any of the Franchisee's Owners, or an Entity owned by the Franchisee and/or any of the Owners owns 50.1% or more of an Entity that owns, leases or otherwise controls the Premises, then the Franchisee will, as the lessee, enter into a lease for the Premises for a term coextensive with the Initial Term of this Agreement containing terms and conditions that are commercially reasonable and substantially similar to a commercial lease that would be executed by unrelated parties in an arm's length

©2022 Diesel Barbershop Franchising, LLC

transaction for similarly situated real estate. The lease will be deemed to be a Major Asset of the Franchisee. This provision will not apply if the Franchisee owns the Premises, and the Premises is reflected as an asset on the Franchisee's Financial Statements, in which event, the Premises will be deemed a Major Asset of the Franchisee.

(i) Remodeling of Premises. The Franchisee will make the reasonable capital expenditures necessary to extensively remodel, modernize, redecorate and renovate ("**remodel**" or "**remodeling**") the Franchisee's Franchised Business and to replace and modernize the FF&E so that the Franchisee's Franchised Business will reflect the then-current image of a Franchised Business and conform to the Franchisor's then-current specifications. The Franchisee acknowledges and agrees that the requirements to remodel and modernize the Franchised Business as set forth in this provision are reasonable and necessary to maintain uniformity among all Franchised Businesses, to update the image of Franchised Businesses and to avoid the deterioration of the appearance and operation of the Franchisee's Franchised Business. The Franchisee will complete remodeling the Franchised Business within nine (9) months after receiving written notice from the Franchisor specifying the required remodeling. Except for repairs and maintenance as provided for in **Section 6.5(g)** of this Agreement, the Franchisee will not be required to remodel the Franchised Business more than once every five (5) years from the date of this Agreement; provided, however, the Franchisee acknowledges that there is no cap on the expenses the Franchisee will have to incur relating to such required remodeling, replacement or modernization. However, this does not restrict the Franchisor from requiring the Franchisee to purchase or lease new equipment or products for the operation of Franchisee Franchised Business. Compliance with these standards may be an ongoing obligation of the Franchisee and may be a condition of the Franchisor consenting to enter into a Successor Franchise Agreement, or Franchisor's consent to a Transfer of this Agreement.

(j) Damage or Destruction. If the Premises is either partially or completely destroyed by fire or any catastrophe during the Initial Term or any Interim Period of this Agreement and the term of the underlying lease for the Premises, then the Franchisee will (i) subject to the provisions of the lease, use the building insurance proceeds to repair or reconstruct the Premises as set forth herein and, if such proceeds are insufficient to fully restore the Premises (or relocate from the Premises), the Franchisee will be responsible for making up any such deficit, (ii) within 30 days thereafter, initiate the process to commence the repairs and reconstruction necessary to restore the Franchised Business to its original condition prior to such casualty, and (iii) recommence operations of Franchisee's Franchised Business as soon as commercially practicable. If the Franchised Business cannot be restored to its original condition, then the Franchisee will relocate the Franchised Business as provided for in **Section 2.3** (except the Franchisee will not be required to pay a Relocation Fee). In any event, if the casualty occurs during the Initial Term of this Agreement, the Initial Term of the Agreement will be extended for the period from the date the Franchised Business closed as a result of the casualty until the date it re-opens. The Franchisee will relocate the Franchised Business as provided in **Section 2.3** or repair or reconstruct the Site of the Franchised Business in conformance of the then-current standard décor specifications and will open the Franchised Business or the relocated Franchised Business for business within eighteen (18) months after the date of such casualty.

6.3 Suppliers, Products and Services

(a) Approved Products and Services. Franchisee will only offer and sell Approved Products and Services in Franchisee's Franchised Business and only in the manner set out in the Manual. Franchisee will not offer or provide any other products/services and must not deviate from Franchisor's System standards and specifications related to the manner in which the Approved

©2022 Diesel Barbershop Franchising, LLC

Products and Services are offered and sold, unless Franchisor provides its prior written consent. Franchisor has the absolute right to update or otherwise modify the list of Approved Products and Services from time to time in the Manual and otherwise in writing, as it deems appropriate in its sole discretion. In the event of a dispute between Franchisee and Franchisor concerning Franchisee's right to carry any particular product or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, remove the disputed service from those services offered at the Premises, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute.

(b) Required Items. Franchisee will only use the required products, FF&E, signs, Computer System, parts, artwork, décor, items, inventory, services, supplies, equipment and materials approved by Franchisor in the manner set out in the Manual in the Franchised Business (the "**Required Items**"). Franchisor has the absolute right to update or otherwise modify the list of Approved Products and Services from time to time in the Manual and otherwise in writing, as it deems appropriate in its sole discretion. Franchisee must: (i) purchase any and all Required Items that Franchisor designates for use in connection with the Franchised Business; and (ii) ensure that all Required Items meet Franchisor's standards and specifications. Franchisee must obtain Franchisor's prior written consent before using any other products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment and materials.

(c) Designated Supplier or Approved Suppliers. Franchisee must purchase Approved Products, Required Items and any other items Franchisor specifies from time to time from the Designated Supplier(s) that Franchisor designates, which may include Franchisor or its Affiliate(s) or Approved Suppliers that Franchisor designates. Franchisee agrees and acknowledges that Franchisor and/or its Affiliates may derive revenue from the offer and sale of Approved Products, Required Items and such other items Franchisor designates from time to time.

(d) Alternative Supplier Approval. If Franchisee wishes to purchase any unapproved products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment and materials, and/or acquire Approved Products or Required Items from an unapproved supplier, Franchisee must first provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, to the extent known. Franchisee must then follow Franchisor's then-current procedure for evaluating and approving such request and pay Franchisor the lesser of (i) the Evaluation Fee; or (ii) any costs Franchisor incurs in connection with testing a particular unapproved products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment and materials or evaluating an unapproved supplier at Franchisor's request, regardless of whether Franchisor subsequently approves the item or supplier.

(i) At Franchisor's request, Franchisee must also provide Franchisor, for testing purposes, a sample of the unapproved products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment and materials or Approved Product Franchisee wishes to purchase. Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within ninety (90) days of: (a) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (b) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied.

©2022 Diesel Barbershop Franchising, LLC

(ii) Franchisor may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the unapproved products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment and materials that Franchisee wishes the third-party to supply, provided that the third-party executes Franchisor's form of non-disclosure agreement.

(iii) Each supplier that Franchisor approves must comply with Franchisor's usual and customary requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract.

(iv) Nothing in this Section will be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment and materials or supplier on considerations relating not only directly to the unapproved products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment and materials or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole.

(e) Revocation of Approvals. Franchisor may re-inspect and revoke Franchisor's approval of particular products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment, materials or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment, materials or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment and materials or cease using such supplier (as the case may be).

(f) Rebates. Franchisee acknowledges and understands that Franchisor or its Affiliates may receive rebates, discounts, commissions, allowances, advantages, concessions and other benefits (the "**Rebates**") from such approved or recommended suppliers, manufacturers or distributors in relation to Approved Products and Services and any other products, FF&E, signs, computer system, parts, artwork, décor, items, inventory, services, supplies, equipment and materials purchased by Franchisee. Franchisor is under no obligation to account for such Rebates to Franchisee or to share such Rebates with Franchisee.

(g) Re-Sales. You are only permitted to sell or otherwise provide the Approved Products and Services to customers of Franchisee's Franchised Business and only in the and in the manner authorized by Franchisor and to no other persons or entities. This prohibition includes former franchisees and any distributor or any reseller of such Approved Products and Services.

(h) Bookkeeping Software. Franchisor may require Franchisee to use a third-party provider (other than QuickBooks) for bookkeeping services if Franchisee (i) fails to timely and accurately provide any and all required reports under this Agreement and/or an Area Development Agreement ("**ADA**") or Area Representative Agreement ("**ARA**"), or (ii) underreports the Gross Sales of the Franchised Business at any time.

(i) Liquidated Damages for the Sale of Unauthorized Products or Services. In order to assure uniformity throughout the System, if the Franchisee offers to sell or does sell products or

©2022 Diesel Barbershop Franchising, LLC

services which are not authorized or are not performed or sold in accordance with the Manuals, the Franchisee agrees that the Franchisor will be damaged by the Franchisee's non-compliance. These damages will be calculated at the rate set out in **Section 4.2(j).** The Franchisor has the right to collect these amounts in addition to any and all of the Franchisor's other rights for non-compliance provided for under this Agreement. The Franchisee and the Franchisor agree that these amounts are reasonable, constitute liquidated damages, and are not a penalty.

6.4 Equipment; Computer Hardware and Software.

(a) Communications Equipment; Telephone Lines. The Franchisee will, at its sole expense, obtain and maintain the dedicated telephone lines, high speed Internet connections, and other communication and transmission equipment and systems for the Franchisee's Business as are specified in the Manual or otherwise in writing. The Franchisee will install and maintain telephone answering systems and other telephonic devices at the Franchised Business and will operate all communication and transmission systems and devices as specified by the Franchisor in the Manual or otherwise in writing.

(b) Computer System. The Franchisee will, at its sole expense, lease, license or purchase the computer hardware, computer software, peripheral devices and point-of-sale system (the "**POS System**"), cash register, credit card processing, online ordering, loyalty scanner, or other systems related to credit card processing, components and operating systems (the "**Computer System**") that meet the standards, specifications and requirements established by the Franchisor as set forth in the Manuals or otherwise in writing. Franchisee will also utilize and participate in any intranet/extranet that Franchisor establishes in connection with the System. Franchisor may require Franchisee to use a Computer System and/or related software that is administered through Franchisor. Franchisee will record all transactions and Gross Sales of the Franchised Business on the Computer System. The Computer System must contain software that allows Franchisee to record accumulated sales without turning back, resetting or erasing such sales. The Franchisee will, upon written notice from the Franchisor, modify, enhance, update and upgrade the Computer System (including timely executing and delivering any documents, contracts, or agreements as Franchisor may reasonably require), at its sole expense, to the standards, specifications and requirements specified in the Manual or otherwise in writing by the Franchisor.

(c) Access to Computer System. Franchisor will at all times and without notice to Franchisee, have the right to independently and remotely access and view Franchisee's POS System and Computer System via the Internet, other electronic means or by visiting the Franchised Business, in order to obtain Gross Sales, tenant occupancy rates and other available information that Franchisor request about the Franchised Business.

(d) Internet Provider; E-Mail Address. The Franchisee will, at the Franchisee's expense, have access to the Internet and will maintain an e-mail address. The Franchisee's e-mail address will be provided to the Franchisor and will be used for the Franchisee and the Franchisor to communicate and to transmit documents and other information. The Franchisee will not use the words "Diesel Barbershop" as any part of its e-mail address, e-mail alias, or its domain name (Uniform Resource Locator) for any website maintained by the Franchisee on the Internet. The Franchisee will not transmit any Confidential Information, Trade Secrets, Sensitive Information, documents or data without complying with the security measures set forth in **Section 6.9** or as encrypted transmissions of Confidential Information and/or Sensitive Information. The Franchisee will not make any derogatory, defamatory or libelous statements in any transmission made via the Internet, through any Intranet network or by any other means.

©2022 Diesel Barbershop Franchising, LLC

(e) Website. Franchisee may not establish any separate website or other Internet presence in connection with the Franchised Business, System or Proprietary Marks without Franchisor's prior written consent. If approved to establish a separate website, Franchisee will comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. Franchisee specifically acknowledges and agrees that any website owned or maintained by or for the benefit of Franchisee will be deemed "advertising" under this Agreement and will be subject to (among other things) Franchisor's approval as described in **Section 9.2**.

(f) Social Media; Internet. Franchisee may not promote or otherwise list its Franchised Business, or the Proprietary Marks or the System, on the Internet, online or any social media, blog, social network, online community or networking site, including without limitation, Facebook, LinkedIn, Instagram, Pinterest, Twitter or YouTube ("**Social Media**"), without Franchisor's prior written consent. Franchisee will comply with all of Franchisor's policies, standards and procedures for use of any Social Media that in any way references the Proprietary Marks, Franchised Business or the System. Franchisor will have the right to modify the provisions of this Agreement relating to Franchisee's use of separate websites and Social Media, as Franchisor determines necessary or appropriate.

6.5 Franchisee's Operations.

(a) Required Opening Date. Franchisor must provide its prior written consent before Franchisee may open the Franchised Business. Should Franchisee fail to open the Franchised Business for operation by the Required Opening Date (or, if applicable, within any extended period of time Franchisor approves in writing), this Agreement will be deemed terminated upon written notice from Franchisor to Franchisee without the necessity of further action or documentation by either party.

(b) Extension to Required Opening Date. Notwithstanding anything contained in this Section, Franchisor will provide Franchisee with a reasonable extension of time not to exceed ninety (90) days to complete the build-out/construction of the Franchised Business and open to the public, provided: (i) Franchisee has already executed a lease for, or otherwise obtained, a Premises that Franchisor approves; and (ii) Franchisee notifies Franchisor of its need for such an extension no less than thirty (30) days prior to expiration of the one (1) year timeline to open and commence operations described herein. Any extension granted under this Section will not affect any of Franchisee's other obligations under this Agreement or any of the development obligations set forth in any ADA or ARA (as defined below).

(c) Area Developer Agreement or Area Representative Agreement. The parties further agree and acknowledge that if Franchisee is opening and operating the Franchised Business pursuant to its development obligations under an ADA and/or ARA that Franchisee (or its Affiliate) has entered into with Franchisor, then such applicable ARA or ADA will control the timeline for opening and operating the Franchised Business in the event there is an inconsistency between the ADA or ARA and this Agreement. Franchisee must open and commence operations of the Franchised Business within the earliest applicable time period prescribed in the development schedule set forth in the ADA or ARA (regardless of when Franchisee executes this Agreement).

(d) Best Efforts. Franchisee agree at all times during the Initial Term and any Interim Period to faithfully, honestly and diligently perform Franchisee's obligations under this Agreement, including in the promotion and development of Franchisee's Franchised Business in Franchisee's Protected Territory.

©2022 Diesel Barbershop Franchising, LLC

(e) Conduct. Franchisee will manage and operate the Franchised Business in an ethical and honorable manner, and must ensure that all those working at the Franchised Business provide courteous and professional services to customers and always keep its customers' interests in mind while protecting the goodwill of the Proprietary Marks, System and the Franchised Business. Franchisee must promptly handle all customer complaints and requests for returns and adjustments, including honoring any re-do services, in a manner consistent with Franchisor's standards, procedures and specifications outlined in the Manuals or otherwise in writing, and in a manner that does not detract from the Franchisor's goodwill in the Proprietary Marks and System.

(f) Cooperation. Franchisee agrees to cooperate with and communicate directly with Franchisor. Franchisee agrees to notify Franchisor of any change of Franchisee's Franchised Business or personal address, telephone number, facsimile number or e-mail address within ten (10) days of any such change.

(g) Maintenance. Franchisee must maintain at all times during the Initial Term of this Agreement and any Interim Period, at Franchisee's expense, the Premises and all FF&E, signs, Computer System, parts, artwork, décor, items, inventory, equipment and materials therein as necessary to comply with Franchisor's standards and specifications as prescribed in the Manuals or otherwise in writing. Franchisee must also make such additions, alterations, repairs, and replacements to the foregoing as Franchisor requires. Franchisor will not require Franchisee to make material renovations or refurbishments to the Premises of the Franchised Business more than once every five (5) years, unless such renovation/refurbishment is in connection with a renewal or transfer of this Agreement. The parties agree and acknowledge, however, that the limitation set forth in the preceding sentence will not apply to any request to modify the Proprietary Marks as provided for in this Agreement.

(h) Access to Franchisor for Inspection of Premises. Upon the surrender of the Premises, Franchisee will conduct a physical inventory so that there is an accurate accounting of inventory, fixtures, FF&E, supplies and equipment on hand, and will provide a signed copy of this physical inventory to Franchisor as of the date of surrender of the Premises. Franchisor will have the right to enter the Premises at its convenience and conduct said physical inventory on its own.

(i) Compliance with Lease. Franchisee must comply with both the Lease and any additional leasehold covenants and regulations of the building in which the Premises is located. In the event the landlord of the Premises terminates the Lease due to Franchisee's default thereunder, this termination will also constitute a material breach of this Agreement by Franchisee. In the event Franchisor provides appropriate notice as described in **Section 21** and assumes control of the Premises and the operation of the former Franchised Business upon the termination or expiration of the Lease, the future operation of that Franchised Business by Franchisor will not be as an agent of Franchisee and Franchisor will not be required to account to Franchisee as a result thereof.

(j) Other Devices Prohibited at Premises. Franchisee is specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, internet kiosks, public telephones (or payphones), or any other electrical or mechanical device in the Franchised Business other than those Franchisor prescribes or approves.

(k) Gift Card Sales/Loyalty Programs.

(i) Franchisee must sell, issue, redeem or otherwise issue gift cards (the "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, (without any offset against any Royalty Fee or other amounts

©2022 Diesel Barbershop Franchising, LLC

owed to Franchisor), in accordance with and the manner specified by Franchisor in the Manuals or otherwise in writing. Franchisee will fully honor and participate in all Gift Card programs and Gift Card administration programs in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisor via its Website, Franchisee or another franchisee's franchised business location. Franchisee will fully participate in all customer loyalty or frequent customer programs approved by the Franchisor (the "**Loyalty Programs**").

(ii) Franchisee will honor all coupons, gift certificates, Gift Cards, Loyalty Programs and other programs or promotions as directed by the Franchisor, even if the Franchisee is purchased at another Franchised Business location or Franchisee is not required by the Franchisor to actively offer or promote such programs or promotions within the Franchisee's DMA or Designated Territory.

(iii) Franchisee acknowledges that a Loyalty Program and Gift Card program may include technology and system components or applications involving third-party vendors identified by the Franchisor, and the Franchisee agrees to timely execute and deliver such documents, contracts, or agreements as the Franchisor may reasonably require.

(l) Promotions. Franchisee will fully participate in all such promotional campaigns, prize contests, advertising, sales, special offers and other promotion programs, national, regional or local in nature (including the introduction of new products and services, the Approved Products and Services, or other marketing programs directed or approved by Franchisor), which are prescribed from time to time by Franchisor. The standards and specifications established by Franchisor for such programs, including without limitation, the type/quantity/timing/placement and choice of media, market areas and advertising agencies will be final and binding upon Franchisee. Franchisee will be responsible for the costs of such participation. Franchisee will not issue or promote coupons or discounts of any type for use at its Franchised Business except as approved by the Franchisor in writing, which may be withheld in its sole and absolute discretion. If Franchisee offers an unapproved promotion, the full price of the Approved Products and Services subject to such unapproved promotion will be included in Gross Sales.

(m) Promotional Materials Display (Seasonal and Otherwise). Franchisee must openly and prominently display franchise promotional materials and signage provided or designated by Franchisor.

(n) Presentation of Uniform Image. The presentation of a uniform image to the public is an essential element of the System. Franchisee will maintain the image of the Franchised Business at all times in accordance with Franchisor's standards and specifications, including: (i) ensuring that the Premises is maintained in a clean and orderly manner; (ii) ensuring that all FF&E remain in good, clean condition and inventory is properly displayed; and (iii) only offering such types of products and services, including Approved Products and Services, that Franchisor authorizes from time to time for use by Franchise's Franchised Business as set forth in the Manuals and this Agreement.

(o) Minimum Prices; Pricing Guidelines. To the extent permitted under applicable law, Franchisee must follow Franchisor's general pricing guidelines, including any promotional or minimum prices set by Franchisor for a particular Approved Product or Service. The Franchisee will have the discretion to set pricing for the Approved Products and Services, provided that, subject to applicable antitrust laws, such pricing: (i) is at or below any maximum price cap programs, if any, established by the Franchisor for the System; or (ii) is at or above any minimum price threshold

©2022 Diesel Barbershop Franchising, LLC

programs, if any, established by the Franchisor for its System, unless otherwise prohibited by state law; and (iii) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by the Franchisor for the System.

(p) Hours of Operation. Franchisee will keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may prescribe in the Manuals or otherwise in writing and must ensure that the Franchised Business is sufficiently staffed.

(q) Personnel. The Franchisee will have a sufficient number of adequately trained and competent personnel on duty to guarantee efficient service to the customers of the Franchised Business and operation of the Franchised Business. The Franchisee will require its employees to meet the appearance standards and to wear the prescribed attire or uniforms described in the Manuals or otherwise in writing. The Franchisee will be responsible for the operation of its Franchised Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with the Franchisee. The Franchisor will not have any right, obligation or responsibility to control, supervise or manage the Franchisee's employees, agents or independent contractors.

(r) Operation of Other Businesses. The Franchisee will use the Premises solely for the operation of a Franchised Business and will not directly or indirectly operate or engage in any other business or activity from the Premises. The Franchisee will not participate in any dual branding program, or in any other program, promotion or business pursuant to which another trademark, service mark, trade name, or commercial symbol is used in connection with the Franchisee's Franchised Business or at the Premises.

(s) Third Party Agreements. Franchisee agrees to comply with all agreements and obligations with third parties concerning Franchisee's Franchised Business, including, without limitation, all supplier and vendor agreements. Franchisee agrees to pay all obligations incurred in connection with Franchisee's Franchised Business on a timely basis.

(t) Default Notices and Significant Correspondence. The Franchisee will deliver to the Franchisor, immediately upon receipt by the Franchisee or delivery at the Premises, an exact copy of all (i) notices of default received from the landlord of the Premises or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party, (ii) notifications or other correspondence relating to any legal proceeding for any Claim in excess of $10,000 relating in any way to the Franchisee's Premises, and (iii) inspection reports or any other notices, warnings or citations from any Governmental Authority, including any health and safety, taxing and/or licensing authorities. The Franchisee will notify the Franchisor in writing within five (5) days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting the Franchisee and/or the operation of the Franchised Business. The Franchisee will provide the Franchisor with a written summary of all written (including electronic) consumer and employee complaints within ten (10) days after the end of each quarter of the Franchisee's Fiscal Year in such method and format as the Franchisor may designate from time to time. The Franchisee will provide all additional information requested by the Franchisor relating to any of these matters.

(u) Credit Cards. Franchisee must accept credit cards at the Premises to facilitate sales, including Visa, MasterCard, American Express, and any other major credit cards designated by Franchisor.

©2022 Diesel Barbershop Franchising, LLC

6.6 Compliance with System Standards.

(a) Quality and Service Standards. The Franchisor has developed and will continue to develop uniform standards of quality, cleanliness, service, and safety applicable to all franchised businesses, including the Franchisee's Franchised Business, to protect and maintain for the benefit of the Franchisor and all of its franchisees and developers the distinction, valuable goodwill and uniformity represented and symbolized by the Proprietary Marks and the System. The Franchisee agrees to maintain the uniformity and quality standards required by the Franchisor for all Approved Products and Services, and the services associated with the Proprietary Marks and the System, and agrees to the terms and conditions contained in this **Section 6.5(n)** to assure the public that all Franchised Businesses will be uniform in nature and will sell and dispense quality Approved Products and Services.

(b) Compliance with System Standards. The Franchisee will use the Proprietary Marks and the System in strict compliance with the moral and ethical standards, quality standards, health standards, operating procedures, specifications, requirements and instructions required by the Franchisor. Franchisee acknowledges and agrees that operation of the Franchised Business in accordance with the System, Manuals and all present and future standards, specifications, formats, processes, requirements, instructions and procedures established by the Franchisor are the essence of this Agreement and are essential to preserve the goodwill of the System and Proprietary Marks. Franchisee further agree that Franchisee will operate Franchisee's Franchised Business in strict accordance with the terms of this Agreement, System, Manuals and all present and future standards, specifications, formats and procedures. The failure to comply with mandatory standards, specifications, formats, processes, requirements, instructions and procedures constitutes a breach of this Agreement. All mandatory standards, specifications, formats, processes, requirements, instructions and procedures prescribed from time to time by Franchisor in the Manuals, or otherwise communicated to Franchisee, will constitute provisions of this Agreement.

(c) Modifications to System Standards. Franchisee expressly agrees to abide by any modifications, changes, additions, deletions and alterations Franchisor makes to the System, Manuals and Franchisor's, standards, specifications, formats, processes, requirements, instructions and procedures. Franchisee agrees to execute any and all documents necessary to effectuate the changes. Franchisee agrees to monitor its email and any System intranet frequently in order to stay abreast of new developments to the Manuals and System standards. Modifications, changes, deletions and alterations may require Franchisee to make additional expenditures born by Franchisee.

(d) Quality Assurance Programs. The Franchisee will participate, at its expense, in any quality assurance monitoring programs specified by the Franchisor, including telephonic or electronic customer polling or onsite "secret shopper" programs, and will share the results of such programs with the Franchisor .

6.7 Compliance with Laws.

(a) Required Licenses and Permits. Prior to opening, Franchisee must obtain and maintain (throughout the Initial Term of this Agreement and any Interim Period) all required licenses, permits and approvals to establish, open and operate the Franchised Business at the Premises in the Designated Territory, including all required licenses and permits related to the offer and sale of hair care services, including hair cutting, hair coloring and related services, and the other Approved Products and Services that Franchisor authorizes Franchisee to provide at the Franchised Business. The Franchisor makes no representations or assurances as to what (if any)

©2022 Diesel Barbershop Franchising, LLC

licenses, permits, authorizations or otherwise may be required in connection with the Franchised Business. It is the Franchisee's sole responsibility to identify and obtain all authorizations necessary to operate the Franchised Business.

(b) Licensing Requirements for Barbers and Stylists. Franchisee must ensure that the applicable Approved Products and Services provided at the Franchised Business are only performed by barbers and/or hair stylists (as appropriate) that are licensed by the appropriate authorities to provide the Approved Products and Services at issue. Franchisee must also comply with any and all state laws and regulations that (i) require the examination and certification of barbers and/or hair stylists, and (ii) restrict the types of services that barbers and/or hair stylists or other Franchised Business personnel may offer.

(c) Compliance with Applicable Laws. Franchisee must at all times at is expenses, conduct and operate the Franchised Business in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto, including any laws and regulations related to (i) construction or remodeling of the Premises and/or the operation of the Franchisee's Franchised Business, including providing hair care services, hair cutting and hair coloring, and certification/licensing of barbers and stylists; (ii) health and safety regulations and laws; (iii) environmental laws; (iv) credit card and debit card laws applicable to consumers, including all privacy laws; (v) tax laws (Franchisee including those relating to individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, personal property taxes, real estate taxes and federal, state and local income tax laws); and (vi) employment laws (including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, disability and discrimination laws).

(d) Tax Laws. The Franchisee will be responsible for and will timely pay all federal, state and local taxes imposed by law in connection with the operation of the Franchised Business, and will timely file all returns, notices and other forms required to comply with all applicable tax laws. The Franchisor will have no liability for any taxes which arise out of or result from the Franchisee's Franchised Business, and the Franchisee will indemnify the Franchisor for any such taxes that may be assessed or levied against the Franchisor which arise out of or result from the operation of the Franchisee's Franchised Business. If any "franchise" or other tax which is based upon the Gross Sales, receipts, revenues, Franchised Business activities or operation of the Franchisee's Franchised Business is imposed upon the Franchisor by any taxing authority, then the Franchisee will reimburse the Franchisor for all such taxes paid by the Franchisor within fifteen (15) days after receiving an invoice from the Franchisor for such taxes.

6.8 Ownership and Control of Franchised Business.

(a) Personal Participation by Franchisee and/or Designated Manager. Franchisee or its Operating Principal must personally participate in the direct management operation of the Franchised Business on a full-time basis, unless Franchisee engages a Designated Manager that Franchisor approves in writing to manage the day-to-day operations of the Franchised Business when Franchisee is not present. If Franchisee designates a Designated Manager at any time, that manager must successfully complete the Initial Training Program prior to assuming any management responsibilities in connection with the Franchised Business. Regardless, Franchisee is solely responsible for all aspects of the operation of the Franchised Business and ensuring that all the terms, conditions, and requirements contained in this Agreement and in the Manuals are met and kept. Franchisee will hire the number of Designated Manager(s) set out in the Manuals or communicated by Franchisor.

©2022 Diesel Barbershop Franchising, LLC

(b) Interest of Franchisee. If the Franchisee is an Entity, it will be dedicated solely to the operation of the Franchised Business and will not hold any interest in, operate, or manage any other businesses of any kind without the prior written approval of the Franchisor. At the time of execution of this Agreement, Franchisee will provide, and at any later time at Franchisor's request, Franchisee or Franchisee's Operating Principal will promptly provide Franchisor with satisfactory proof of Franchisee's ownership. Franchisee will allow no changes in the ownership structure of Franchisee's Franchised Business without Franchisor's prior written consent.

(c) Responsibility for Operation of Franchisee's Franchised Business.

(i) Franchisee has the sole right and responsibility for the manner and means by which the day-to-day operation of the Franchised Business is determined and conducted and for achieving its business objectives. Subject to any approval, inspection and enforcement rights reserved to Franchisor, this right and responsibility includes, without limitation, the employment, supervision and conditions of employment and discharge for Franchisee's employees, and independent contractors, safety concerns and the achievement of conformity with the Systems.

(ii) Franchisor's retention and exercise of the right to approve certain matters, to inspect the Franchised Business and its operation and to enforce its rights exists only to the extent necessary to protect Franchisor's interest in the System for the benefit of Franchisor, its Affiliates, other franchisees and licensees. Neither the retention nor the exercise of such right is for the purpose of establishing any control, or the duty to take control, of Franchisee's Franchised Business nor will they be construed to do so.

(d) Employment Decisions. Franchisee agrees to be solely responsible for all employment decisions. Franchisee's personnel must be competent, conscientious, and properly trained. Nothing in this Agreement is intended or may be construed to create any type of employer or joint employer relationship between (i) Franchisee and/or its personnel (including any barbers, stylists or other licensed personnel), and (ii) Franchisor.

(e) Working Capital. Franchisee will, at all times, maintain sufficient working capital to operate the Franchised Business and to fulfill its obligations under this Agreement, and will take steps to ensure availability of capital to fulfill the Franchisee's obligations to maintain, remodel and modernize the Premises and operations of the Franchised Business as required by the provisions of this Agreement.

(f) Independent Entity. In all dealings with third parties including, without limitation, employees, suppliers, vendors, manufacturers, distributors, other franchisees and customers, Franchisee will disclose in an appropriate manner acceptable to Franchisor that Franchisee are an independent entity licensed by Franchisor. Any time Franchisee or its Operating Principal, Designated Manager or employees use their titles (e.g., president) it must be made clear that such person holds that position with Franchisees entity and not with Franchisor.

(g) Management. Franchisee is prohibited from transferring, delegating, assigning or subcontracting Franchisee's obligations under this Agreement or the operation of Franchisee's Franchised Business to any third party or entity without Franchisor's prior approval.

(h) Guaranty. If Franchisee is a corporation, partnership, limited liability company, or other entity, or in the future become a corporation, partnership, limited liability company, or other entity, Franchisor will require Franchisee's officers, directors, shareholders, partners,

©2022 Diesel Barbershop Franchising, LLC

members, managers, owners, and owner's spouses or domestic partners to sign the Personal Guaranty attached hereto as **Exhibit B**.

(i) Security Interest in Franchise Agreement. This Agreement and the Franchised Business granted to the Franchisee hereunder may not be used by the Franchisee as collateral or be the subject of a security interest, lien, levy, attachment or execution by the Franchisee's creditors, any financial institution, or any other party, except with the prior written approval of the Franchisor.

(j) Taxes. Franchisee will promptly pay when due any and all federal, state, and local taxes, including without limitation, unemployment, workers' compensation, and sales taxes which are levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.

(k) Debts and Obligations. Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

6.9 Data Security.

(a) Security. The Franchisee acknowledges it is responsible for the security of cardholder data, financial data, and personally identifiable information (collectively, "**Sensitive Information**") in its possession or in the possession or control of any service provider or third party-provided payment application provider that the Franchisee engages to perform under this Agreement. Upon request by the Franchisor, such subcontractors must be identified to the Franchisor in writing prior to sharing Sensitive Information with the subcontractor. The Franchisee will encrypt all Sensitive Information that will be transmitted over networks or in storage, and all Sensitive Information at rest. These security measures will be reviewed at least annually.

(b) Payment Card Industry Data Security Standards. To the extent the Franchisee stores, processes, transmits or otherwise accesses or possesses Sensitive Information, the Franchisee agrees it will adhere to, and cause any service provider or third party-provided payment applications to adhere to cardholder data security standards according to the then-current Payment Card Industry Data Security Standards ("**PCI DSS**") throughout the Initial Term of this Agreement and an Interim Period. At a minimum, the Franchisee will, at its sole cost and expense, implement and maintain, and hereby represents and warrants that it has implemented and maintained, all appropriate technical, organizational and physical measures, but no less than PCI DSS, to ensure the security, reliability and confidentiality of the Sensitive Information submitted to it or otherwise obtained by the Franchisee, including protecting against any threats or hazards to the security or integrity of the Sensitive Information that the Franchisee should reasonably be able to anticipate, and against unauthorized access to or use of the Sensitive Information.

(c) Inspection of Security Measures. Upon the Franchisor's request, the Franchisee will allow, and will require any subcontractor(s) to allow, the Franchisor (or the Franchisor's designees) to inspect the implementation of associated administrative, physical and technical security measures, as the case may be, to assess whether its security program complies with applicable information security requirements.

(d) Breach of Security. The Franchisee will notify the Franchisor immediately, but in no event later than two hours, of becoming aware of any actual or suspected Breach of Security (defined below). Such notice will include the following: (i) date and time that the Franchisee

©2022 Diesel Barbershop Franchising, LLC

discovered the Breach of Security and the date and time when the breach actually occurred, if discoverable; (b) a detailed description of the Breach of Security; (ii) a list of the systems and data at risk, including a list of affected individuals; and (iii) a description of remediation actions taken after the Breach of Security was discovered, and what remediation actions the Franchisee proposes to take to prevent further loss, misuse, compromise or unauthorized access to Sensitive Information. Thereafter, the Franchisee will provide to the Franchisor regular (but at least Weekly) reports and updates describing the investigation into the Breach of Security and all corrective or remedial actions taken or to be taken by the Franchisee or its subcontractor, as the case may be, promptly provide any further information that the Franchisor may request in connection with Breach of Security, cooperate with the Franchisor with respect thereto, and comply with applicable laws and regulations. For purposes of this Agreement, "**Breach of Security**" will mean unauthorized access to, acquisition of, or disclosure of, Sensitive Information submitted to, or otherwise obtained, held by, or in the custody or control of, the Franchisee or its subcontractors of any tier, agents or other representatives, or a reasonable belief by either the Franchisee or its subcontractor of any tier, agent or representative that such unauthorized access, acquisition or disclosure has occurred.

(e) Franchisor Actions. The Franchisor may, in its sole discretion, take any and all actions necessary or reasonable to remedy a Breach of Security, including conducting an investigation into the cause of the Breach of Security and notifying affected persons or government agencies accordingly. The Franchisee will cooperate and provide the Franchisor with all information reasonably necessary to (i) aid the Franchisor's compliance with all federal and state data breach notification laws and any other laws or regulations that may be applicable to a Breach of Security; and (ii) facilitate the Franchisor's determination of whether the breach was effectively mitigated. The Franchisee will bear all costs and expenses incurred by the Franchisor related to the Breach of Security and compliance with law, including but not limited to any government fines or penalties imposed on the Franchisor as a result of the Breach of Security. Alternatively, the Franchisor may require that the Franchisee take action to remedy the Breach of Security at the Franchisee's expense.

(f) Customer Lists and Data/Agreements. Franchisee must (i) maintain a list of all of its current and former customers, as well as their purchase history, at the Premises; and (ii) make such lists and contracts available for Franchisor's inspection upon request. Franchisee must promptly return this information, which is deemed "Confidential Information" and Franchisor's exclusive property hereunder, to Franchisor upon expiration or termination of this Agreement for any reason.

6.10 Enforcement. Franchisor may require Franchisee compliance with the provisions of this **Section 6** even if it does not require such compliance by all franchisees.

6.11 Payments to Franchisor. Franchisee agrees to promptly pay Franchisor all payment and contributions that are due to Franchisor, its Affiliates or any Designated Supplier.

7. PROPRIETARY MARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS

7.1 Ownership of Proprietary Marks.

(a) Title. Franchisor has the right to use or owns all right, title, interest and goodwill in and to the Proprietary Marks, System, Manuals, Confidential Information, Trade Secrets, Website, URLs containing the Proprietary Marks or any portion thereof, and other intellectual property, including but not limited to, proprietary information provided to Franchisee by Franchisor, its Affiliates or on behalf of Franchisor or its Affiliates, and information provided in

©2022 Diesel Barbershop Franchising, LLC

furtherance of the System (the "**Other Proprietary Information**"). Franchisee acknowledges Franchisor's exclusive ownership and/or right to use the Proprietary Marks, System, Manuals, Confidential Information, Trade Secrets, Website, URLs containing the Proprietary Marks and Other Proprietary Information and agrees that they have significant value. Franchisor desires to protect the goodwill therein and to preserve and enhance their value.

(b) Franchisee's Right to Use. Franchisee's right to use the Proprietary Marks, System, Manuals, Confidential Information, Trade Secrets, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information provided to Franchisee by Franchisor, its Affiliates or on behalf of Franchisor or its Affiliates derives solely from this Agreement and Franchisor has the sole right to control Franchisee's use of same as further set out in **Section 7.2.** Franchisee acknowledges it acquires no rights, interests, or claims to any of said Proprietary Marks, System, Manuals, Confidential Information, Trade Secrets, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information provided to Franchisee, except for Franchisee's rights to use the same as further set out in **Section 7.2.**

(c) Benefits Of Use Inure To Franchisor. All goodwill and usage of the Proprietary Marks, System, Manuals, Confidential Information, Trade Secrets, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information inure to the benefit of Franchisor. Franchisee acknowledge and agrees that Franchisee has not acquired any right, title, interest, right to use or goodwill of the Proprietary Marks, System, Manual, Confidential Information, Trade Secrets, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information. Franchisee intends and hereby concedes that any commercial use Franchisee may make of the Proprietary Marks, System, Manuals, Confidential Information, Trade Secrets, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information will contribute and inure to the commercial use and benefit of Franchisor, which Franchisor may claim to strengthen and further secure ownership of the Proprietary Marks. In the event that Franchisee acquires any such rights, title or interest Franchisee agrees to assign and hereby assigns all such rights, title or interest to Franchisor.

(d) Works Made For Hire. All Copyrighted Materials created by Franchisee or any other person or entity retained or employed by Franchisee are "works made for hire" within the meaning of the United States Copyright Act and are the property of Franchisor. Franchisor is entitled to use and license others to use such Copyrighted Materials unencumbered by moral rights. To the extent the Copyrighted Materials are not "works made for hire" or rights in the Copyrighted Materials do not automatically accrue to Franchisor, Franchisee irrevocably assigns and agrees to assign to Franchisor, its successors and assigns, the entire right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights, in such Copyrighted Materials. Franchisee and the author of such Copyrighted Materials warrant and represent that such Copyrighted Materials are created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure Franchisor's right in the Copyrighted Materials as required in this **Section 7.1(d).**

(e) Contest Ownership. Franchisee will never, during the Initial Term, Interim Period, or after the expiration or termination of this Agreement, directly or indirectly dispute, contest or challenge anywhere in the world, directly or indirectly, the validity, enforceability, registration or application for registration of the Proprietary Marks, System, Manuals, Confidential Information, Trade Secrets, URLs containing the Proprietary Marks and Other Proprietary Information or Franchisor's ownership therein, nor counsel, procure, or assist anyone else to do the same.

©2022 Diesel Barbershop Franchising, LLC

Franchisee will never take any action that is inconsistent with Franchisor's ownership of the same, nor will Franchisee represent that Franchisee have any right, title or interest in the same other than those expressly granted by this Agreement.

(f) Cooperation. Upon Franchisor's request, Franchisee will cooperate fully, both before and after termination or expiration of this Agreement in confirming, perfecting, preserving, and enforcing Franchisor' rights in the Proprietary Marks, System, Manuals, Confidential Information, Trade Secrets, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information. This includes, but is not limited to, executing and delivering to Franchisor such documents as Franchisor reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of services and products. Franchisee hereby irrevocably appoints Franchisor as Franchisee attorney-in-fact for the purpose of executing such documents.

7.2 Permitted Use.

(a) License and Limitation of Use. The Franchisor hereby grants to the Franchisee the nonexclusive personal right to use the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information solely in accordance with the provisions of this Agreement and as permitted by Franchisor.

(i) Franchisee will only use the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information in the identification, marketing, promotion and operation of Franchisee's Franchised Business during the Initial Term and Interim Period and only in strict compliance with this Agreement and Franchisor's rules and guidelines set out in the Manuals. Franchisee's right to use the same are contingent upon Franchisee's continued full and timely performance under this Agreement.

(ii) Franchisee further acknowledges and agrees that Franchisee must obtain Franchisor's prior approval before using the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information for purposes outside Franchisor's typical marketing purposes.

(iii) Franchisee acknowledges and agrees that the use by Franchisee of Franchisor's Proprietary Marks applies only in connection with the operation of the Franchised Business at the Premises, and includes only such Proprietary Marks as are now designated, or which may hereafter be designated in the Manuals or otherwise in writing as part of the System (which might or might not be all of the Proprietary Marks pertaining to the System owned by the Franchisor), and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor.

(iv) Franchisee understands and agrees that its right to use the Proprietary Marks is non-exclusive, that Franchisor in its sole discretion has the right to grant licenses to others to use the Proprietary Marks and obtain the benefits of the System in addition to the licenses and rights granted to Franchisee under this Agreement, and that Franchisor may develop and license other trademarks or service marks in conjunction with systems other than the System on any terms and conditions as Franchisor may deem advisable

©2022 Diesel Barbershop Franchising, LLC

where Franchisee will have no right or interest in any such other trademarks, licenses, or systems.

(b) Business Identification. Except as provided in **Section 7.3(b)** or otherwise in this Agreement, Franchisee will use the trademark "DIESEL BARBERSHOP" as the primary identification of Franchisee's Franchised Business. But Franchisee agrees to identify itself as the independent owner and operator of Franchisee's Franchised Business as follows: "This business is owned and operated independently by (name of franchisee) who is an authorized licensed user of the trademark, DIESEL BARBERSHOP, under a license agreement with Diesel Barbershop, LLC" or in such manner prescribed by Franchisor in the Manuals. Franchisee will not identify itself in a manner which may mislead someone that Franchisee are an employee or agent of Franchisor. Franchisee agrees to prominently display the Proprietary Marks in the manner prescribed by Franchisor in connection with Franchisee's Franchised Business's letterhead, marketing materials, advertising, forms and packaging. Franchisee further agrees to more prominently display the Proprietary Marks over any secondary name or designation in identifying Franchisee's Franchised Business and related products and services.

(c) Use of Proprietary Marks with Other Trade Names. Franchisee will obtain Franchisor's approval in accordance with the guidelines in the Manuals, which may be withheld in Franchisor's sole discretion, before using Franchisee existing trade name or business name in conjunction with the use of the Proprietary Marks. Franchisee will also obtain Franchisor's prior approval in accordance with the guidelines in the Manuals before using the Proprietary Marks to co-sponsor an event that involves the use of the corporate name, trademark or other name, logo or symbol of a third party.

(d) Use of Other Proprietary Marks. If the Proprietary Marks may not be used by Franchisee in all or part of the Designated Territory in which Franchisee is to conduct Franchisee's Franchised Business, Franchisee agrees to use only such other name as Franchisor has approved in writing.

(e) Notices. Franchisee will use all proper copyright and trademark notices when using the Copyrighted Material and Proprietary Marks as set forth in the Manuals.

7.3 Prohibited Use.

(a) Unauthorized Use. Franchisee is prohibited from any unauthorized use of the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information. Any prohibited use by Franchisee will constitute an infringement of Franchisor's rights, including in connection with the sale of an unauthorized services or products or in a manner not authorized in writing by Franchisor. Franchisee acknowledge that any infringement will cause substantial harm to Franchisor, its Affiliates, other franchisees, licensees and other Franchisor's Diesel Barbershop businesses.

(b) Prohibited Use In Trade Names; Corporate Names; URLs. Franchisee will not use any Proprietary Marks, anything confusingly similar thereto, or any portion thereof as part of a corporate name, trade name, other business name, or as a URL (unless provided to Franchisee by Franchisor), email address, social media or social networking profile/page or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form.

©2022 Diesel Barbershop Franchising, LLC

(c) Harm Image Or Goodwill. Franchisee will safeguard and maintain the reputation and prestige of the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information. Franchisee will not do anything that would tarnish the image of or adversely affect or dilute the value, reputation or goodwill associated therewith nor counsel, procure or assist anyone else to do the same. Franchisee will not hold out or otherwise use the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Franchisor liable therefor without Franchisor's prior written consent.

(d) Prohibited Replication. Except as expressly authorized under this Agreement, during the Initial Term, Interim Period and at any time thereafter, Franchisee will not use, copy, or imitate or cause or permit any other party to use, copy or imitate, directly or indirectly, (i) any of the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website or Other Proprietary Information for any unauthorized purpose; or (ii) any confusingly similar method, format, procedure, technique, system, trade dress, symbol, emblem, tagline, insignia, term, designation, design, diagram or promotional material of Franchisor or its Affiliates for any unauthorized purpose.

7.4 Registrations. Franchisee acknowledges and agrees that:

(a) Franchisor's Right To Register. Franchisor may decide, in its sole and absolute discretion, to apply to register or to register, anywhere in the world, for trademark, copyright, trade name or patent protection for any Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals and Other Proprietary Information provided to Franchisee by Franchisor, its Affiliates or on behalf of Franchisor or its Affiliates. Failure of Franchisor to obtain or maintain in effect any such application or registration is not a breach of this Agreement.

(b) Franchisee Prohibition On Registration. Franchisee will not, before or after termination or expiration of the Agreement, register or apply to register any of the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website content, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information or any trademark, name, service mark or logo confusingly similar thereto anywhere in the world.

(c) Cooperation. Franchisee will execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website content, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information or to maintain the continued validity of such Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website content, URLs containing the Proprietary Marks or any portion thereof and Other Proprietary Information.

7.5 Infringement. Franchisee agrees to notify Franchisor in writing of any possible infringement or illegal use by others of any of Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals and/or Other Proprietary Information or anything confusingly similar thereto that may come to Franchisee attention within three (3) days of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's rights to the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals and/or Other Proprietary Information licensed hereunder. Franchisee acknowledges that Franchisor will have the right, in its sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use. Franchisor may commence or

©2022 Diesel Barbershop Franchising, LLC

prosecute such action in its own name and may join Franchisee as a party thereto, if Franchisor determines it to be reasonably necessary for the continued protection and quality control of any of the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals and Other Proprietary Information provided to Franchisee by Franchisor. Franchisor will bear the reasonable cost of any such action, including attorneys' fees. Franchisee agrees to fully cooperate with Franchisor in any such litigation, including but not limited to, executing any and all documents and doing such acts and things as may be necessary in the opinion of counsel for Franchisor to carry out such defense, litigation or prosecution. Franchisee will not communicate with any persons other than Franchisor or Franchisor's legal counsel in connection with any infringement, challenge, or claim.

7.6 Change of Proprietary Marks. In the event that Franchisor, in its sole discretion, determines it is necessary to modify or discontinue use of any Proprietary Marks or to develop additional or substitute marks or trade names, Franchisee will, within ninety (90) days, or such earlier or longer period of time set out in the written notice from Franchisor, take such action directed by Franchisor at Franchisee sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution. If Franchisor changes the Proprietary Marks in any manner, Franchisor will not reimburse Franchisee for any out-of-pocket expenses, costs or damages that Franchisee incurs to implement such modifications or substitutions, or for any loss of goodwill or revenue associated with any modified or discontinued Proprietary Mark.

7.7 Improvements. Franchisee will promptly disclose to Franchisor any changes, improvements, enhancements, advertisements or other marketing materials, inventions, discoveries, creations, patents, copyrights, trademarks, and confidential information relating to Franchisee's Franchised Business which Franchisee or any of Franchisee's owners, officers, employees, agents, Affiliates, Designated Managers, or independent contractors has made or may make solely, jointly, or commonly with others (the "**Improvements**"). Franchisee will promptly create a written record of the same. Any changes, improvements, or enhancements made to the Franchised Business or the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website and Other Proprietary Information made by Franchisee or any of Franchisee's Owners, officers, employees, Affiliates, agents, Designated Managers or independent contractors or as the result of suggestions or other input from Franchisee or any of Franchisee's Owners, officers, employees, Affiliates, agents, Designated Managers or independent contractors including without limitation, all copyrightable works, will become part of the Proprietary Marks, System, Confidential Information, Trade Secrets, Manuals, Website and Other Proprietary Information owned or licensed by Franchisor without any rights of ownership by Franchisee. Franchisee hereby assigns all proprietary rights described in this **Section 7.7** to Franchisor without additional consideration. Franchisee will execute such additional assignments or documentation to effectuate the assignment of these rights or as Franchisor deems necessary to enable it, at its expense, to apply for, prosecute, and obtain copyrights, trademarks, patents, or other proprietary rights in the United States and in other countries. Franchisee hereby irrevocably appoints Franchisor as Franchisee attorney-in-fact for the purpose of executing such documents. Franchisor will have the right to make Improvements available for use by all Diesel Barbershop franchisees. The expression "any changes, improvements, or enhancement" includes, without limitation, any methods or materials, such as ad copy, for advertising or marketing for the services and products of Franchisee's Franchised Business, as well as methods or materials for providing the services and products of Franchisee's Franchised Business or Other Businesses.

7.8 Franchisor Indemnification. Franchisor will indemnify and defend Franchisee against any third-party claim brought against Franchisee that arises solely out of Franchisee's authorized use of the Proprietary Marks licensed under this Agreement in connection with the Franchised Business, provided: (i) such use is in full and strict compliance with Franchisor's standards and specifications; and (ii) Franchisee notifies Franchisor in writing of this third-party claim within three (3) calendar days of receiving notice or otherwise learning of the claim. Franchisor will have complete control over the defense and, if appropriate,

©2022 Diesel Barbershop Franchising, LLC

settlement negotiations and resolution regarding the claims described in this Section, including the right to select legal counsel Franchisor deems appropriate. Franchisee must fully cooperate with Franchisor in connection with Franchisor's defense or settlement of any third-party claim that Franchisor determines to take control of under this **Section 7**. Notwithstanding anything in this Section to the contrary, Franchisor's liability under this Section will be limited to no more than the Initial Franchise Fee paid under this Agreement.

8. MANUALS.

8.1 Compliance with Manuals. In order to protect the reputation and goodwill of Franchisor and the System, and to maintain uniform standards of operation under Franchisor's Proprietary Marks, the Manual may contain mandatory and suggested specifications, standards and procedures for the operation of Franchisee's Franchised Business as well as information relative to Franchisee's other obligations under this Agreement. All such specifications, standards and operating procedures will be reasonable in Franchisor's Business Judgment and will not fundamentally alter Franchisee status and rights under this Agreement. Specifications, standards, and procedures prescribed from time to time by Franchisor in the Manuals, or otherwise communicated to Franchisee in writing, will constitute provisions of this Agreement as if fully set forth herein Franchisee covenants and agrees that Franchisee will conduct the Franchised Business at all times in strict accordance with Franchisor's Manuals and will not use the Manuals, or any information contained therein for any purpose other than the operation of the Franchisee's Franchised Business.

8.2 Loan of Manuals. The Franchisor will loan the Manuals to Franchisee and provide Franchisee with access to the Manuals electronically, or on a secure Internet webpage (Intranet), or by another method reasonably adopted by the Franchisor. The Franchisee will at all times keep its copy of the Manuals current and up-to-date, and in the event of any dispute regarding the Manuals, the terms of the master copy of the Manuals maintained by the Franchisor will be controlling in all respects.

8.3 Ownership of Manuals. Franchisee hereby acknowledges that the Manuals are loaned to Franchisee and will at all times remain the sole and exclusive property of Franchisor. Franchisee is prohibited from making copies of or otherwise disseminating the Manuals. Upon expiration or termination of this Agreement for any reason whatsoever, Franchisee will forthwith return all copies of the Manuals which Franchisee may have to Franchisor.

8.4 Confidentiality of Manual. The Franchisee will treat the Manuals and any other manuals created for or approved for use in the operation of the Franchisee's Franchised Business as Confidential Information. The Franchisee will use all reasonable means to keep the contents of the Manuals secret and will only grant access to the Manuals to those employees who must use the Manuals in the performance of their employment duties in the Franchisee's Franchised Business. The Manuals must remain at the Premises and be kept in a secure location, under lock and key, except when it is being studied by Franchisee or Franchisee's employees. Franchisee will not, at any time without Franchisor's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals available to any unauthorized person or entity, in whole or in part

8.5 Control of Franchised Business. Franchisee acknowledges the Manuals provided by Franchisor to Franchisee is intended to protect Franchisor's standards, System, and Proprietary Marks, but that such Manuals are not intended to control the day-to-day operation of Franchisee's business.

8.6 Changes To Manual And System. Franchisee understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers and/or presently unforeseen technological and other innovations, the System may change to best serve the interests of

©2022 Diesel Barbershop Franchising, LLC

Franchisor, Franchisee, other franchisees and licensees and the System. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time, in its sole discretion (a) change the components of the System; (b) delete, add to, or otherwise modify the Approved Products and Services other items, equipment, inventory, FF&E, products and services which the Franchised Business is authorized to offer or use; (c) change, improve or modify the Proprietary Marks; and (d) delete, add to or otherwise modify the Manuals. Franchisee may be notified of such changes by any method, including but not limited to, e-mail, posting the changes to an Intranet, mail, teleconference, electronic means, traditional means or facsimile. Franchisee will be responsible for any updates and changes set out in the Manuals, and will modify its operations of the Franchised Business to implement all such required changes, additions and supplements reflected in the Manuals at Franchisee cost within the time period specified by Franchisor.

9. ADVERTISING

9.1 Designated or Pre-Approved Advertising Materials and Campaigns. Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the Franchised Businesses operating under the System. Franchisee will be required to participate in and use such advertising and sales and promotional programs as further described in **Sections 6.5(l)** and **6.5(m)**.

9.2 Approval for all Other Advertising/Promotional Materials. All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and will conform to Franchisor's standards and requirements as set forth in the Manuals or otherwise. Franchisee will obtain Franchisor's approval of all advertising and promotional plans and materials twenty (20) days prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee must submit unapproved plans and materials to Franchisor, and Franchisor will have fifteen (15) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this fifteen (15) day period, the proposed materials will be deemed rejected. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's, its Affiliates or other franchisees use or dissemination of such materials. Once approved, Franchisee may use the proposed materials for a period of ninety (90) days, unless Franchisor prescribes a different time period for use or requires Franchisee to discontinue using the previously-approved materials in writing. Franchisor may revoke its approval of any previously-approved advertising materials upon notice to Franchisee. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, the phrase "Franchises Available" and references to Franchisor's telephone number and/or Website.

9.3 Initial Marketing Spend. Franchisee must spend a minimum of Five Thousand Dollars ($5,000) on the initial marketing of the Franchised Business around the time of opening the Franchised Business, as reasonably directed by Franchisor (the "**Initial Marketing Spend**"). Franchisor may also require that Franchisee expend all or any portion of the Initial Marketing Spend on initial marketing/advertising, banners, brochures, promotional materials and/or public relations materials or services that are purchased from an Designated Supplier. Franchisor will designate the exact amount of the Initial Marketing Spend within thirty (30) days of the date Franchisee secures its Premises. Within thirty (30) days of Franchisor's request, Franchisee will provide Franchisor with an accurate accounting (in the form prescribed by Franchisor) of Franchisee expenditures for its Initial Marketing Spend. The Initial marketing Spend is in addition to Franchisee's other marketing, advertising and promotion obligations under this Agreement.

©2022 Diesel Barbershop Franchising, LLC

9.4 Local Advertising Requirement. Beginning the first month after Franchisee's Required Opening Date and continuing for each month of the Initial Term and any Interim Period Franchisee must expend a minimum of Five Hundred Dollars ($500) per month for the purpose of local advertising and promotion of the Franchised Business within the Designated Territory (the "**Local Advertising Requirement**").

(a) Upon Franchisor's request, Franchisee must provide Franchisor with invoices or other proof of its monthly expenditures on local advertising and marketing.

(b) Franchisee must ensure that: (i) the Franchised Business has a dedicated phone line for use in connection with the Franchised Business only (and no other business, including any other DIESEL BARBERSHOP franchise); and (ii) the Franchised Business is listed in the appropriate electronic and traditional directories that Franchisor designates, in the Manuals or otherwise in writing.

(c) Subject to reasonable digital marketing efforts that Franchisor will not unreasonably approve, Franchisee may not advertise and promote the Franchised Business outside of the Designated Territory, unless (i) the geographic area wherein Franchisee wishes to advertise is contiguous to the Designated Territory and that area has not been granted to any other DIESEL BARBERSHOP location or franchisee/developer, or (ii) Franchisor otherwise provides its prior written consent in writing.

(d) Upon written notice to Franchisee, Franchisor may increase Franchisee's Local Advertising Requirement up to One Thousand Dollars ($1,000) per month.

9.5 Marketing Reports. Franchisee will submit to Franchisor a marketing report for the Local Advertising Requirement activities and amounts spent on the activities in the form and within the period set out in the Manuals.

9.6 Brand Development Fund.

(a) Purpose. Franchisor has established a Brand Development Fund designed to promote the System, Proprietary Marks and brand generally. Franchisee understand and acknowledge that the Fund Contribution set out in **Section 9.6(b)** and the Brand Development Fund is intended to maximize general public recognition and patronage of the System and the Approved Products and Services offered by the Franchised Businesses, for the benefit of all Franchisor's licensees and franchisees.

(b) Use of the Brand Development Fund. Franchisor has the absolute and unilateral right to determine when, how and where the Brand Development Fund Contributions and other payments deposited into the Brand Development Fund will be spent. This includes, but is not limited to: (i) the production and placement of media advertising, media relations, creating and testing direct response literature, social media, direct mailings, brochures, collateral material, advertising and public relations expenditures; (ii) salaries and administrative costs, insurance, overhead, travel expenses, agency costs and commissions and similar and other expenses incurred by the Brand Development Fund related to its activities; (iii) collection costs and legal expenses related to the Brand Development Fund's activities; (iv) development, modification and management of mobile apps, software, technology solutions and related integration tools and website development, modifications and management (including intranet websites); (v) surveys, market and customer research, product and supplier testing, demographic research, guest satisfaction programs and services, independent shopping, secret shopper and service evaluations;

©2022 Diesel Barbershop Franchising, LLC

(vi) Brand Conferences, Periodic Seminars and Conferences; (vii) in store advertising and menu boards and signage; and (viii) telemarketing, sponsorships, loyalty programs, gift card programs and incentive programs (the "**Brand Development Fund Activities**").

(c) Administration. The Brand Development Fund will be administered by Franchisor or its designee as follows:

(i) Franchisor will account separately for all sums paid to the Brand Development Fund. Franchisor will administratively segregate all contributions to the Brand Development Fund on its books and records. All such payments to the Brand Development Fund may be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds, and may be deemed an asset of Franchisor, subject to Franchisor's obligation to expend the monies in the Brand Development Fund in accordance with the terms hereof. All interest accrued by the Brand Development Fund will be the property of the Brand Development Fund.

(ii) Upon Franchisee's written request, Franchisor will send Franchisee an annual unaudited financial statement for the Brand Development Fund that indicates how the funds in the Brand Development Fund have been spent during the previous year. Franchisor does not have the Brand Development Fund audited, so audited financial statements are not available.

(iii) Franchisor will not be required to spend the Fund Contribution in the same calendar year in which the payments were made. Franchisor does not guarantee that advertising expenditures from the Brand Development Fund will benefit Franchisee or any other franchisee or licensee directly or on a pro-rata basis. Franchisor undertakes no obligation to ensure that the Brand Development Fund expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of franchisees or licensees operating in that geographic area. Franchisor does not represent that it will spend any particular amount of funds in the Brand Development Fund locally, regionally, or nationally.

(iv) In any fiscal year, an amount greater or less than the aggregate contribution of all franchisees and licensees to the Brand Development Fund in that year may be spent The Brand Development Fund may borrow from Franchisor or other lenders to cover deficits or invest any surplus for future use. Franchisor will have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Brand Development Fund or to use such excess as a credit against its future contributions.

(v) Any amounts that remain in the Brand Development Fund at the end of each year accrue and may be applied toward the next year's expenses.

(d) Overhead. Franchisor may use amounts from the Brand Development Fund to pay for Franchisor's and its Affiliates' administrative and overhead costs, expenses and salaries related to the administration and operation of the Brand Development Fund and its programs and to meet any and all costs of maintaining, administering, directing and preparing the Brand Development Fund Activities.

(e) Liability. Franchisor assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to the Brand Development Fund or any advertising account.

©2022 Diesel Barbershop Franchising, LLC

Franchisor will not be liable for any act or omission with respect to the Brand Development Fund, including but not limited to, maintaining, directing or administering the Brand Development Fund or any other advertising account. No action taken by Franchisor will diminish Franchisee obligation to pay the Fund Contribution. Franchisee and Franchisor agree that their rights and obligations with respect to the Brand Development Fund and all related matters are governed solely by this Agreement and neither this Agreement or the Brand Development Fund creates a trust, fiduciary relationship, or similar arrangement.

(f) Termination of Brand Development Fund. Franchisor may dissolve, suspend, modify and/or reinstate the Brand Development Fund at any time after it is established. In the event that the Brand Development Fund is terminated, any remaining balance in the Brand Fund will be expended as provided for in **Section 9.6(b)** or returned to Franchisee on a pro-rata basis, in Franchisor's sole determination.

9.7 Advertising Council. Franchisor may establish, if and when it deems appropriate in its sole discretion, a council to provide advice and guidance regarding the administration of the Brand Development Fund and various other advertising/marketing matters (an "**Advertising Council**"). If Franchisor establishes an Advertising Counsel, it may serve in only an advisory capacity and may consist of franchisees, personnel from Franchisor's affiliate-owned Franchised Businesses, or other management/employees that Franchisor designates. If an Advertising Council is established, the membership of such Advertising Council, along with the policies and procedures by which it operates, will be determined by Franchisor. The recommendations of the Advertising Council will not be binding on Franchisor.

9.8 Cooperatives. Franchisor may establish regional advertising cooperatives that are comprised of multiple Franchised Business owners located within a geographical region that Franchisor designates (each, a "**Cooperative**"). If Franchisor establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in an amount not to exceed Franchisee's then-current Local Advertising Requirement. All amounts paid to a Cooperative will be credited towards Franchisee's Local Advertising Requirement (if any). Franchisor will have the right to specify the governing rules, terms, and operating procedures of any Cooperative.

10. ACCOUNTING AND RECORDS

10.1 Maintenance of Records. Franchisee must, in a manner satisfactory to Franchisor and in accordance with generally accepted accounting principles, maintain original, full, and complete register tapes, computer files, back-up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which will accurately reflect all particulars relating to the Franchised Business, as well as other statistical and financial information and records Franchisor may require. All of this information must be kept for at least five (5) years, even if this Agreement is no longer in effect. Within ten (10) days of Franchisor's request (a) Franchisee must furnish Franchisor with copies of any or all product, inventory and equipment supply invoices reflecting purchases by or on behalf of the Franchised Business; and (b) Franchisee will compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Business, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Franchisor believes that it needs to compile or disclose in connection with the sale of franchises or that Franchisor may elect to disclose in connection with the sale of franchises.

10.2 Disclosure. Franchisee hereby consents to Franchisor using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting

©2022 Diesel Barbershop Franchising, LLC

from information, data, materials, statements and reports received by Franchisor or disclosed to Franchisor in accordance with this Agreement.

10.3 Required Reports. Franchisee must provide Franchisor with the following reports and information, all of which must be certified as true and correct by Franchisee and in the form and manner prescribed by Franchisor: (a) a signed Gross Sales Report as described more fully in **Section 4.6** of this Agreement on or before the Tuesday of each Week; (b) on or before the twentieth (20th) of each month, an unaudited profit and loss statement for the Franchised Business for the preceding calendar month; (c) within ninety (90) days after the close of each fiscal year of Franchisee, financial statements which will include a statement of income and retained earnings, a statement of changes in financial position, and a balance sheet of the Franchised Business, all as of the end of such fiscal year; and (d) any other financial information or performance metrics of the Franchised Business that Franchisor may reasonably request. All reporting data will be prepared in accordance with generally accepted accounting principles, consistently applied.

10.4 Current Contracts, Listings and Projects. At any time and upon request of Franchisor, Franchisee will provide Franchisor within ten (10) days of Franchisor's request, with a copy or summary listing, at Franchisor's discretion, of all current contracts, listings, agreements, and projects that Franchisee is involved in or working with.

10.5 Tax Returns. Within ten (10) days of Franchisor's request, Franchisee will furnish the Franchisor with a copy of each of its reports, returns of sales, use and gross receipt taxes, and complete copies of any state or federal income tax returns covering the operation of the Franchised Business, all of which Franchisee will certify as true and correct.

10.6 Change to Ownership of Franchisee. In addition to the foregoing statements, Franchisee must provide Franchisor with written reports regarding any authorized change to: (a) the listing of all owners and other holders of any type of interest (legal or beneficial) in Franchisee or the Franchised Business; and (b) Franchisee's partners, officers, directors, as well as any of the Designated Manager(s) that manage the day-to-day operations of the Franchised Business. Franchisee will notify Franchisor in writing within ten (10) days after any such change, unless Franchisor is required to first notify Franchisor and obtain its approval prior to making any such change.

10.7 Examination and Audit of Records. Franchisor and its designated agents will have the right to examine and audit Franchisee's records, accounts, books, computer files, and data at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. Within three (3) business days after receiving written notice from the Franchisor, the Franchisee and the Franchisee's accountants will make all of their financial and other records described in **Sections 10.1 - 10.5** available during business hours for the Franchisor or its designees to review, copy and audit. The financial records for each fiscal year will be maintained by the Franchisee in a safe place for each of the last five (5) fiscal years. The audit will be conducted at the location where the Franchisee maintains the Financial records and the Franchisor will be provided with adequate facilities by the Franchisee to conduct the audit.

10.8 Right to Require Audited Financial Statements. In the event a prior audit or inspection conducted by Franchisor (or its designee) has revealed that Franchisee has been underreporting the Gross Sales of the Franchised Business by three percent (3%) or more for any reporting period then Franchisor may require Franchisee to provide, at the Franchisee's expense, audited financial statements that comply with GAAP and GAAS for Franchisee's fiscal year within 120 days of Franchisee's fiscal year end.

10.9 Payment of Audit Costs. If such audit discloses that Franchisee has underreported the Gross Sales of the Franchised Business or any amount due to Franchisor by three percent (3%) or more in any given reporting period (Weekly, monthly or otherwise), then Franchisee must, within ten (10) days of the

©2022 Diesel Barbershop Franchising, LLC

date of Franchisor's invoice reimburse Franchisor any costs/expenses incurred in connection with conducting the inspection and audit.

10.10 Under Reporting. If it is found that the Franchisee under-reported Gross Sales of the Franchised Business, the Franchisee will reimburse the Franchisor of the amount of the fees that would have been due had Gross Sales been reported accurately, plus Interest each month in the amount set out in **Section 4.7.**

10.11 Late Reporting. If the Franchisee fails to send the Franchisor any report that is due on a Weekly basis, the Franchisor may charge the Franchisee, to the extent permitted by applicable law, its then current late report fee. Currently, the late report fee is $100 for each Week the reports are late. If Franchisee fails to send the Franchisor any report that is due on a monthly basis, annual basis, or quarterly basis, the Franchisor may charge the Franchisee, to the extent permitted by law, its then current late report fee. Currently, the late report fee is $100 for each month the report is late.

10.12 Approved Accountant During Initial Operations. Franchisor may require Franchisee to engage its Designated Supplier for accounting services or, at Franchisor's discretion, another third-party accountant that Franchisor approves to handle the bookkeeping and related accounting work associated with the Franchised Business for the period beginning before the Franchised Business is open and ending once the Franchised Business has been open for a period of one (1) year.

10.13 Computer System and Passwords. Franchisee will not install or load any computer software on the hard disks of the Computer System used in connection with the Franchised Business without Franchisor's prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Franchisor by Franchisee, along with any modifications or changes to that list. Consistent with the other provisions of this Agreement, Franchisee agrees and acknowledges that Franchisor will have automatic access to Franchisee's specific passwords/keys/logins through the Computer System components and related software that Franchisor requires Franchisee to use in connection with the Franchised Business.

10.14 Ownership of Records. The passwords to access the Computer System located at the Premises or used by the Franchised Business are the exclusive property of Franchisor. Additionally, all databases, customer lists, service professionals (including names, addresses, phone numbers, e-mail addresses, customer purchase records, all records set out in **Section 10.1** and all other records contained in the Computer System are the exclusive property of Franchisor. Franchisee must provide Franchisor with these files, records and information within ten (10) days after Franchisor's request (unless such other time period is prescribed by this Agreement) and within 10 days after the termination or expiration of this Agreement. All data provided to Franchisor as set out in this Agreement may be used and published by Franchisor in connection with the System (including in Franchisor's disclosure documents).

10.15 Inspections of the Franchised Business and Premises. Franchisor and its designated agents or representatives will have the right, as it deems appropriate in its sole discretion, to conduct inspections and/or audits of the Franchised Business and Premises to ensure that Franchisee is operating its Franchised Business in compliance with the terms of this Agreement, the Manuals and the System standards and specifications. Such inspections may include, at all times and without prior notice to Franchisee (a) inspections of the Premises including taking photographs and/or videotape of the Franchised Business's common area; (b) observe and monitor the operation of the Franchised Business for consecutive or intermittent periods as Franchisor deems necessary; (c) taking samples of any Approved Products for sale at the Franchised Business; (d) interviewing and surveying Franchisee's personnel and customers; (e) inspecting, auditing and/or copying any and all books, records and agreements relating to the operation of the Franchised Business; and (f) conducting mystery shop services. Franchisor is not responsible for

©2022 Diesel Barbershop Franchising, LLC

ensuring that the Franchised Business is being operated in compliance with all applicable laws and regulations. Franchisee agrees to cooperate with Franchisor fully in connection with these undertakings by Franchisor (if taken). The Franchisor will have the right to use all interviews, photographs and videotapes of the Franchisee's Franchised Business for such purposes as the Franchisor deems appropriate, including use in advertising, marketing and promotional materials, without any approval of or any compensation to the Franchisee.

10.16 Surrender of Premises. Upon the surrender of the Premises, Franchisee must conduct a physical inventory so that there is an accurate accounting of inventory, FF&E and supplies on hand, and will provide a signed copy of this physical inventory to Franchisor as of the date of surrender of the Premises. Franchisor will have the right to enter the Premises at its convenience and conduct said physical inventory on its own.

11. INSURANCE AND INDEMNIFICATION

11.1 Required Insurance. Franchisee will, at its own expense and no later than the earlier of (a) the date on which Franchisee uses any of the Proprietary Marks, or (b) the date Franchisee begins building out the Premises, procure and maintain in full force and effect throughout the Initial Term of this Agreement and any Interim Period the types of insurance enumerated in the Manuals or otherwise in writing (whether the Franchised Business is open or not). This insurance will be in such amounts Franchisor or the lessor of the Premises designates from time to time. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee will procure:

(a) "all risk" property insurance coverage on all assets including inventory, FF&E, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy will include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

(b) Workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of One Hundred Thousand Dollars ($100,000.00) or, if higher, the statutory minimum limit as required by state law;

(c) Comprehensive General Liability Insurance, Professional Liability Insurance, and Employment Practices Liability Insurance (EPLI) against claims for bodily and personal injury, discrimination, wrongful termination, professional misconduct, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of One Million Dollars ($1,000,000.00) per occurrence or Two Million Dollars ($2,000,000.00) in the aggregate for Professional Liability and General Liability and umbrella coverage of Two Million Dollars ($2,000,000) or, if higher, the statutory minimum limit required by state law;

(d) If applicable with respect to a vehicle used in connection with the Franchised Business or displaying the Proprietary Marks, automobile liability insurance for any vehicles owned or hired by the Franchised Business, with a combined single limit of at least One Million Dollars ($1,000,000.00) or, if higher, the statutory minimum limit required by state law;

(e) Such insurance as necessary to provide coverage under the indemnity provisions set forth in this Agreement; and

©2022 Diesel Barbershop Franchising, LLC

(f) Any other insurance Franchisor deems necessary for operation of the Franchised Business and sets forth in the Manuals or otherwise in writing.

Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. Nothing in this Agreement will prevent the Franchisee from purchasing insurance with coverage amounts in excess of the coverage amounts required by the Franchisor. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to the Franchisor, including original endorsements affecting the coverage required by this Section, must be furnished to the Franchisor by the Franchisee, together with proof of payment, prior to the opening of the Franchised Business.

11.2 Policy Requirements. Franchisee must buy insurance only from carriers licensed in the state where coverage is provided, rated A-VIII or better by A.M. Best and Company, Inc. (or similar criteria as Franchisor periodically specifies), unless Franchisor designates specific carriers from which Franchisee must purchase coverage (in which case Franchisee may only purchase from the designated carrier(s)).

11.3 Certificates. Franchisee will deliver copies of certificates of all required insurance to Franchisor within ten (10 days of the following events: (a) at all policy renewal periods, no less often than annually, and (b) at all instances of any change to, addition to, or replacement of any insurance. Each certificate of insurance will include a statement by the insurer that the policy will not be cancelled, not renewal or materially altered without at least thirty (30) days' prior written notice to Franchisor and must contain endorsements by the insurance companies waiving all rights of subrogation against the Franchisor.

11.4 Coverage. All insurance policies Franchisee purchases must name Franchisor, its Affiliates, officers, stockholders, directors and any other party that Franchisor designates as additional named insureds. The procurement and maintenance of such insurance will not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.

11.5 Failure to Procure and Maintain Insurance. If Franchisee fails for any reason to procure and maintain the required insurance coverage, Franchisor has the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case Franchisee must: (a) reimburse Franchisor, within ten (10) days of Franchisor's invoice, for the costs incurred to obtain the required insurance (including any premium amounts paid); and (b) pay Franchisor its then-current administrative fee, as may be reasonably charged by Franchisor as consideration for securing the required insurance on Franchisee's behalf. Notwithstanding the foregoing, failure of the Franchisee to obtain insurance constitutes a material breach of this Agreement entitling the Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in this Agreement.

11.6 Defense of Claims. All liability insurance policies procured and maintained by the Franchisee in connection with the Franchisee's Franchised Business, including the Franchisee's employment practices liability policy, will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against the Franchisee, the Franchisor, and their respective Owners, Designated Managers, officers, directors, shareholders, agents and employees.

11.7 Indemnification. Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend and hold Franchisor, as well as Franchisor's directors, officers, principals/owners, managers, shareholders, Affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "**Indemnitees**"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and

©2022 Diesel Barbershop Franchising, LLC

expenses incident thereto (including reasonable attorneys' fees, accounting, expert and consultant fees, court costs and mediation and arbitration costs and expenses), that are brought against any of the Indemnitees (collectively, the "**Claims**") that arise out of or are otherwise related or connected to Franchisee's (a) breach or attempted breach of, or misrepresentation under, this Agreement, (b) ownership, construction, development, management, or operation of the Franchised Business in any manner, and/or (c) Franchisee's negligence or wrongdoing.

11.8 Defense of Claims. Notwithstanding the foregoing, at Franchisor's option, Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense.

11.9 Survival. These indemnification provisions under this Section and the other obligations contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration, transfer or termination of this Agreement.

12. INDEPENDENT CONTRACTOR

12.1 No Fiduciary Relationship. In all dealings with third parties, including without limitation, employees, suppliers, and customers, Franchisee will disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute the Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever.

12.2 Independent Contractor Relationship. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors, nor vice versa.

13. TRANSFER AND ASSIGNMENT

13.1 By Franchisor. This Agreement is fully assignable and transferable by Franchisor, in whole or in part, and will inure to the benefit of any assignee(s), transferee(s), or other legal successor(s) to its interest herein. Upon such assignment, Franchisor will be relieved of all obligations and liability under this Agreement. Upon consummation of the assignment, Franchisee hereby release and hold harmless Franchisor from any and all future liability under any of the terms, conditions and covenants, express or implied, contained in this Agreement which shall have been assigned. Franchisee agree to look solely to the assignee for performance of Franchisor's obligations hereunder.

13.2 By Franchisee. Franchisee, its Operating Principal and its Owners acknowledge that the rights and duties under this Agreement are personal to Franchisee, its Operating Principal and its Owners and that Franchisor granted the rights under this Agreement to Franchisee, its Operating Principal and its Owners in reliance upon the individual or collective character, skill aptitude, attitude, business ability, experience and financial capacity of Franchisee, its Operating Principal and its Owners. Accordingly, Franchisee will not Transfer the Franchised Business, Franchisee or any of Franchisee's assets used in connection with the Franchised Business, the Franchise Agreement, any direct or indirect Ownership and. Interest in the Franchised Business or encumber Franchisee's interest in this Agreement or the Franchised Business without Franchisor's prior written consent, which may be granted in Franchisor's sole discretion and which will not unreasonably be withheld, if you meet Franchisor's conditions. Any Transfer without

©2022 Diesel Barbershop Franchising, LLC

such approval shall constitute a breach of this Agreement, shall be void and convey no rights to or interest in this Agreement, the Franchised Business, or any direct or indirect Ownership Interest in the Franchised Business, Franchisee or in Franchisee's assets.

13.3 Definition of Transfer. For purposes of this Agreement, a "**Transfer**" means and includes any voluntary or involuntary, direct or indirect, assignment, sale, pledge, gift conveyance, encumbrance, transfer, or other disposition of an interest, including without limitation (a) any capital stock, partnership interest, membership interest or other Ownership Interest in Franchisee; (b) merger or consolidation of Franchisee; (c) in bankruptcy or otherwise by operation of law or by court order; (d) any change of control or management of the Franchised Business or any increase in the number of outstanding shares or membership interests, which results in a change of ownership; (e) any assignment, sublease or transfer of Franchisee's interest in the Lease; or (f) any change of control or management of any Major Assets used in the Franchised Business.

13.4 Conditions for Approval. In addition to any other conditions in this Agreement, Franchisor may condition Franchisor's approval of any proposed Transfer by Franchisee upon satisfaction of the following conditions:

(a) All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's Affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

(b) Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's Affiliates, Franchisor's Designated Suppliers, designated suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

(c) If the transferee(s), its owners or Affiliates are a party to any agreement with Franchisor or its Affiliates, they must be in full compliance with any such agreement;

(d) Franchisee and Franchisee's Owners, Guarantors, Operating Principal and Affiliates (if Franchisee is an Entity), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's Affiliates), must execute a general release in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's Affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities;

(e) Franchisee or transferee will provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;

(f) The transferee will demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the Franchised Business to be transferred; and has adequate financial resources and capital to meet the performance obligations under the Franchise Agreement between the transferee and the Franchisor; however, transferee will not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of Franchisor;

(g) The transferee completes and passes Franchisor's application and background check process;

©2022 Diesel Barbershop Franchising, LLC

(h) The transferee will execute Franchisor's then-current franchise agreement (which may contain materially different terms than this Agreement) that will govern transferee's operation of the Franchised Business;

(i) The transferee and its Operating Principal and Owners will sign Franchisor's then current Personal Guaranty and Confidentiality and Non-Competition Agreement;

(j) Franchisee will pay Franchisor the Transfer Fee set out in **Section 4.2(e)**;

(k) The transferee, its Operating Principal and its Designated Manager will satisfactorily complete Franchisor's Initial Training Program at the transferee's expense within the time frame Franchisor sets forth, and the transferee will be responsible for all costs and expenses associated with attending the Initial Training Program. Franchisor may charge a training fee for transferee, its Operating Principal and its Designated Manager to attend the Initial Training Program;

(l) Franchisee (and Franchisee's principals/guarantors if Franchisee is a partnership, corporation or limited liability company) must comply with the post-termination provisions of this Agreement;

(m) The transferee must demonstrate that is has obtained or maintained, within the time limits set by Franchisor, all permits and licenses required for the continued operation of the Franchised Business;

(n) To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

(o) The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

(p) The transferee must have all required licenses and permits necessary to operate the Franchised Business;

(q) The purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;

(r) Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor will not be liable for any representations not included in the disclosure document;

(s) Franchisor will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchised Business as Franchisee has supplied Franchisor hereunder; and

(t) the Transferee has purchased or leased the Premises for a term consistent with the remaining Initial Term of this Agreement or, if applicable, the Initial Term of the then-current standard Franchise Agreement.

©2022 Diesel Barbershop Franchising, LLC

Franchisor's approval of a Transfer will not operate as a release of any liability of the Franchisee, its Owners or its Guarantors nor will such approval constitute a waiver of any claims Franchisor may have against the Franchisee, its Owners or Guarantors.

13.5 Assignment to a Legal Entity. Franchisor agrees that Franchisee will not be required to pay any Transfer Fee and such assignment will not be subject to Franchisor's right of first refusal in **Section 13.8** in the event: (a) Franchisee Transfers its rights under this Agreement to a newly-established legal business Entity that Franchisee is, and at all times remains, the Owner of 51% or more of the outstanding shares of the Entity (if it is a corporation) or the controlling interest in the Entity (if it is an limited liability company); (b) the Entity is established solely for purposes of operating the Franchised Business under the Franchise Agreement; (c) the Entity agrees in writing to assume all of Franchisee's obligations hereunder; and (d) all stockholders, members, Owners and managers of the Entity execute the Personal Guaranty attached to this Agreement as **Exhibit B** and the Confidentiality and Non-Competition Agreement attached to this Agreement as **Exhibit C**. Franchisee may also Transfer its interest to an Entity in accordance with this **Section 13.5** if Franchisee is required to encumber certain assets of the Franchised Business (or subordinate Franchisor's security interest thereto) in order to receive SBA or other traditional bank financing, provided Franchisor otherwise approves of the Transfer.

13.6 Prohibition on Transfer to Competitor by the Franchisee and Owners. The Franchisee and the Owners will not Transfer this Agreement or their Ownership Interests in the Franchisee, the Franchise Agreement or the Franchised Business to any person or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any Competitive Business. If the Franchisor refuses to permit a Transfer of this Agreement under this provision, then the only remedy of the Franchisee and the Owners will be to have an arbitrator determine whether the proposed transferee owns or operates a Competitive Business. The Franchisee acknowledges and agrees that the Franchisee will be solely responsible for all costs and fees charged by such arbitrator.

13.7 Death or Disability.

(a) Transfer. In the event of Franchisee's, its Operating Principal, Owners or Guarantor(s) death, permanent disability, appointment of a conservator or guardian or incapacitation, Franchisee's, its Operating Principal, Owners or Guarantor(s) (as the case may be) legal representative, estate, executor, administrator, conservator or other personal representative (as the case may be), will have the right to Transfer the Franchised Business to a third party approved by Franchisor within ninety (90) days from the date of death, permanent disability, appointment of a conservator or guardian or incapacitation (the "**90 Day Period**"). If the heirs or beneficiaries of any such person are unable to meet the conditions set out in **Section 13.4**, the legal representative, estate, executor, administrator, conservator or other personal representative (as the case may be) will have the 90 Day Period to dispose of Franchisee's, its Operating Principal, Owners or Guarantor(s) interest in the Franchised Business, subject to the conditions in **Section 13.4**. Failure to so dispose of such interest within the 90 Day Period will constitute a breach of this Agreement. Within fifteen (15) days after the date of Franchisee's, its Operating Principal, Owners or Guarantor(s) death, permanent disability, appointment of a conservator or guardian or incapacitation, the estate, executor, administrator, conservator, legal representative, or other personal representative will appoint an interim manager, who has been pre-approved by Franchisor, to operate the Franchised Business until the rights to own the Franchised Business have been assigned within the 90 Day Period. If the estate, executor, administrator, conservator, legal representative, or other personal representative fails to appoint an interim manager within fifteen (15) days, Franchisor may appoint one as set forth in **Section 13.7(b).**

©2022 Diesel Barbershop Franchising, LLC

(b) Operation of the Franchised Business. Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any Franchisee, during or after the 90 Day Period. In the event of Franchisee's, its Operating Principal, Owners or Guarantor(s) death, permanent disability, appointment of a conservator or guardian, incapacitation or absence Franchisor may (but is not required to) appoint an interim manager to operate the Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines in Franchisor's sole discretion. Franchisor may also pay itself a reasonable amount to reimburse Franchisor for Franchisor's or the appointed interim manager's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's. its Operating Principal's, Owners' or Guarantor(s) estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business under this **Section 13.7(b)**.

(c) Franchisor will not collect any Transfer Fee if there is a transfer under this **Section 13.7(b)** to an immediate family member of the Franchisee that Franchisor approves pursuant to **Section 13.4**; provided that, the Franchisee will pay the Franchisor $1,000 prior to the Transfer for legal expenses incurred by Franchisor to prepare transfer documents to the immediate family member.

13.8 Right of First Refusal.

(a) Notice. The Franchisee will not Transfer, including in accordance with **Section 13.8** or otherwise dispose of any interest in the Franchised Business or any interest in Franchisee to any purchaser without first offering the same to the Franchisor in a written offer that contains the purchase price, payment terms, and all other material terms and conditions of the proposed transaction with the third party, including price and payment terms (the "**Franchisee's Offer**"). The Franchisor will have thirty (30) days after receipt of the Franchisee's Offer to give the Franchisee written notice of the Franchisor's desire to either waive its option to purchase (the "**Waiver Notice**") or its intention to exercise its rights to purchase or acquire the interest in the Franchised Business or any interest in Franchisee according to the terms contained in the Franchisee's Offer (the "**Notice of Intent to Purchase**"). Franchisee is responsible for paying all of the debts of the Franchised Business; however, Franchisor may, at closing, pay any of Franchisee's trade creditors out of the purchase price, and set off against the purchase price any of Franchisee's unpaid debts to Franchisor.

(b) Failure to Exercise Right of First Refusal. If Franchisor elects not to accept the offer within a thirty (30) day period after receiving written notice of the Franchisee's Offer, then Franchisee will have a period not to exceed sixty (60) days to complete the Transfer described in the Franchisee's Offer subject to **Section 13.4** of this Agreement.

(c) Due Diligence Review. If the Franchisor provides the Franchisee with a Notice of Intent to Purchase within thirty (30) days after receipt of the Franchisee's Offer, then the Franchisor will have ninety (90) days after the date the Notice of Intent to Purchase is received by the Franchisee (the "**Notice Date**") to conduct a "due diligence" review. The Franchisee will promptly provide the Franchisor with all financial records and other information requested by the Franchisor or its representatives to conduct its due diligence review. The Franchisor will have the absolute and

©2022 Diesel Barbershop Franchising, LLC

unconditional right to terminate the Notice of Intent to Purchase and any obligation to purchase the Franchised Business or interest in Franchisee from the Franchisee for any reason and at any time during the ninety (90)-day due diligence review period by giving the Franchisee written notice.

(d) Good Faith Negotiations. Unless the Franchisor terminates its Notice of Intent to Purchase as provided in **Section 13.7(c)** the Franchisee and the Franchisor will act in good faith to agree on the terms and conditions of the definitive agreement or agreements for the purchase of the Franchised Business or interest in Franchisee (other than those objective terms and conditions contained in the Franchisee's Offer) and the closing date for the sale of the Franchised Business or interest in the Franchisee will take place within one hundred twenty (120) days after the Notice Date.

(e) Ongoing Right. If the sale to such transferee that is the subject of the Franchisee's Offer is not completed within one hundred twenty (120) days after delivery of such offer to Franchisor or if there is a material change in the terms of the sale, Franchisor will again have the right of first refusal herein provided.

13.9 No Waiver. Franchisor's consent to a Transfer as provided in this **Section 13** will not constitute a waiver of any claims it may has against Franchisee, Franchisee's Owners, Guarantors, or Operating Principal nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms or conditions of this Agreement.

13.10 Bankruptcy Issues. If the Franchisee or any person or Entity holding any Ownership Interests (direct or indirect) in the Franchisee becomes 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 the Franchisee's obligations and/or rights hereunder, any material assets of the Franchisee, or any indirect or direct interest in the Franchisee will be subject to all of the provisions of this **Section 13**.

14. COVENANTS

14.1 Confidential Information and Trade Secrets.

(a) Definition. Franchisee agrees that all operations information and materials, whether technical or non-technical; data bases, development, related information; documents, papers, notes, the Manuals and the System; work product containing or derived from the proprietary information or from the knowledge of, or in connection with, the operation of the Franchised Business, the Manuals or the System; the terms of this Agreement; information and materials related to the architectural plans, design, layout, equipping, build-out and/or construction of a Franchised Business; methodology, protocol and System standards/specifications for the promotion, offer and sale of any Approved Product or Service, including Franchisor's policies regarding Gift Cards; information related to Franchisor's relationship with existing or prospective Designated Suppliers or other third-party vendors (whether or not Franchisee is required to use such vendors); the reservations system, as well as Computer System and related software generally, that has been customized in any manner for use by Franchisor and/or a Franchised Business; marketing and advertising materials, as well as any other items that display the Proprietary Marks in any manner, as well as Franchisor's designated marketing/advertising/promotional campaigns; and any passwords, logins or other keys necessary to access Franchisee's POS System, reservation system, Computer System or related software used in connection with the Franchised Business; all information and data Franchisee collects regarding the customers and clientele of the Franchised Business; any other information that may be imparted to Franchisee from time to time and designated by Franchisor or its Affiliate as confidential; and all of Franchisor's and its Affiliates

©2022 Diesel Barbershop Franchising, LLC

proprietary information (in any form) will constitute Franchisor's confidential information and trade secrets (the "**Confidential Information**" and "**Trade Secrets**").

(b) Ownership of Confidential Information and Trade Secrets. Franchisee acknowledges that Confidential Information and Trade Secrets are the unique and exclusive property and trade secrets of Franchisor and/or Franchisor's Affiliates. Franchisee further acknowledges that Franchisor and/or its Affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that Franchisor and/or its Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets. The Franchisor and the Franchisee expressly understand and agree that the Franchisor will be disclosing and providing the Franchisee and its employees, Owners, Designated Managers, Operating Principal and agents with Confidential Information and Trade Secrets. Any additions, changes, modifications and/or improvements made to any of the Franchisor's Confidential Information or Trade Secrets (the "**Work Products**") by the Franchisee or its existing and future Owners, Designated Managers, Operating Principals, Guarantors, employees and agents will be the sole and exclusive property of the Franchisor. Franchisee will, from time to time as may be requested by Franchisor, do all things that may be necessary to establish or document Franchisor's ownership of any such Work Product, including without limitation, the execution of assignments.

(c) Wrongful Use. Franchisee acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to Franchisor and/or its Affiliates. Therefore, the Franchisee, and the Restricted Persons set out in **Section 14.3** will not, during the Initial Term of this Agreement, any Interim Period and any period thereafter, reveal, directly or indirectly communicate, sell, use, employ, copy, reverse engineer, imitate, lecture upon, rewrite, reproduce, disseminate, publish, disclose, or divulge any Confidential Information and Trade Secrets of the Franchisor, or any abstracts thereof, to any person or entity except as expressly authorized by this Agreement or by the Franchisor in writing. The Franchisee will only disclose or provide the Franchisor's Confidential Information and Trade Secrets to its employees, Designated Managers, Operating Principal, Guarantors and agents who must have access to it to properly execute their job functions and to operate the Franchisee's Franchised Business.

(d) Required Action. Franchisee will at all times treat the Confidential Information and Trade Secrets as confidential and will use all reasonable efforts to keep such information secret and confidential, including without limitation, all logins/passwords/keys necessary to access any component of the Computer System or related software used in connection with the Franchised Business. Franchisee will adopt and implement all reasonable procedures as Franchisor may prescribe from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information and Trade Secrets.

(e) Information Not Proprietary. Confidential Information will not include information that:

(i) Becomes publicly known through no wrongful act of Franchisee or Restricted Persons; or

(ii) Is known by Franchisee or Restricted Persons without any confidential restriction at the time of the receipt of such information from Franchisor or becomes

©2022 Diesel Barbershop Franchising, LLC

rightfully known to them without confidential restriction from a source other than Franchisor.

14.2 Non-Competition.

(a) Definition of Competitive Activity. "Competitive Activity" means

(i) Offering products and services that are the same as, similar to or competitive with the Franchised Business;

(ii) Offering or providing haircutting, hair-coloring, barbering or the other types of haircare services;

(iii) Operating a business that employs or incorporates one or more distinctive elements of the System;

(iv) Providing services of the type provided by Franchisor and/or its Affiliates where those services are provided in relation to businesses of the type described in **Section 14.2(a)(i)** or **Section 14.2(a)(ii)**;

(v) Ownership, whether directly or indirectly, and whether beneficially or of record of any capital stock, partnership interest, membership interest or any other interest in a business or entity that engages in the activities described in **Section 14.2(a)(i)** or **Section 14.2(a)(ii)**;

(vi) Participation, either directly or indirectly, in the management or operation of a business as a partner, investor, shareholder, owner, director, officer, employee, principal, agent, advisor, manager, joint venture, franchisee, licensee, contractor or consultant or in any other capacity of any entity, business or person that engages in the activities described in **Section 14.2(a)(i)** or **Section 14.2(a)(ii)**;

(vii) Franchise, license, conduct or be connected with or assist any person, entity or business to franchise, license, conduct or be connected with the activities described in **Section 14.2(a)(i)** or **Section 14.2(a)(ii)**;

(viii) Lend money or extend credit to, lease or sublease space to, a business, person or Entity that that engages in the activities described in **Section 14.2(a)(i)** or **Section 14.2(a)(ii)**; and

(ix) Divert or attempt to divert, directly or indirectly, any business related to, or any customer or account of, Franchisee's Franchised Business, Franchisor, Affiliates, any Other Business operated by Franchisor its franchisees, licensees or Affiliates, or any other business then being offered or operated by Franchisor or its Affiliate(s) in the Designated Territory or contact any of Franchisor's suppliers or vendors for any competitive business purpose.

(b) In Term Covenant Not to Compete. Franchisee acknowledges that Franchisor will be unable to protect the System, Confidential Information, Trade Secrets, Manuals, Franchisor's proprietary materials and other confidential and proprietary elements of the Franchised Business and achieve an exchange of ideas with Franchisee if Franchisee or the Restricted Persons set out in **Section 14.3** were permitted to hold competitive interests or engage in Competitive Activities.

©2022 Diesel Barbershop Franchising, LLC

Therefore, during the Initial Term and any Interim Period, Franchisee and the Restricted Persons agree not to, directly or indirectly, engage in Competitive Activities anywhere other than as expressly authorized in writing by Franchisor. Franchise acknowledges that a violation of this **Section 14.2(b)** would constitute an unfair method of competition and would hinder Franchisee's ability to devote sufficient time to the Franchised Business.

(c) Post Term Covenant Not to Compete. For a period of two (2) years after the later of (i) the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause; or (ii) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, Franchisee and the Restricted Persons will not engage in any Competitive Activities within:

(x) the Premises;

(xi) the Designated Territory; or

(xii) a twenty (20) mile radius of the Designated Territory;

(xiii) a twenty (20) mile radius of any other DIESEL BARBERSHOP business (whether owned by a franchisee, licensee, Franchisor or its Affiliate) that is open, under lease or otherwise under development as of the date that is the later of (i) the expiration and nonrenewal, transfer or termination of this Agreement; or (ii) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant; or

(xiv) if Franchisee signs a Development Agreement, the DMA set out in Exhibit A of the Development Agreement.

14.3 Parties Subject to Restrictions. The covenants, restrictions and obligations set out in this **Section 14** apply to (a) Franchisee, its Owners and Operating Principal; (b) Designated Managers; (c) if Franchisee is an Entity, Franchisee's managers, officers, members, trustees, beneficiaries, directors, partners, shareholders, non-managing parties; (d) Franchisee's employees, agents and independent contractors who have access to the Confidential Information and/or Trade Secrets; (e) Franchisee's Guarantors; and (f) Franchisee's spouse, domestic partner and family members who have access to the Confidential Information and/or Trade Secrets (collectively, "**Restricted Persons**").

14.4 Ownership of Public Companies. Competitive Activity does not include: (a) any business operated by Franchisee under a Franchise Agreement with Franchisor; or (b) any business operated by a publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest.

14.5 Confidentiality and Non-Competition Agreement. Franchisee must ensure and require that all Restricted Persons execute Franchisor's prescribed form of confidentiality and non-competition agreement that will be in substantially the same form attached to this Agreement as **Exhibits E-1** and **E-2** (the "**Confidentiality and Non-Competition Agreement**"). Franchisee must obtain a signed copy of the Confidentiality and Non-Competition Agreement from any such person prior to, or at the same time, that person becomes a Restricted Person. Franchisee must provide Franchisor with a copy of each signed Confidentiality and Non-Competition Agreement within ten (10) days of Franchisor's request. Franchisee will be responsible for (a) ensuring that each Restricted Person required to execute a Confidentiality and Non-Competition Agreement does so; (b) enforcing such Confidentiality and Non-Competition Agreements, and (c) paying for the legal fees, costs, and expenses associated with such enforcement. The Franchisor has the right to regulate the form of Confidentiality and Non-Competition Agreements to be

©2022 Diesel Barbershop Franchising, LLC

executed and to be a third-party beneficiary of or a party to such agreement with independent enforcement rights.

14.6 Acknowledgements. The Franchisee and the Restricted Persons expressly acknowledge and agree to the following:

(a) the time and geographical limitations set forth in **Sections 14.2(b)** and **14.2(c)** are reasonable and necessary to protect the Franchisor and its other franchisees and developers;

(b) the covenants in this **Section 14** are necessary to give the Franchisor the opportunity to resell and/or develop a new Franchised Business at or in the area near the Premises;

(c) Franchisee will receive specialized training, marketing and advertising plans, business strategies, Confidential Information and Trade Secrets from the Franchisor pertaining to the System and the operation of the Franchised Business;

(d) Franchisee and Franchisee's Franchised Business will, during the franchise relationship, become identified with the goodwill associated with the Proprietary Marks;

(e) Franchisee and the Restricted Persons will be able to earn a livelihood without violating the foregoing restrictions;

(f) Franchisee and the Restricted Persons entire knowledge of the operation of the Franchised Business, the System and the concepts and methods of promotion franchised hereunder that Franchisee now or will obtain is derived from Franchisor's and/or its Affiliates Confidential Information and Trade Secrets; and

(g) Communication among Franchisee, its Operating Principal, Owners, Designated Managers, Franchisor, its Affiliates and Franchisor's other franchisees and licensees will be chilled if it is perceived that Franchisee and the Restricted Persons are violating this **Section 14**.

14.7 Injunctive Relief. The Franchisee and the Restricted Persons agree that the provisions of this **Section 14** are necessary to protect the legitimate business interest of the Franchisor, its Affiliates and its franchisees and developers including, without limitation, preventing the unauthorized dissemination of Confidential Information and Trade Secrets to competitors of the Franchisor, protecting the integrity of the System, preventing duplication of the System by unauthorized third parties, preventing damage to and/or loss of goodwill associated with the Proprietary Marks and protecting the Franchisor's and its Affiliates intellectual property rights. The Franchisee and the Restricted Persons also agree that damages alone cannot adequately compensate the Franchisor if there is a breach of this **Section 14** by the Franchisee or the Restricted Persons, and that injunctive relief against the Franchisee is essential for the protection of the Franchisor and its franchisees and developers. The Franchisee and the Restricted Persons agree therefore, that if the Franchisor alleges that the Franchisee or the Restricted Persons have breached this **Section 14** then the Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against the Franchisee Restricted Persons, in addition to all other remedies that may be available to the Franchisor. The Franchisor will not be required to post a bond or other security for any injunctive proceeding. If the Franchisor is granted ex parte injunctive relief against the Franchisee or the Restricted Persons, then the Franchisee or the Restricted Persons will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

14.8 Tolling. Franchisee further acknowledges and agrees that the time limitation on the restrictive covenants set forth in **Section 14.2(c)** will be tolled during any default under this **Section 14.**

©2022 Diesel Barbershop Franchising, LLC

14.9 Severability. Franchisor has attempted to limit the right to compete only to the extent necessary to protect Franchisor's legitimate business interests. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant in this Agreement is in any way disputed at any time, a court may modify and enforce the covenant to the extent that the court believes to be reasonable under the circumstances existing at the time. In addition, Franchisor reserves the right to reduce the scope of said provision without Franchisee consent, at any time or times, effective immediately upon notice to Franchisee. Each of the foregoing covenants is to be construed as severable and independent and is intended to protect Franchisor, its Affiliates, and their successors and assigns and may be enforced by any of them.

14.10 Independent Obligations. The obligations set out in this **Section 14** are independent of any obligation of Franchisor under this Agreement. Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor's enforcement of the covenants contained in this **Section 14**. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this **Section 14.**

15. DEFAULT, SUSPENSION AND TERMINATION

15.1 Remedies. If Franchisee meets the conditions set out in **Sections 15.2** or **15.3** or are in default of any provision of this Agreement ("**Default(s)**"), Franchisor has the right, at its sole option, without prejudice to any other rights or remedies it may have, to (a) suspend performance of certain or all of its services to Franchisee during the time period Franchisee are in Default of this Agreement; (b) suspend Franchisee's right to use the System; (c) terminate this Agreement and all rights granted to Franchisee hereunder (subject to the provisions of applicable law governing franchise termination and renewal); (d) suspend the Website; (e) suspend access to the Computer System; (f) charge a fee for late or non-submittals of reports; and/or (g) exercise any rights it may have under this Agreement, at law or in equity. Franchisee agrees and acknowledges that the Defaults, or failure to cure such Defaults within the appropriate time period prescribed below (if any), will constitute "good cause" and "reasonable cause" for Franchisor to exercise the remedies described in this **Section 15.1** and under any state franchise laws or regulations that might apply to the operation of the Franchised Business.

15.2 No Opportunity to Cure. Notwithstanding anything contained herein to the contrary if, as applicable law permits, any of the following conditions are met Franchisor will be permitted to exercise its remedies described in **Section 15.1** (without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity) immediately upon the Franchisor's date of notice to Franchisee:

(a) The Franchisee, its Operating Principal, Owner(s) or Guarantor(s) become insolvent or makes a general assignment for the benefit of creditors, unless otherwise prohibited by law;

(b) A petition in bankruptcy is filed by Franchisee, its Operating Principal, Owner(s) or Guarantor(s) or such a petition is filed against and consented to by Franchisee and not dismissed within thirty (30) days;

(c) A bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian in connection with the Franchisee or Franchised Business (or assets of the Franchised Business) is filed and consented to by Franchisee;

(d) A receiver or other custodian (permanent or temporary) of Franchisee's, its Operating Principal, Owner(s) or Guarantor(s) assets or property, or any part thereof, is appointed;

©2022 Diesel Barbershop Franchising, LLC

(e) A final judgment in excess of Ten Thousand Dollars ($10,000.00) against Franchisee remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Franchisor may provide Franchisee with additional time to satisfy the judgment if Franchisee demonstrates that it is using commercially reasonable efforts to resolve the issues related to the judgment;

(f) The Franchisee violates or attempts to violate the assignment or transfer provisions set out in **Section 13**;

(g) Conviction of a felony or any other criminal misconduct that adversely affects the operation, maintenance, reputation, or goodwill of Franchisee's Franchised Business, the System, Proprietary Marks, Franchisor, its Affiliates or other franchisees or licensees;

(h) Fraudulent activity that, in the sole opinion of Franchisor adversely affects the operation, maintenance, reputation, or goodwill of Franchisee's Franchised Business, the System, Franchisor, its Affiliates or other franchisees or licensees;

(i) Misrepresent information that Franchisee are required to report to Franchisor in connection with this Agreement or in Franchisee's application to become a franchisee;

(j) Franchisee, its Operating Principal, Owners or Guarantor(s)s commit any fraud or misrepresentation in the establishment or operation of the Franchised Business, including without limitation, any misrepresentation made in Franchisee's franchise application;

(k) Engage in conduct which, in the sole opinion of Franchisor, reflects unfavorably upon the operation, maintenance, goodwill, and/or reputation of Franchisee's Franchised Business, other franchisees, licensees, the System, Franchisor or its Affiliates;

(l) Abandon the Franchised Business or fail to actively operate the Franchised Business. Abandonment shall be determined by Franchisor and may include, without limitation, (i) failure to provide Services and Products at the Franchised Business; (ii) failure to actively operate the Franchised Business for more than five (5) business days without Franchisor's prior written consent; (iii) activity by Franchisee, in Franchisor's determination, that indicates an intent to discontinue operation of the Franchised Business; or (iv) failing to respond to Franchisor's efforts to communicate with Franchisee;

(m) Failure to pay any sums due by Franchisee to Franchisor or any of Franchisor's Affiliates, suppliers, distributors or manufacturers if such failure continues for seven (7) days after such sums are due and payable;

(n) Failure to pay any amounts due to Franchisor by their specified due dates two (2) or more times within a twelve (12) -month period whether or not such failures or refusals are cured after notice;

(o) Three or more failures or refusals to comply with the provisions of this Agreement within a twelve (12)-month period whether or not such failures or refusals are for the same matter or are cured after notice;

(p) If Franchisee, Operating Principal or Designated Manager fail to attend and complete the Initial Training Program within the time period prescribed in this Agreement.

©2022 Diesel Barbershop Franchising, LLC

(q) Franchisee diverts, conceals or fails to report, or attempts to divert, conceal or fail to report Gross Sales;

(r) Franchisee or the Required Persons engage in Competitive Activity;

(s) Challenging or attempting to register, patent, trademark or copyright any of the System, Trademarks, Confidential Information, Trade Secrets, Manuals or other proprietary information provided to Franchisee by Franchisor, its Affiliates or on behalf of Franchisor or its Affiliates;

(t) Misusing the System, Trademarks, Confidential Information, Trade Secrets, Manuals, Website or other proprietary materials provided by Franchisor, its Affiliates or on behalf of Franchisor or its Affiliates and not remedying or causing to be remedied such misuse within ten (10) days after Franchisee become aware or reasonably should have become aware of such misuse;

(u) Intentionally or negligently disclosing to any unauthorized person the contents of or any part of the Manuals, System, Confidential Information, Trade Secrets or other proprietary information provided to Franchisee by Franchisor, its Affiliates or on behalf of Franchisor or its Affiliates;

(v) Any misrepresentation under **Section 1**, this Agreement or any violation of Anti-Terrorism Laws;

(w) Franchisee creates a sub-franchise of any kind under applicable law; or

(x) Franchisee loses its right to possess and control the Premises to operate the Franchised Business at any time during the Initial Term of this Agreement (except in cases casualty event and cases where Franchisor has previously approved Franchisee's relocation request and Franchisee timely relocates); or

(y) Commission of a Default that is by its nature not curable.

15.3 Termination upon Notice. If any of the following conditions are met, Franchisor will have the right to exercise its remedies described in **Section 15.1** after giving Franchisee thirty (30) days prior written notice. Franchisee will have an opportunity to cure the condition during the thirty (30) day period commencing on the date of such written notice. Notwithstanding the foregoing, Franchisee may receive a shorter or longer period to cure such condition if required or permitted by applicable law or otherwise stated in this Agreement:

(a) Failure to perform all of the lawful terms, conditions, and obligations contained in this Agreement or the Manuals or any other agreement that Franchisee, Operating Principal, Owner(s), Guarantor(s), Affiliates, officers or directors have with Franchisor or its Affiliates;

(b) If Franchisee or any of Franchisee's principals default on any other agreement with Franchisor or any affiliate or Designated Supplier of Franchisor, and such default is not cured within the prescribed time period set forth in that other agreement;

(c) If Franchisee defaults under the lease for the Premises and does not cure within the prescribed period of time thereunder,

©2022 Diesel Barbershop Franchising, LLC

(d) If Franchisee fails to open and commence operations of the Franchised Business on or before the Required Opening Date;

(e) If Franchisee fails to cure any of the following violations under this Agreement within ten (10) days of being notified by Franchisor: (i) failure to offer only those Approved Products and Services that Franchisor authorizes at the Franchised Business; (ii) any purchase of any non-approved items, products or service for use in connection with the Franchised Business; (iii) failure to purchase any Required Item that Franchisor designates as necessary for the establishment or operation of the Franchised Business from the appropriate Designated Supplier(s) that Franchisor designates;

(f) If Franchisee fails to provide Franchisor with access, or otherwise blocks Franchisor's access, to Franchisee's POS system, Computer System or registers located at the Franchised Business as required under this Agreement, and fails to remedy this default within twenty-four (24) hours of being notified by Franchisor;

(g) If Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;

(h) If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to obtain any other licenses, certificates, permits or approvals necessary to operate the Franchised Business at the Premises;

(i) If there are insufficient funds in Franchisee's EFT Account to cover a check or EFT payment due to Franchisor or its Affiliates under this Agreement three (3) or more times within any twelve (12) month period;

(j) If Franchisee fails to provide Franchisor with the reports and other financial information as required under this Agreement or as set forth in the Manuals;

(k) If Franchisee fails to pay Franchisee lawful debts and taxes when due, provided that, Franchisee will not be in Default hereunder during the period that Franchisee may reasonably contest such debt or taxes;

(l) If Franchisee fails, refuses or neglects to obtain the Franchisor's prior written approval or consent as required by this Agreement; or

(m) If Franchisee commits repeated violations of any health, zoning, sanitation, or other regulatory law, standard, or practice; operates the business in a manner that presents a health or safety hazard to its employees or customers; or if Franchisee loses its approval from any city, state, or other regulatory agency to operate a business that provides hair care services, including haircutting, coloring and barbering services.

15.4 Franchisee Termination. A termination of this Agreement by Franchisee or any action by Franchisee to convert its Franchised Business to another business in violation of this Agreement will be deemed to be a termination without cause and a breach hereof, by Franchisee and (a) such actions will not relieve Franchisee of, or release Franchisee from, any of its obligations under this Agreement; (b) Franchisee's obligations under this Agreement will remain in full force and effect; and (c) Franchisee will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

©2022 Diesel Barbershop Franchising, LLC

15.5 Cross Defaults. If Franchisee, Franchisee's Owner(s), Guarantor(s) or any partnership, joint venture, limited liability company, corporation or other entity in which Franchisee or its Owner(s), Guarantor(s) has a controlling equity interest, are a franchisee pursuant to another franchise agreement with Franchisor, a Default under this Agreement will constitute a Default under such other franchise agreement and vice versa, with like remedies available to Franchisor. Should such other franchise agreement cease to be valid, binding and in full force and effect for any reason then Franchisor, may, at its option terminate this Agreement and likewise should this Agreement cease to be valid binding and in full force and effect for any, reason, Franchisor, may at its option terminate the other franchise agreement. In the event that there is more than one franchisee, or if the franchisee should consist of more than one legal entity, the franchisee's liability hereunder will be both joint and several.

15.6 Step-In Rights. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, if this Agreement is subject to termination due to Franchisee's failure to cure any Default within the applicable time period (if any) set out in **Section 15.3**, then Franchisor has the right, but not the obligations, to enter the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time that Franchisor determines, in its reasonable discretion, that the Default(s) at issue have been cured and that Franchisee is otherwise in compliance with the terms of this Agreement. In the event Franchisor exercises these "step-in rights," Franchisee must (a) pay Franchisor a management fee amounting to six percent (6%) of the Gross Sales of the Franchised Business during the time period that Franchisor's representatives are operating the Franchised Business, and (b) reimburse Franchisor for all reasonable costs and overhead that Franchisor incurs in connection with its operation of the Franchised Business, including without limitation, costs of personnel supervising and staffing the Franchised Business and any travel, lodging and meal expenses. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee must indemnify, defend and hold Franchisor (and its representatives and employees) harmless from and against any Claims that may arise out of Franchisor's operation of the Franchised Business.

15.7 Continuing Obligations. If this Agreement is terminated by the Franchisee or because of a default by the Franchisee, the Franchisee will not be released or discharged from its obligations, including payment of all Fees then due and other amounts which would have become due under this Agreement if the Franchisee had continued the operation of the Franchised Business for the full Initial Term of this Agreement. The Franchisor's remedies will include (but are not limited to) the right to collect the present value of these amounts and to receive the benefit of its bargain with the Franchisee, as well as to accelerate the balances of any promissory notes owed and to receive any other unpaid amounts owed to the Franchisor or any Affiliates of the Franchisor. The Franchisee acknowledges and agrees that it would be commercially unreasonable and damaging to the integrity of the System if a franchisee or developer could default and then escape the financial consequences of its contractual commitment to meet payment obligations for the term of a franchise agreement. The Franchisee will sign a general release in favor of the Franchisor if the Franchisor chooses to waive its rights to collect any amounts that would have become due if the Franchisee had continued in Franchised Business for the Initial Term of this Agreement.

15.8 Franchisor's Right to Acquire Franchised Business Assets. If this Agreement expires or is terminated by either the Franchisor or the Franchisee for any reason whatsoever or if the Franchisee at any time ceases to do business as a Franchised Business, then the Franchisor will have the right, but not the obligation, to purchase from the Franchisee any or all of the Major Assets.

(a) Written Notice. Within five (5) days after this Agreement expires or is terminated by either party, is wrongfully terminated by the Franchisee, or the Franchisee ceases to do business as a Franchised Business, the Franchisee must give the Franchisor written notice of the Franchisee's asking price for each of the Major Assets.

©2022 Diesel Barbershop Franchising, LLC

(b) Arbitration. If the Franchisee fails to give the Franchisor written notice of the asking price for the Major Assets and/or if the Franchisor and the Franchisee cannot agree on the price of the Major Assets, then either party will have the right to demand that the price of the Major Assets be determined by arbitration conducted in San Antonio, Texas in accordance with the Code of Procedure For Resolving Business-to-Business Disputes of the Forum (www.adrforum.com) ("**Code of Procedure**"). The arbitration hearing will be held as soon as possible, but in no event later than twenty (20) days after the date arbitration is demanded by either party. The arbitrator will not consider any value for goodwill associated with the name "Diesel Barbershop" in determining the fair market value of the Major Assets since the right of purchase granted to the Franchisor pursuant to this provision applies only after this Agreement has expired or been terminated or the Franchisee has ceased doing Franchised Business. The Arbitrator may not include the value of the lease for the Premises if the Franchisor gives the Arbitrator written notice that it intends to exercise its right to assume the Lease under **Section 21** of this Agreement. If the arbitrator is unable to determine the fair market value of any of the Major Assets, then they will be valued at book value as determined by generally accepted accounting principles (cost less depreciation). The Franchisor will have the right, but not the obligation, to purchase any or all of the Major Assets from the Franchisee for cash within thirty (30) days after the fair market value of the Major Assets has been established by the Arbitrator in writing. Nothing in this provision may be construed to prohibit the Franchisor from enforcing the post-term obligations and conditions of this Agreement, including but not limited to, the covenants not to compete contained in **Section 14.2(c).**

15.9 Set Off. Franchisee agrees that Franchisee will not, on grounds of an alleged nonperformance by the Franchisor of any of its obligations or any other reason, withhold payment of any amount due to Franchisor whatsoever or set off amounts owed to Franchisor under this Agreement against any monies owed to Franchisor, which right of set off is hereby expressly waived by Franchisee. The Franchisor will have the right to deduct from amounts payable to the Franchisee by the Franchisor or an Affiliate any Fees or other payments owed to the Franchisor, an Affiliate or a third party. The Franchisor will also have the right to apply the Fees and other payments made to the Franchisor by the Franchisee in such order as the Franchisor may designate from time to time. As to the Franchisee and its Affiliates, the Franchisor will have the right to:

(a) apply any payments received to any past due, current, future or other indebtedness of any kind, no matter how payment is designated by the Franchisee, except that Fund Contributions may only be credited to the Brand Fund;

(b) set off, from any amounts that may be owed by the Franchisor, any amount owed to the Franchisor, the Brand Fund or any other fund or account; and

(c) retain any amounts received for the Franchisee's account (and/or that of any Affiliate of the Franchisee), whether rebates from suppliers or otherwise, as a payment against any Fee owed to the Franchisor.

The Franchisor will have the right to exercise any of the foregoing rights in connection with amounts owed to or from the Franchisor and/or any Affiliate.

15.10 No Waiver. Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which the Franchisor may have against the Franchisee, whether such claims or rights arise before or after termination or expiration.

16. POST-TERM OBLIGATIONS

©2022 Diesel Barbershop Franchising, LLC

16.1 Required Actions. After any termination, expiration, Transfer or cancellation of this Agreement for any reason whatsoever, Franchisee, its Owners, Operating Principal, Guarantor(s) agree, at their sole expense to:

(a) Immediately cease to operate the Franchised Business;

(b) Within five (5) days after the termination, expiration, Transfer or cancellation of this Agreement, pay all outstanding Fees to the Franchisor, its Affiliates, Designated Suppliers;

(c) immediately return to the Franchisor the Manuals, advertising materials and all other printed materials pertaining to the Franchised Business, Confidential Information, Trade Secrets, Proprietary Marks and the System including but not limited to, letterhead, signs, stationery, training materials, forms and invoices and all copies thereof;

(d) immediately notify all callers, including current and prospective customers, requesting information about Franchisee's former Franchised Business that such inquiries should be made to another phone number as specified by Franchisor;

(e) immediately take such action as is necessary to remove all references to Franchisee's Franchised Business, System, Confidential Information, Trade Secrets, URLs that contain the Proprietary Marks or any portion thereof or confusingly similar thereto or other Franchisor's or its Affiliates proprietary information from all telephone listings, listing agencies, websites, social media, email service providers, Internet, answering services, and any other organizations where Franchisee has used the above items;

(f) immediately cease all marketing or advertising which includes any of the Proprietary Marks and cease using any and all items or materials which bear or include any of the Proprietary Marks;

(g) immediately cancel all fictitious or assumed names or equivalent registrations relating to Franchisee's Franchised Business;

(h) within five (5) days of Franchisor's notice, execute additional documentation required by Franchisor to effectuate this **Section 16.1**;

(i) execute the release in a form specified by Franchisor within five (5) days of Franchisor providing such release to Franchisee;

(j) comply with all other applicable provisions of this Agreement, including all other post-term obligations which expressly or by their nature survive the expiration or termination of this Agreement;

(k) provide and assign to Franchisor the then-current and up-to-date customer lists, phone numbers, addresses and email addresses for the Franchised Business; and

(l) alter the Premises in accordance with Section 16.2.

16.2 Alteration of Premises. If this Agreement expires or is terminated for any reason or if the Premises ever ceases to be used for the Franchisee's Franchised Business, then within thirty (30) days after the date of the expiration or termination of this Agreement or the date on which the Premises is no longer used for the Franchisee's Franchised Business (whichever is applicable), the Franchisee will, at its expense,

©2022 Diesel Barbershop Franchising, LLC

alter, modify and change both the exterior and interior appearance of the Premises so that it will be clearly distinguished from the standard appearance of a Franchised Business if required by Franchisor. At a minimum, such changes and modifications to the Premises will include, but not be limited to: (a) repainting and, where applicable, recovering both the exterior and interior walls of the Premises with entirely different colors, including removing any distinctive colors and designs from the walls; (b) removing all furniture, fixtures and other decor items associated with Franchised Businesses and replacing them with other decor items not of the general type and appearance customarily used in Franchised Businesses; (c) removing all exterior and interior Diesel Barbershop signs; and (d) immediately discontinuing use of the approved wall decor items and window decals, and refraining from using any items which may be confusingly similar to those used in Franchised Businesses. Franchisee agrees that Franchisor or a designated agent may enter upon the Premises at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass.

16.3 Prohibited Activity. After any termination, expiration, Transfer or cancellation of this Agreement for any reason whatsoever, Franchisee, its Owners, Operating Principal, Guarantor(s) immediately agree not to:

(a) directly or indirectly represent to the public or identify itself as a current or former franchisee, or any business associated with the Franchisor or the System (unless Franchisor agrees otherwise in writing);

(b) use any of the System, Confidential Information, Trade Secrets, Manuals, Website, Proprietary Marks, Franchisor or its Affiliates proprietary materials or colorable imitation thereof or anything confusingly similar thereto;

(c) not use any indicia of Franchisor or of the Franchised Business in any manner for any purpose;

(d) not, at any time or in any manner, disparage or take any action detrimental or disruptive to Franchisor, its Affiliates, owners, officers, directors, members, or any other Diesel Barbershop franchisees, licensees or their Approved Products or Services; and

(e) not conduct or promote any business under any name or in any manner that might tend to give the general public the impression that the Franchisee is continuing to operate as a Diesel Barbershop franchisee.

16.4 Assignment of Customer Contracts, Telephone/Facsimile Numbers, Social Media and Domain Names. Upon termination or expiration of this Agreement, of if the Franchisor acquires the Franchisee's Franchised Business pursuant to this Agreement, the Franchisor will have the absolute right to notify the telephone company, social media companies, state registration agency, and all listing agencies (collectively, "**Companies**") of the termination or expiration of the Franchisee's right to use all telephone numbers, facsimile numbers, Proprietary Marks, trade names and any classified or other directory listings for the Franchised Business and to authorize the Companies to transfer to the Franchisor or its assignee all telephone numbers, facsimile numbers, social media accounts, trade names pertaining to the Franchised Business or containing the Proprietary Marks and directory listings of the Franchisee's Franchised Business. Franchisee hereby authorizes the Franchisor to direct the Companies to transfer the Franchisee's telephone numbers, facsimile numbers, Proprietary Marks, trade names and directory listings to the Franchisor or to an assignee of the Franchisor if this Agreement expires or is terminated or if the Franchisor acquires the Franchisee's Franchised Business. The Companies may accept this Agreement as evidence of the exclusive rights of the Franchisor to such telephone numbers, facsimile numbers, social media accounts, Proprietary Marks, trade names and directory listings and this Agreement will constitute the authority from

©2022 Diesel Barbershop Franchising, LLC

the Franchisee for the Companies to transfer all such telephone numbers, facsimile numbers, social media accounts, Proprietary Marks, trade names and directory listings to the Franchisor. This Agreement will constitute a release of the Companies by the Franchisee from any and all Claims and Damages that the Franchisee may at any time have the right to allege against them in connection with this **Section 16.4.** The Franchisee will execute the Conditional Assignment of Telephone/Facsimile Numbers, Social Media, Listings and Domain Names attached hereto as **Exhibit F**.

16.5 Survival. The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration, termination or Transfer of this Agreement.

17. WRITTEN APPROVALS; WAIVERS; FORMS OF AGREEMENT; AMENDMENT

17.1 Franchisor's Approval. Whenever this Agreement requires or Franchisee desires to obtain Franchisor's approval, Franchisee will make a timely written request. Unless a different period is specified in this Agreement, Franchisor will respond with its approval or disapproval within fifteen (15) days of receipt of such request. If Franchisor has not specifically approved a request within such fifteen (15) day period, such failure to respond will be deemed as a disapproval of any such request.

17.2 No Waiver. No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof will constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. No waiver or approval by Franchisor of any particular breach or default by Franchisee; no delay, forbearance, or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Franchisor of any payments due hereunder will be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement.

17.3 Terms of Other Franchise Agreements. No warranty or representation is made by the Franchisor that all Diesel Barbershop franchise agreements heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its reasonable business judgment due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other System franchise owners in a non-uniform manner.

17.4 No Disclaimers of Franchise Disclosure Document. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

18. DISPUTE RESOLUTION

18.1 Governing Law. Except as specifically otherwise provided in this **Section 18.1** and **Section 18.10**, all Disputes to be arbitrated by Franchisee and Franchisor pursuant to this Agreement will be governed by the United States Federal Arbitration Act, and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations, or common law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement will be interpreted under the laws of the State of Texas, and any dispute between the Parties will be governed by and determined in accordance with the substantive laws of the State of Texas, which laws will prevail in the event of any conflict of law.

18.2 Dispute Resolution. Franchisee and Franchisor have negotiated regarding a forum and dispute resolution mechanism to resolve any disputes that may arise between Franchisee and Franchisor

©2022 Diesel Barbershop Franchising, LLC

and have agreed to select forums and dispute resolution mechanism in order to promote stability in franchisee relationship with franchisor as provided in this **Section 18.**

(a) Internal Dispute Resolution. Subject to the exclusions set out in **Section 18.10** Franchisor and Franchisee will use best efforts to resolve and settle by direct, private negotiation any Dispute. Both Parties may seek the advice and assistance of legal counsel in connection with any such negotiation.

(b) Mediation. Subject to the exclusions set out in **Section 18.10** if the Parties cannot resolve and settle a dispute by private negotiation within sixty (60) days after a party gives the other written notice that a dispute exists, the Parties mutually agree that before commencing any arbitration proceeding (as provided below), the dispute will first be submitted to non-binding mediation. The mediation shall be conducted under the then current CPR Procedure For Resolution Of Franchise Disputes, except to the extent the CPR Mediation Rules differ from the terms of this Agreement, in which event, the terms of this Agreement shall be applied. Franchisor and Franchisee shall select the mediator from the CPR Panel Of Neutrals (unless the Parties mutually agree to the selection of another mediator). If the Parties cannot agree on the selection of a mediator, CPR shall make the selection. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. Each party agrees to send at least one representative to the mediation conference who has the authority to enter into binding contracts on that party's behalf. The cost of the mediation, including the mediator's fee and expenses, shall be split equally between Franchisor and Franchisee.

(c) Arbitration. If the Parties cannot fully resolve and settle a Dispute through direct mediation within 30 days after the mediation conference concludes, all unresolved issues involved in the Dispute (subject to **Section 18.10**) will be submitted to binding arbitration by the American Arbitration Association ("**AAA**") on demand of either party. But, a notice or request for arbitration will not operate to stay, postpone, or rescind the effectiveness of any demand for performance or notice of termination. The arbitration proceeding will be before one neutral arbitrator with contract experience. Franchisor and Franchisee shall select the arbitrator from a panel provided by the AAA (unless the Parties mutually agree to the selection of another arbitrator). If the Parties cannot agree on the selection of an arbitrator, the arbitrator will be appointed by the AAA in accordance with the current or successor commercial arbitration rules of the AAA. Except as otherwise provided in this Agreement, the arbitration shall be conducted in accordance with the then current or successor commercial arbitration rules of the AAA. The arbitrator will agree to follow and apply the express provisions of this Agreement in determining the arbitration award. The arbitrator will not extend or modify or suspend any of the terms of the Agreement or the reasonable standards of business performance and operation established by Franchisor. The arbitrator shall be bound to apply the applicable law and shall not rule inconsistently with applicable law. Franchisor and Franchisee agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by the federal rules of civil procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. Each party will, upon the written request of the other party, promptly provide the other with copies of documents relevant to the issues raised by any claim or counterclaim on which the producing party may rely in support of or in opposition to any claim or defense. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the arbitrator, which determination shall be conclusive. All discovery shall be completed within sixty (60) days following the appointment of the arbitrator. At the request of a party, the arbitrator shall have the discretion to order examination by deposition of witnesses to the extent the arbitrator deems such additional discovery relevant and appropriate. Depositions shall be limited to a maximum of five (5) per party and shall be held within thirty (30) days of making of a request.

©2022 Diesel Barbershop Franchising, LLC

Additional depositions may be scheduled only with the permission of the arbitrator and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information. Franchisor and Franchisee agree that the arbitration shall be conducted on an individual, not a class-wide basis and that any arbitration proceeding between Franchisor and Franchisee shall not be commenced, consolidated or conducted with any other arbitration proceeding. The arbitrator has no authority to rule on the enforceability of the ban on class-action arbitration. Any ruling by the arbitrator authorizing arbitration to be conducted on a class-wide basis is subject to appeal to a court of competent jurisdiction. The arbitrator will not have the authority to declare any Proprietary Mark generic, descriptive or otherwise invalid. The arbitrator may not consider any settlement discussions or offers that might have been made by Franchisee or Franchisor. The award shall be made within nine (9) months of the filing of the notice of intention to arbitrate, and the arbitrator shall agree to comply with this schedule before accepting appointment. This time limit may be extended by the Parties or arbitrator if necessary. The award shall include findings of fact and conclusions of law. Either party may apply to the court having jurisdiction for an order confirming or enforcing the award. The arbitrator shall have the right to award or include in the award any relief which he/she deems proper in the circumstances consistent with **Section 18**, including money damages (with interest on unpaid amounts from date due), specific performance, injunctive and declaratory relief, and legal fees and costs in accordance with **Section 18.9** hereof, provided that the arbitrator shall not have the authority to award exemplary, punitive or treble damages.

18.3 Forum. The mediation and arbitration proceeding will take place in San Antonio, Texas or the city nearest Franchisor's principal place of business at the time as determined by the mediator or arbitrator, as the case may be, unless the Parties mutually agree to another location.

18.4 Consent to Jurisdiction. Franchisee, its Operating Principal, Owners and Guarantor(s) hereby irrevocably submit to the jurisdiction and venue of the courts in San Antonio, Texas and mediation and arbitration in San Antonio, Texas. Franchisee and its Operating Principal, Owners and Guarantor(s) hereby waive any objection Franchisee and its Operating Principal, Owners and Guarantor(s) might have to the personal jurisdiction of or venue in such courts.

18.5 Prior Relationship. The mediator and arbitrator selected in accordance with **Sections 18.2(b)** and **18.2(c)** will have no prior business or personal relationship with any Parties.

18.6 Definition of Dispute. "Dispute" means disputes, controversies or claims between Franchisor, its Affiliate, shareholders, owners, officers, directors, agents, employees and attorneys (in their respective capacity) and Franchisee and Franchisee's Operating Principal, Owners, Guarantors, Affiliates, officers, directors, agents and employees (collectively, "**Parties**") (a) arising out of or related to this Agreement or any other agreement between the Parties relating to the Franchised Business or the relationship of the Parties hereto; (b) Franchisee's operation of the Franchised Business; or (c) the scope or validity of this Agreement or any other agreement between the Parties relating to the Franchised Business or the relationship of the Parties hereto or any provision thereof (including the validity and scope of the arbitration obligation, which Franchisee and Franchisor acknowledge will be determined by an arbitrator and not a court, unless the arbitrator invalidates the Arbitration provision in its entirety, in which case, wither party has the right to appeal such invalidation to a court of competent jurisdiction).

18.7 Business Judgment. The Parties recognize and any mediator, arbitrator and judge is affirmatively advised, that certain provisions of this Agreement reflect rights of Franchisor and Franchisee to take (or refrain from taking) certain actions in exercise of its business judgment based on its assessment of the long term interests of the franchised System as a whole. Where such discretion has been exercised

©2022 Diesel Barbershop Franchising, LLC

and is supported by the business judgment of Franchisor or Franchisee, a mediator, arbitrator or judge will not substitute his or her judgment for the judgment so exercised by Franchisor or Franchisee.

18.8 Confidentiality. All negotiations and mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the negotiation and mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of applicable rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose

18.9 Costs and Attorneys' Fees. If Franchisor or any of its Affiliates take action to enforce this Agreement or take any action due to Franchisee breach of this Agreement, Franchisee shall reimburse Franchisor and its Affiliates for their costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce or seek relief for a breach of this Agreement. Franchisor reserves the right, but has no obligation, to advance Franchisee share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with this **Section 18.9**. If either Party commences any legal action or proceeding in any court in contravention of the terms of **Section 18.2**, that Party shall pay all costs and expenses that the other party incurs in the action or proceeding, including, without limitation, costs and attorney's fees as described in this **Section 18.9.**

18.10 Disputes Not Subject to Negotiation, Mediation or Arbitration. The following disputes between the Franchisor and the Franchisee will not be subject to mediation or arbitration:

(a) use of the Proprietary Marks, Confidential Information, Trade Secrets or Copyrighted Materials by the Franchisee or the Restricted Persons;

(b) conduct which is alleged to otherwise infringe the intellectual property rights of Franchisor or any of its Affiliates;

(c) the obligations of the Franchisee, its Owners, Operating Principal, Guarantors and Restricted Persons and the Franchisor upon termination or expiration of this Agreement;

(d) any alleged breach of the provisions of this Agreement relating to data security, Confidential Information, Trade Secrets and in-term and post-term covenants not to compete contained in **Section 16**;

(e) any dispute regarding the Franchisee's obligations to indemnify the Franchisor and/or an Affiliate for any Claims or Damages pursuant to **Section 11.7** of this Agreement;

(f) any injunctive actions commenced by either Party pursuant to this Agreement or pursuant to any statutory or common law rights; and

(g) the matters set forth in **Section 21.3** (Franchisor's Rights and Remedies).

18.11 Venue. The Parties agree that the exclusive venue for Disputes between them under this **Section 18.10** shall be in federal or state courts situated in San Antonio, Texas and each Party waives any objection it might have to the personal jurisdiction of or venue in such courts. Notwithstanding the foregoing, if Franchisor's principal place of business is not located in the San Antonio, Texas metropolitan

©2022 Diesel Barbershop Franchising, LLC

area, the nearest city to franchisor's principal place of business at the time with a state and federal court will be substituted for San Antonio, Texas in Franchisor's sole determination. Franchisee acknowledges that this Agreement has been entered into in the State of Texas, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Texas, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Texas as set forth in this **Section 18.11**.

18.12 Injunctive Relief. Notwithstanding anything contained in **Section 18.2** to the contrary, Franchisee and Franchisor will be entitled, to the entry of a temporary, preliminary, interim, interlocutory and permanent injunctive relief and orders of specific performance from a court of competent jurisdiction, without posting bond, enforcing the provisions of this Agreement or any other related agreement pertaining to use of the System, Confidential Information, Trade Secrets, Website, Proprietary Marks, post termination obligations set out in this Agreement, and any Transfers by Franchisee. If either Party secures any such injunction or order of specific performance, the non-securing Party agrees to pay to the securing Party its costs and attorneys' fees described in **Section 18.9** and damages that may be permitted under this Agreement. The non-securing Party's sole remedy in the event of the entry of such injunctive relief will be the dissolution of such injunctive relief, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

18.13 Survival. The provisions of this **Section 18** are intended to benefit and bind certain third-party non-signatories. The provisions of this **Section 18** will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

18.14 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this **Section 18**, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

18.15 Notice Requirement. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

18.16 Limitation of Actions. Franchisee, its Owners, Operating Principal and Guarantors further agree that no cause of action arising out of or under this Agreement may be maintained by Franchisee, its Owners, Operating Principal and Guarantors against Franchisor or its Affiliates unless Franchisee, its Owners, Operating Principal and Guarantors bring an action/suit against Franchisor or its Affiliates before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee, its Owners, Operating Principal and Guarantors becomes aware of facts or circumstances reasonably indicating that Franchisee, its Owners, Operating Principal and Guarantors may have a claim against Franchisor or its Affiliates hereunder, whichever occurs sooner. Any action/suit that Franchisee, its Owners, Operating Principal and Guarantors does not bring within this period will be barred as a claim, counterclaim, defense, or set-off. Franchisee, its Owners, Operating Principal and Guarantors hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor or its Affiliates including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement.

18.17 Waiver of Punitive Damages. Franchisee, its Owners, Operating Principal and Guarantors hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary,

©2022 Diesel Barbershop Franchising, LLC

incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor or its Affiliate arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's, its Owners, Operating Principal's and Guarantor's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement will be construed to prevent Franchisor or its Affiliate from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the Initial Term of this Agreement if it is terminated due to Franchisee's default, which the Parties agree and acknowledge Franchisor may claim under this Agreement.

18.18 WAIVER OF JURY TRIAL. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

18.19 Severability. If a court of competent jurisdiction decides the requirement to mediate or arbitrate a Dispute is unenforceable because applicable law does not permit the type of claim involved to be resolved by mediation or arbitration, or because this Agreement limits a party's rights or remedies in a manner applicable law does not permit, or for any other reasons, then the requirement to mediate or arbitrate will not be void. Only those portions of the mediation or arbitration clause with respect to such claim or claims as are necessary to comply with applicable law will be invalid and considered severable, but the remainder will be enforced.

19. NOTICES

Any notice required to be given hereunder will be in writing and will be either mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices must be provided to each party at the respective addresses set forth below:

To Franchisor:
Diesel Barbershop Franchising, LLC
11255 Huebner Road
San Antonio, Texas 78230
Attn: Shayne Brown

With a copy to:
Jenni Wisniewski, Esq.
Lexagon, LLC
6550 East 6th Avenue Parkway
Denver, CO 80220

To Franchisee:
To the address indicated on the signature page of this Agreement

Any notice complying with the provisions hereof will be deemed delivered at the earlier of: (i) three (3) days after mailing; or (ii) the actual date of delivery or receipt (as evidenced by the courier). Each party will have the right to designate any other address for such notices by providing the other party(ies) with written notice thereof at the addresses above, and in such event, all notices to be mailed after receipt of such notice will be sent to such other address.

©2022 Diesel Barbershop Franchising, LLC

20. DISCLAIMER

20.1 No Warranties. EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY FRANCHISOR, FRANCHISOR AND ITS AFFILIATES MAKE NO EXPRESS, IMPLIED, COLLATERAL OR CONDITIONAL WARRANTIES WITH RESPECT TO THE SYSTEM, FRANCHISOR'S PROMOTIONAL AND MARKETING MATERIALS, BRAND MANUAL, WEBSITE, STANDARDS, GOODS DEVELOPED, USED, LICENSED, LEASED, OR SOLD BY OR ON BEHALF OF FRANCHISOR, APPROVED SUPPLIERS, APPROVED PRODUCTS AND SERVICES; THAT THE FRANCHISOR WILL REFUND ALL OR PART OF THE INITIAL FRANCHISE FEE PAID BY THE FRANCHISEE OR REPURCHASE ANY OF THE APPROVED PRODUCTS, SERVICES, TECHNOLOGY, FF&E SUPPLIED OR SOLD BY THE FRANCHISOR OR BY AN APPROVED SUPPLIER OR DESIGNATED SUPPLIER IF THE FRANCHISEE IS IN ANY WAY UNSATISFIED WITH ITS FRANCHISED BUSINESS. FRANCHISOR MAKES NO REPRESENTATIONS OR WARRANTIES OF TITLE, CONDITION OF TITLE, OR THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY AS TO THE INCOME OR PROFIT DERIVED FROM FRANCHISEE'S FRANCHISED BUSINESS OR THE SUCCESS OR PROFITABILITY OF FRANCHISEE'S FRANCHISED BUSINESS. FRANCHISOR ASSUMES NO LIABILITIES OR RESPONSIBILITY FOR ANY ACTS OR OMISSIONS WHICH MAY GIVE RISE TO LIABILITY TO ANY OF FRANCHISEE'S CUSTOMERS, EMPLOYEES OR CONTRACTORS. FRANCHISOR AND ITS AFFILIATES ASSUME NO LIABILITY OR OBLIGATION AND MAKE NO GUARANTY OR EXPRESS OR IMPLIED WARRANTIES TO FRANCHISEE, FRANCHISEE'S OPERATING PRINCIPAL, OWNERS, GUARANTORS OR AFFILIATES BY GRANTING OR DENYING ANY APPROVAL, CONSENT, WAIVER OR THE LIKE OR BY REASON OF ANY NEGLECT, DELAY OR DENIAL OF ANY REQUEST THEREFORE.

20.2 Limitation of Liability. FRANCHISEE, FRANCHISEE'S OPERATING PRINCIPAL, OWNERS, GUARANTORS AND AFFILIATES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE FRANCHISOR INDEMNITEES. FRANCHISOR AND THE FRANCHISOR INDEMNITEES WILL NOT BE LIABLE TO FRANCHISEE, FRANCHISEE'S OPERATING PRINCIPAL, OWNERS, GUARANTORS, FRANCHISEE AFFILIATES, OR CUSTOMERS, FOR ANY TORT DAMAGES, PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, GENERAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL. IN THE EVENT OF A CLAIM AGAINST FRANCHISOR OR THE FRANCHISOR INDEMNITEES, FRANCHISEE, FRANCHISEE'S OPERATING PRINCIPAL, OWNERS, GUARANTOR, FRANCHISEE AFFILIATES, OR CUSTOMERS WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED. FRANCHISOR'S SOLE AND EXCLUSIVE LIABILITY FOR ANY CONDITIONS OR WARRANTIES EXTENDED TO FRANCHISEE WILL BE TO REPAIR OR REPLACE, AT FRANCHISOR'S OPTION, ANY OF THE APPROVED PRODUCTS, SERVICES AND GOODS SOLD, LICENSED, OR LEASED BY FRANCHISOR TO FRANCHISEE WHICH ARE NOT IN COMPLIANCE WITH SUCH WARRANTY OR CONDITION, IF ANY. UNDER NO CIRCUMSTANCES WILL THE FRANCHISOR INDEMNITEES LIABILITY EXCEED THE DOLLAR AMOUNT OF THE INITIAL FRANCHISE FEE OR THE AMOUNT PAID FOR ANY APPROVED PRODUCT, SERVICE OR GOOD THAT IS NOT IN COMPLIANCE WITH SUCH CONDITION OR WARRANTY, IF ANY.

20.3 Disclaimer. The Franchisor expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Gross Sales, economics,

©2022 Diesel Barbershop Franchising, LLC

business or financial success, or value of the Franchisee's Franchised Business except as specifically contained in the Franchise Disclosure Document received by the Franchisee.

21. LEASE AS SECURITY; TERMINATION OF LEASE

21.1 Franchisee's Assignment of the Lease. The Franchisee hereby assigns all of its right, title and interest in and to the Lease (which is incorporated herein by reference) to the Franchisor as security for the Franchisee's performance of the terms and conditions of this Agreement. If an Event of Default occurs, then the Franchisor will have the right and option, but not the obligation, to take and assume the Lease for the remaining term of the Lease under the same terms and conditions, including rental, as originally contracted for by the Franchisee. The Franchisee authorizes the Franchisor to file a UCC-1 Financing Statement and agrees to execute such other documents as may be reasonably required by the Franchisor's attorneys to perfect and record the Franchisor's security interest in the Lease. An "**Event of Default**," for the purposes of this **Section 21.1**, will occur if:

(a) this Agreement is terminated by either the Franchisor or the Franchisee for any reason whatsoever;

(b) the Franchisee wrongfully terminates this Agreement;

(c) the Franchisee at any time ceases to do business at the Premises as a Franchised Business;

(d) this Agreement expires and the Franchisee is not granted the right to enter into a Successor Franchise Agreement as provided for in **Section 3.2**.

(e) the Lease for the Premises is terminated by either the landlord or the Franchisee for any reason whatever; or

(f) this Agreement expires and the Franchisee fails to renew the Lease pursuant to any provisions relating to a Successor Renewal Term.

This right granted by the Franchisee to the Franchisor to assume the Franchisee's position as the tenant under the Lease will be at the Franchisor's sole election, and the Franchisor will bear no responsibility for any of the Franchisee's past-due obligations under the Lease.

21.2 Perfected Assignment; Notice. This assignment will constitute a perfected, absolute and present assignment; provided, however, the Franchisor will have no right under this assignment to enforce the provisions of the Lease until an Event of Default has occurred. After an Event of Default has occurred, the Franchisor will have the right, but not the obligation, to enforce the provisions of this assignment and to take possession of the Premises by giving the Franchisee and the landlord written notice that it has affirmatively exercised its rights under this assignment. The written notice will state:

(a) that the Franchisor is taking and assuming the Lease from the Franchisee;

(b) the date on which the Franchisor will take physical possession of the Premises; and

(c) that the Franchisor agrees to be bound by the terms and conditions of the Lease being assumed for the remaining term of the Lease.

©2022 Diesel Barbershop Franchising, LLC

The Franchisor will execute the appropriate documents at the time it gives written notice to the Franchisee and the landlord of its assumption of the Lease.

21.3 No Prior Assignment; Estoppel. The Franchisee represents and warrants that:

(a) there has been no prior assignment of the Lease to a third party;

(b) it has the right to assign the Lease to the Franchisor;

(c) the Lease is a valid and enforceable agreement,

(d) neither the landlord nor the Franchisee is in default to the other thereunder; and

(e) all covenants, conditions and agreements have been performed as required by the Lease.

No change in the terms of the Lease will be valid without the written approval of the Franchisor. The Franchisee will not assign the Lease to a third party or encumber its interest in the Lease so long as this assignment is in effect. During the Initial Term of this Agreement and any Interim Period, the Franchisee will not Lease or sub-lease all or any part of the Premises without the Franchisor's prior written consent.

21.4 Enforcement of Franchisee's Rights. The Franchisee hereby irrevocably constitutes and appoints the Franchisor as its attorney-in-fact to demand, receive and enforce the Franchisee's rights with respect to the Lease, to make payments under the Lease and to give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Franchisee or, at the option of the Franchisor, in the name of the Franchisor, with the same force and effect as the Franchisee could do if this assignment had not been made. This appointment is coupled with an interest and is irrevocable.

21.5 Franchisor's Rights and Remedies. Upon taking physical possession of the Premises, the Franchisor may, without affecting any of its rights or remedies against the Franchisee under any other instrument, document or agreement, exercise its rights under this Agreement as the Franchisee's attorney-in-fact in any manner permitted by law and, in addition, the Franchisor will have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction in which enforcement is sought, or otherwise provided by law. If the Franchisor elects not to take physical possession of the Premises following termination or expiration of this Agreement, it will have the right to enter upon the Premises to ensure that the alterations required pursuant to **Section 16.1(l)** are made.

21.6 Proration of Rents and Expenses. At the time the Franchisor takes physical possession of the Premises, all charges, real estate taxes, utilities and rentals will be prorated between the Franchisor and the Franchisee. The Franchisor will have no obligation to pay any past-due obligations or arrearages of the Franchisee to any person or Entity, including the Landlord.

21.7 Possession; Obligations of Franchisor and Franchisee. Subject to **Section 21.6** the Franchisor will hold the Franchisee harmless from any and all obligations to the Landlord, including rental payments, arising out of the use of the Premises from the date that the Franchisor takes physical possession of the Premises. The Franchisee will pay all amounts due to the Landlord and other parties under the Lease including, but not limited to, rentals, common area maintenance expenses, insurance, rental overrides, real estate taxes, repairs and maintenance, up to and including the date that the Franchisor takes physical possession of the Premises. With the specific and limited exception of rental payments and other obligations to the Landlord arising from the Franchisor's use of the Premises after taking physical possession of the

©2022 Diesel Barbershop Franchising, LLC

Premises, the Franchisee will indemnify and hold the Franchisor harmless from and against any and all Claims and Damages to which the Franchisor may become exposed, or which the Franchisor may incur, in exercising any of its rights under this assignment.

21.8 Landlord's Consent to Assignment of Lease as Security. The Franchisee will secure the Landlord's written consent to the provisions contained in this Section in the form attached as **Exhibit C** to this Agreement.

21.9 Assignment by Franchisor. The Franchisor will have the right to assign its right, title and interest in the Lease to any persons or Entities upon giving written notice to the Franchisee and the landlord without any consent whatsoever from the Franchisee or the landlord, and any such assignment to any person or Entity will be valid and binding upon the Franchisee and the landlord as fully as if each had expressly approved the same. Subject to the limitation on further assignment by the Franchisee contained in **Section 21.4**, this assignment will be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors in interest of the Franchisee, the Franchisor and the landlord.

21.10 Lease Not Yet Executed. In the event that the Franchisee has not yet entered into the Lease for the Premises at the time this Agreement is executed, the provisions of **Sections 21.2, 21.3** and **21.5** of this Agreement will take effect immediately upon the execution of the Lease. The representations of the Franchisee contained in **Section 21.3** will be true and complete as of, and will be deemed to have been made at, the time the Lease is executed. The Franchisee will execute all additional documents required by the Franchisor's attorneys to perfect the assignment of the Lease.

22. MISCELLANEOUS PROVISIONS.

22.1 No Oral Modification. No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer or partner of the Franchisee

22.2 Entire Agreement. This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship and therefore, representations, inducements, promises or agreements alleged by either the Franchisor or the Franchisee that are not contained in this Agreement will not be enforceable. The Recitations are part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the Franchisor and the Franchisee relating to the subject matter of this Agreement. This Agreement will not supersede any written agreements or contracts that are signed concurrently with this Agreement. In addition, any development agreement, area representative agreement or other franchise agreement between the parties, will remain in full force and effect in accordance with the terms and conditions thereof, and will not be superseded by this Agreement. The parties hereby acknowledge that this provision will not act as a disclaimer of the representations made by the Franchisor in the Franchise Disclosure Document provided to the Franchisee prior to the execution of this Agreement by the Franchisee.

22.3 Severability. Should any provision of this Agreement for any reason be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision will be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement will in no way be affected and will remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph will operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any

©2022 Diesel Barbershop Franchising, LLC

further documents which may be reasonably required to make fully the provisions hereof. Franchisee understands and acknowledges that Franchisor will have the right in its sole discretion on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which will be fully enforceable.

22.4 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, but such counterparts together will constitute the same instrument. Any Party may deliver an executed copy of this Agreement and any documents contemplated hereby by facsimile transmission or electronic transmission to another Party, and such delivery will have the same force and effect as any other delivery of a manually signed copy of this Agreement or of such other documents.

22.5 Headings. The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein will be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement will be construed independently of any other Section or provision of this Agreement.

22.6 Terms. The term "**Franchisee**" as used herein is applicable to one or more individuals or an Entity, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "**Franchisee**," "**Assignee**" and "**Transferee**" which are applicable to an individual or individuals will mean the Operating Principal and Owner or Owners of the equity or operating control of the Franchisee or any such Assignee or Transferee.

22.7 Franchisor's Business Judgment. Whenever the Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises reasonable business judgment ("**Business Judgment**") in making a decision or exercising a right. The Franchisor's decisions or actions will be deemed to be the result of Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if the Franchisor's decisions or actions are intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes the Franchisor's financial or other individual interests. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Proprietary Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

22.8 Cumulative Rights. The rights and remedies of Franchisor hereunder are cumulative and no exercise or enforcement by Franchisor of any right or remedy hereunder will preclude the exercise or enforcement by Franchisor of any other right or remedy hereunder which Franchisor is entitled by law to enforce.

22.9 Rider. If a state regulator requires an amendment to this agreement, the amendment is attached hereto in a state law rider as **Exhibit I** Franchisor will not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to this agreement or to its rescission or termination.

22.10 Survival. All of Franchisee's obligations which expressly or by their nature survive the expiration, termination, transfer or assignment of this Agreement will continue in full force and effect

©2022 Diesel Barbershop Franchising, LLC

subsequent to and notwithstanding the expiration, termination, assignment or transfer of this Agreement and until they are satisfied in full or by their nature or express terms expire.

22.11 Binding Effect. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, successors, and permitted assigns.

22.12 Time Is Of The Essence. Time is of the essence of this Agreement and in the performance of each and every term and provision hereof.

22.13 Joint and Several. If the Franchisee consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several.

22.14 Attorney in Fact. Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, and in Franchisee's name, place and stead and on Franchisee's behalf, to take action as may be necessary to amend or terminate all registrations and filings, or to sign other documents required to be signed by Franchisee under this Agreement. This appointment is being coupled with an interest to enable Franchisor to protect the System.

23. DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

23.1 Affiliate. "**Affiliate**" will mean any Entity or individual that, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with a specified Entity.

23.2 Approved Products and Services. "**Approved Products and Services**" will mean the authorized products, merchandise and services are specified in the Manuals or otherwise approved by the Franchisor in writing that are (a) used in the operation of the Franchised Business, and/or (b) offered for sale to customers of the Franchised Business.

23.3 Approved Supplier. "**Approved Supplier**" will mean a supplier, vendor or distributor that has been approved in writing by the Franchisor to supply its products and/or services to the Franchisee because its products and/or services conform to the standards and specifications established by the Franchisor, and the Franchisor has determined that its business reputation, quality standards, delivery performance, credit rating and other factors are satisfactory.

23.4 Claims. "**Claims**" will mean any and all demands, complaints, filings, assertions, requests for payment or compensation, challenges, allegations of liability, causes of action, and/or lawsuits.

23.5 Copyrighted Material. "**Copyrighted Material**" will mean all manuals, the Manuals, System, logos, designs, marketing materials, layouts of advertising materials, copyrights, writings, recordings, binders, videos, Website content, other web content, electronic files, agreements, forms, books, software and printed materials, etc. including all revisions, changes, modifications and derivatives of or to any of the foregoing, related to the Franchised Business or provided to Franchisee by Franchisor, its designees or its Affiliates, including all additions, modifications, derivatives, alterations and improvements thereto.

23.6 Damages. "**Damages**" will mean all judgments, losses, injuries, awards, reparations, penalties, interest, punitive damages, lost profits, pecuniary compensation, court costs, attorneys' fees, mediation, arbitration or litigation out-of-pocket costs, settlement payments, deposition and pre-trial costs, mileage, travel expenses, investigation fees, and all other amounts paid or incurred as a result of any Claims.

©2022 Diesel Barbershop Franchising, LLC

23.7 Default(s). "**Default(s)**" will mean Franchisee's failure to comply with its obligations this this Agreement as further defined in **Sections 15.2** and **15.3**.

23.8 Designated Manager. "**Designated Manager**" will mean the individual, designated by the Franchisee and approved by the Franchisor, responsible for the overall day-to-day management and operation of the Franchised Business including, but not limited to, administration, marketing, record keeping, employee staffing and training, inventory control, hiring and firing, and maintenance of the Premises.

23.9 Designated Supplier. "**Designated Supplier**" will mean a supplier, vendor or distributor designated by the Franchisor in writing as the Franchisee's only source for those products and services used or sold in the Franchised Business that the Franchisor has determined must meet certain quality and uniformity standards to protect the valuable goodwill and uniformity associated with the Proprietary Marks and the System.

23.10 Dollars. "**Dollars**" will mean United States of America dollars.

23.11 EFT Program. "**EFT Program**" will mean the process relating to the electronic transfer of Fees directly from the Franchisee's bank account to the Franchisor's bank account, as further described in **Section 4.4** of this Agreement.

23.12 Entity. "**Entity**" will mean a corporation, limited liability company, partnership, limited partnership or any other type of legal entity formed in compliance with applicable law.

23.13 Executive Management. "**Executive Management**" will mean: (a) the officers and directors specified in the by-laws if the specified Entity is a corporation; (b) the manager, chief manager, managers and/or governors specified in the operating agreement or by-laws if the specified Entity is a limited liability company; or (c) the general partner(s) if the specified Entity is a partnership or a limited partnership.

23.14 Fees. "**Fees**" will collectively mean and include the Initial Franchise Fee, the Royalty Fees, the Fund Contribution administrative fees, and all other amounts then due and payable by the Franchisee to the Franchisor pursuant to this Agreement or any other agreement or for any Approved Products and Services or other products or services purchased by the Franchisee from the Franchisor or any of its Affiliates.

23.15 FF&E. "**FF&E**" will mean the furniture, fixtures, supplies and equipment used in the operation of the Franchised Business.

23.16 Financial Records. "**Financial Records**" will mean all accounting records and ledgers maintained in a written form, on a computer disk, CD-ROM, portable computer memory device, or hard drive, and in any other electronic or other form including, but not limited to, sales ledgers, work papers, general ledgers, summaries, schedules, bank statements, cancelled checks, bank deposit slips, federal and state income tax returns, state sales tax returns, Financial Statements, daily cash register tapes, and other financial information.

23.17 Financial Statements. "**Financial Statements**" will mean a balance sheet, profit and loss statement, statement of cash flows, and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis.

©2022 Diesel Barbershop Franchising, LLC

23.18 Fiscal Year. "**Fiscal Year**" will mean the Franchisee's fiscal year. The definition of Fiscal Year may be further defined in the Manual, and may in the future be changed by the Franchisor as specified in the Manual or otherwise in writing by the Franchisor to address Franchised Business practices and/or changes in the Internal Revenue Code.

23.19 Franchise. "**Franchise**" will mean the right granted by the Franchisor to the Franchisee under this Agreement authorizing the Franchisee to operate a Franchised Business at the Premises in conformity with the System using the name "**Diesel Barbershop"** (as Franchisor designates) and the other Proprietary Marks.

23.20 Governmental Authority. "**Governmental Authority**" will mean any governmental department, commission, board, bureau, agency, court or other instrumentality of the United States including, but not limited to, federal, state, local, district or commonwealth thereof, any foreign government or any jurisdiction, municipality or other political subdivision thereof.

23.21 Gross Sales. "**Gross Sales**" will mean the total Dollar sales from all guests or customers of the Franchisee's Franchised Business, and will include all cash, check, credit card, charge, account, barter, exchange and credit sales made by the Franchisee of every kind and nature made at, from, by or in connection with the Franchisee's Franchised Business including, but not limited to, all Dollars and income received from the following: (a) the sale and provision of any and all Approved Products and Services; (b) all proceeds from any business interruption insurance related to the non-operation of your Franchised Business, (c) the sale of any and all goods, products, items, merchandise or services sold under any of the Proprietary Marks or at or through the Franchised Business; (d) all payments received from or for the sale and redemption of gift cards and gift certificates at or through Franchisee's Franchised Business; and (e) all sales of Approved Products and Services on a wholesale basis. Gross Sales does not include (i) tips received by barbers and/or other practitioners at the Franchised Business, or (ii) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto.

23.22 Lease. "**Lease**" will mean the written lease agreement and related documents signed by the Franchisee for the Premises.

23.23 Major Assets. "**Major Assets**" will mean (a) the Franchisee's Franchised Business; (b) the Premises; (c) the Lease for the Premises; (d) the FF&E, inventory, Point-Of-Sale System, and all other assets used in the Franchisee's Franchised Business; (e) this Agreement; (f) any Ownership Interest in the Franchisee; (g) all FF&E leases, and (h) the land, building and related real estate used for the Franchisee's Franchised Business, if the land, building and real estate are owned by the Franchisee.

23.24 Management Staff. "**Management Staff**" will mean and Franchisee's management staff, including Franchisee's Designated Manager and general manager and assistant manager(s), if any, designated in accordance with the provisions of this Agreement.

23.25 Manual. "**Manual**" means, collectively, all books, pamphlets, training videos, discs, software, bulletins, memoranda, letters, notices or other publications or documents prepared by or on behalf of Franchisor, whether in printed or electronic format, for use by Franchisees, setting forth information, advice, standards, requirements, operating procedures, instructions or policies relating to the System, as same may be amended, modified or enhanced from time to time by Franchisor.

23.26 Other Business. "**Other Business**" means businesses that may use the System or components thereof but do not use any of the Proprietary Marks, or words that are confusingly similar to the Proprietary Marks.

©2022 Diesel Barbershop Franchising, LLC

23.27 Owner. "**Owner**" will mean any person or Entity who owns (a) any shares of capital stock in the specified Entity if such Entity is a corporation, (b) any membership interests in the specified Entity if such Entity is a limited liability company, (c) any partnership interests in the specified Entity if such Entity is a partnership, (d) any limited or general partnership interests if the specified Entity is a limited partnership, and (e) any other kind or type of Ownership Interest in the specified Entity. References to "**Franchisee**," "**Assignee**" (of the Franchisee), and "**Transferee**" which are applicable to (i) an individual or individuals will mean the Owner or Owners of an Ownership Interest in the Franchisee and (ii) an Entity will mean the Entity that has an Ownership Interest in the Franchisee.

23.28 Ownership Interests. "**Ownership Interests**" will mean (a) capital stock if the Franchisee is a corporation, (b) membership interest if the Franchisee is a limited liability company, (c) partnership interest if the Franchisee is a partnership, (d) limited or general partnership interests if the Franchisee is a limited partnership, and (e) all other types and means of ownership or other legal interest in the Franchisee.

23.29 Operating Principal. "**Operating Principal**" means the Franchisee Owner responsible for the operation and management of the Franchised Business.

23.30 Premises. "**Premises**" will mean the address, city and state set forth in the **Exhibit A** where the Franchised Business operated under this Agreement will be physically located.

23.31 Required Opening Date. "**Required Opening Date**" will mean the date that Franchisee is required to open its Franchised Business to the public as designated on **Exhibit A** , which is no later than one year from the Effective Date of the Agreement.

23.32 System. "**System**" will mean the distinctive and proprietary system, methods, and processes for operating a Franchised Business featuring haircutting and grooming, coloring, and barbering services which are associated with the Proprietary Marks (as defined below) provided to clients by a staff of trained and independently-licensed professionals, as well as related Approved Products and Services that Franchisor authorizes from a unique retail setting; copyrights, distinctive interior and exterior building designs, décor, furnishings, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, marketing, advertising and instructions, Manuals, Confidential Information, and Trade Secrets promulgated by the Franchisor.

23.33 Trade Secrets. "**Trade Secrets**" means information, including systems, patterns, compilations, programs, methods, techniques or processes that both derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

23.34 Week or Weekly. "**Week**" or "**Weekly**" will mean a period of seven consecutive days beginning on each Monday and ending each Sunday.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.

SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

©2022 Diesel Barbershop Franchising, LLC

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement.

FRANCHISOR:

DIESEL BARBERSHOP FRANCHISING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

IF AN INDIVIDUAL:

By:_____

Print Name _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

_____

By: _____

Print Name: _____

Title: _____

Date: _____

©2022 Diesel Barbershop Franchising, LLC

EXHIBIT A TO THE FRANCHISE AGREEMENT

DATA SHEET

1. INITIAL FRANCHISE FEE.

Pursuant to **Section 4.1(a)** of the Franchise Agreement, the Initial Franchise Fee is:

_____$50,000 for Franchisee's first Franchised Business

_____$45,000 (includes 10% Vet Fran discount for Franchisee's first Franchised Business if qualify)

_____$47,500 for Franchisee's second Franchised Business

_____$45,000 for Franchisee's third Franchised Business

_____$42,500 for Franchisee's fourth Franchised Business

_____$40,000 for Franchisee's each subsequent Franchised Business

2. DMA

Pursuant to **Section 2.2** of the Franchise Agreement, Franchisee must locate and secure a Premises for the Franchised Business within the following Site Selection Area:

_____

3. PREMISES

Pursuant to **Section 2.2** of the Franchise Agreement, the Franchised Business will be located at the following approved Premises:

_____

_____

(TO BE DETERMINED, BUT MUST BE LOCATED IN YOUR DMA).

4. DESIGNATED TERRITORY

Pursuant to **Section 2.4** of the Franchise Agreement, Franchisee's Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

2.5-mile radius from the Premises

5. REQUIRED OPENING DATE

Pursuant to **Section 6.5 (a)** of the Franchise Agreement, Franchisee's Required Opening Date is:

_____

©2022 Diesel Barbershop Franchising, LLC

6. Franchisee Operating Principal

The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

Name: _____

Daytime Telephone No.: _____

Evening Telephone No.: _____

Cellular Telephone No.: _____

Facsimile No.: _____

E-mail Address: _____

THE PARTIES SIGNING THIS DATA SHEET BELOW AGREE AND ACKNOWLEDGE THAT THIS DATA SHEET, BY ITSELF, DOES NOT CONSTITUTE A FRANCHISE AGREEMENT OR OTHERWISE CONFER ANY FRANCHISE RIGHTS UPON FRANCHISEE. THIS DATA SHEET PROVIDES CERTAIN DEAL-SPECIFIC INFORMATION IN CONNECTION WITH THE FRANCHISE THAT IS GOVERNED BY THE FRANCHISE AGREEMENT TO WHICH THIS DATA SHEET IS AN EXHIBIT. THE PARTIES AGREE AND ACKNOWLEDGE THAT THE FOREGOING FRANCHISE AGREEMENT MUST BE EXECUTED PRIOR TO OR CONTEMPORANEOUS WITH THIS DATA SHEET FOR ANY RIGHTS TO BE CONFERRED.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.

SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

©2022 Diesel Barbershop Franchising, LLC

IN WITNESS WHEREOF, the undersigned has duly executed this Exhibit to the Franchise Agreement on _____.

FRANCHISOR:

DIESEL BARBERSHOP FRANCHISING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

IF AN INDIVIDUAL:

By:_____

Print Name _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

_____

By: _____

Print Name: _____

Title: _____

Date: _____

©2022 Diesel Barbershop Franchising, LLC

EXHIBIT B TO THE FRANCHISE AGREEMENT

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER BUSINESS ENTITY, THEN EACH INDIVIDUAL/ENTITY WITH AN OWNERSHIP INTEREST IN FRANCHISEE (PRINCIPALS/MEMBERS/SHAREHOLDERS/MANAGERS/ PARTNERS/ETC.) AND THEIR RESPECTIVE SPOUSES MUST EXECUTE THIS FORM OF PERSONAL GUARANTY. IF FRANCHISEE IS AN INDIVIDUAL AND FRANCHISEE'S SPOUSE HAS NOT SIGNED THE FRANCHISE AGREEMENT DIRECTLY, THEN FRANCHISEE'S SPOUSE MUST EXECUTE THIS FORM OF PERSONAL GUARANTY.

The undersigned persons (individually and collectively "**you**" or "**Guarantor(s)**") hereby represent to Diesel Barbershop Franchising, LLC (the "**Franchisor**") that you are all the owners/principals/members/shareholders/managers/partners, as applicable, of _____ _____ (the "**Franchisee**"), as well as their respective spouses, as of the date this Personal Guaranty (the "**Personal Guaranty**" or "**Guaranty**") is executed.

The Franchisor and Franchisee entered into an agreement dated the same date as set forth below, for the operation of a Franchise Business at the Premises as set forth in the agreement ("**Franchise Agreement**").

It is the desire of each one of the undersigned Guarantors to personally guaranty the obligations of the Franchisee under the Franchise Agreement and to be individually, jointly and severally bound by the terms and conditions of the Franchise Agreement.

1. Obligations Under Franchise Agreement. In consideration of the grant by Franchisor to the Franchisee and the benefits received and to be received by each Guarantor, jointly and severally, and by each Guarantor's heirs, legal representatives and assigns each Guarantor hereby agrees to be firmly bound by all of the terms, provisions, obligations and conditions of the Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its Affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation: (a) any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement; (b) the prohibition of any Transfer or change in the percentage of ownership in Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor as set forth in the Franchise Agreement; (c) those obligations related to confidentiality, non-disclosure and indemnification; and (d) the in-term and post-term covenants against competition, as well as all other restrictive covenants set forth in the Franchise Agreement.

2. Default of Franchisee. If the Franchisee defaults on any monetary obligation of the Franchise Agreement, then each one of the Guarantors, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to the Franchisor the Initial Franchise Fee, Royalty Fees, Fund Contributions and all other Fees due and payable to the Franchisor under the terms and conditions of the Franchise Agreement or for any purchases of goods or services made by the Franchisee from the Franchisor or any Affiliate of the Franchisor.

3. Noncompliance by Franchisee. If the Franchisee fails to comply with any other terms and conditions of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of the Franchisee.

©2022 Diesel Barbershop Franchising, LLC

4. Binding Agreement. Each one of the Guarantors warrant and represent that they have the capacity to execute this Personal Guaranty and that they will each be bound by all of the terms and conditions of this Personal Guaranty. The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of the Franchisor.

5. Jurisdiction and Venue. Except as precluded by applicable law, all mediation, arbitration, litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with the terms of the Franchise Agreement, and each one of the Guarantors agrees to the dispute resolution provisions, including jurisdiction and venue, contained in the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty on the date stated on the first page hereof.

PERSONAL GUARANTORS

[Insert Name of Guarantor]	[Insert Name of Spouse]
[Insert Name of Guarantor]	[Insert Name of Spouse]
[Insert Name of Guarantor]	[Insert Name of Spouse]
[Insert Name of Guarantor]	[Insert Name of Spouse]

©2022 Diesel Barbershop Franchising, LLC

EXHIBIT C TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE (this "**Assignment**") is made, entered into and effective on _____ (the "**Effective Date**") by and between: Diesel Barbershop Franchising, LLC, a Texas limited liability company with its principal place of business at 11255 Huebner Road, San Antonio, Texas 78230 (the "**Franchisor**"); and _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the "**Franchisee**").

BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____ with the Franchisee, pursuant to which the Franchisee plans to own and operate a DIESEL BARBERSHOP franchised business (the "**Franchised Business**") located at _____ (the "**Premises**"). In addition, pursuant to that certain lease agreement (the "**Lease**"), the Franchisee has leased or will lease certain space containing the Franchised Business described therein from _____ (the "**Lessor**"). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

AGREEMENT

The Franchisor and the Franchisee agree as follows:

1. **Background**. Assignment will be interpreted by reference to, and construed in accordance with, the background information set forth above.

2. **Incorporation of Terms**: Terms not otherwise defined in this Assignment have the meanings as defined in the Franchise Agreement.

3. **Authority**. Franchisee represents and warrants to Franchisor that it has full power and authority to so assign the Lease and its interest therein and that Franchisee has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the Premises demised thereby.

4. **Franchisee Obligations to Extend Lease**. Through the Initial Term of the Franchise Agreement and any Successor Terms thereof, Franchisee agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Franchisor otherwise agrees or instructs in writing. Upon failure of Franchisor to otherwise agree in writing, and upon failure of Franchisee to so elect to extend or renew the Lease as stated herein, Franchisee hereby irrevocably appoints Franchisor as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Franchisee for the sole purpose of effecting the extension or renewal.

5. **Indemnification of Franchisor**: Franchisee agrees to indemnify and hold Franchisor and its Affiliates, stockholders, directors, officers, principals, franchisees/licensees and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or

©2022 Diesel Barbershop Franchising, LLC

any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

6. **Assignment**. Upon a default by Franchisee under the Lease or the Franchise Agreement, or in the event of a default by Franchisee under any document or instrument securing the Franchise Agreement, Franchisor will have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Franchisee therefrom, and, in that event, Franchisee will have no further right, title or interest in the Lease. The parties agree and acknowledge that Franchisor is not required to assume the Lease, take possession of the Premises or otherwise exercise any of its other rights described in this Assignment.

7. **Security Interest.** Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, equipment, products, inventory and supplies located in the Premises relating to the Franchised Business, and all of the Franchisee's rights, title and interest in and to the Lease as conditional for the payment of any obligation, liability or other amount owed by the Franchisee or its Affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

8. **Breach.** In the event of a breach or default by Franchisee under the terms of the Lease, or, in the event Franchisor makes any payment to the Lessor as a result of the Franchisee's breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, will at Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor will be entitled to the possession of the Premises as further provided for in **Section 1** above and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other agreements or under other applicable laws or equities. This Assignment will constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor.

9. **No Subordination**: Franchisee will not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchised Business in the Premises and the agreements and other instruments referenced herein.

10. **No Modifications to Lease**. The Franchisee will not terminate, surrender, modify or amend the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void.

11. **Exercise of Remedies**. In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, Franchisor will be entitled to exercise any one or more of the following remedies in its sole discretion:

(a) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Premises together with all furniture, fixtures, equipment, products, inventory, books, records, papers and accounts of the Franchisee, personally, or by its agents or attorneys;

(b) to exclude the Franchisee, its agents or employees from the Premises;

©2022 Diesel Barbershop Franchising, LLC

(c) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

(d) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;

(e) disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Premises that may seem judicious, in the sole discretion of the Franchisor;

(f) insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or

(g) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of Franchisee defaults under the Lease and fails to cure said default within the applicable cure period (if any).

12. **Power of Attorney**: Franchisee hereby appoints irrevocably Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Premises, to rent, sublease, lease, manage and operate the Premises to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Premises pursuant to the provisions set forth in this Assignment and the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

13. **Election of Remedies**: It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and will be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively.

14. **No Waiver**. No exercise by the Franchisor or any of the rights hereunder will cure, waive or affect any default hereunder or under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies will be construed as a waiver by the Franchisor of any future rights and remedies. Franchisor is not required to exercise any of its rights set forth in **Section 9** hereof but will have the irrevocable right to do so.

15. **Binding Agreements**. This Assignment and all provisions hereof will be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words "**Franchisor**" and "**Franchisee**" when used herein will include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate

©2022 Diesel Barbershop Franchising, LLC

entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

16. **Assignment to Control**. This Assignment governs and controls over any conflicting provisions in the Lease.

17. **Attorneys' Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing party.

18. **Severability**. If any of the provisions of this Assignment or any section or subsection of this Assignment will be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

[SIGNATURES ON THE FOLLOWING PAGE]

©2022 Diesel Barbershop Franchising, LLC

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

FRANCHISOR:

DIESEL BARBERSHOP FRANCHISING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

IF AN INDIVIDUAL:

By:_____

Print Name _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

_____

By: _____

Print Name: _____

Title: _____

Date: _____

The Lessor hereby consents, agrees with, approves of and joins in with this COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE.

LESSOR

_____

By: _____

Name:_____

Title:_____

Date:_____

©2022 Diesel Barbershop Franchising, LLC

EXHIBIT D TO THE FRANCHISE AGREEMENT

EFT AUTHORIZATION FORM

Bank Name: _____

Bank Address:_____

ABA# : _____

Acct. No.: _____

Acct. Name: _____

Effective as of the date of the signature below, _____ (the "**Franchisee**") hereby authorizes Diesel Barbershop Franchising, LLC (the "**Company**") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Company or its Affiliates under the franchise agreement dated _____(the "**Franchise Agreement**"): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Company or its Affiliates in connection with marketing materials or other supplies or inventory that is provided by Company or its Affiliates; and (iv) all other fees and amounts due and owing to Company or its Affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Company (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals will occur on a Weekly basis, or on such other schedule specified in the Franchise Agreement or as Company may specify in writing. This authorization will remain in full force and effect until terminated in writing by Company. Franchisee will provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

©2022 Diesel Barbershop Franchising, LLC

FRANCHISEE

IF AN INDIVIDUAL:

By: _____

Print Name: _____

Title: _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

_____

By: _____

Print Name: _____

Title: _____

Date: _____

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

©2022 Diesel Barbershop Franchising, LLC

EXHIBIT E-1 TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT (OWNERS, OPERATING PRINCIPAL, GUARANTORS, OWNERS/GUARANTORS SPOUSE)

This Nondisclosure and Noncompetition Agreement ("**Agreement**") is made and entered into on _____ by and among Diesel Barbershop Franchising, LLC ("**Franchisor**"), _____ ("**Franchisee**) Franchisee and Franchisor entered into a franchise agreement for the operation of a Franchised Business on _____ ("**Franchise Agreement**"). Franchisor, Franchisee and You are collectively referred to herein as the "**Parties**" and individually as a "**Party**".

A. You are an Owner, Operating Principal, or Guarantor of Franchisee or the spouse of such Owner or Guarantor ("**You**").

B. Franchisor owns, operates, and grants franchises for the establishment and operation of a business that operates a business that features haircutting and grooming, coloring, and barbering services provided to clients by a staff of trained and independently-licensed professionals, as well as related services and products that Franchisor authorizes (collectively, the "**Approved Products and Services**"), from a unique retail setting under the mark "DIESEL BARBERSHOP" and other proprietary marks, trade dress, symbols and logos using the System, Confidential Information and Trade Secrets ("**Franchised Business**").

C. Franchisor's Confidential Information and Trade Secrets are all operations, marketing, materials and data bases, advertising, development and related information which are developed and utilized in connection with the operation of the Franchised Business, the Manuals, all aspects of the System, all information regarding, the terms of the Franchise Agreement, and all Franchisor or its Affiliates proprietary information (whether in print, electronic form, or oral).

D. Franchisor and its Affiliates have established substantial goodwill and an excellent reputation with respect to the Proprietary Marks, Confidential Information and Trade Secrets, which goodwill and reputation have been and will continue to be of major benefit to Franchisor and its Affiliates.

NOW, THEREFORE, to confirm the obligation and covenants of the Franchisee and the Owner with respect to the prohibited use and disclosure of the Confidential Information and Trade Secrets, and for good and valuable consideration, the sufficiency of which each Party hereby acknowledges, the Parties hereby agree as follows:

1. Definitions. All capitalized terms not specifically defined in this Agreement, will have the meaning given to them in the Franchise Agreement.

2. Cumulative Rights and Remedies. The rights and obligations of the Parties set forth herein are cumulative of and do not in any way limit the rights and obligations of the Parties as set forth in the Franchise Agreement which are independently enforceable.

3. Non-Disclosure of Confidential Information.

   (a) The Franchisee and You acknowledge that You, Franchisee and the Designated Manager, the Owner, the Operating Principal, and certain of the Franchisee's employees (collectively, "**Recipients**") have or will receive Confidential Information and Trade Secrets from the Franchisor pertaining to the operation of the Franchised Business. In consideration for access to and use of

©2022 Diesel Barbershop Franchising, LLC

the Confidential Information and Trade Secrets, You, the Franchisee and the Recipients will comply in all respects with the provisions of the Franchise Agreement, including **Section14.1.**

(b) You, the Franchisee and the Recipients acknowledge that (i) the Confidential Information and Trade Secrets developed and utilized in connection with the operation of the Franchised Business are unique and the exclusive property of the Franchisor or its Affiliates, (ii) any unauthorized disclosure or use of the Confidential Information or Trade Secrets would be wrongful and would cause irreparable injury and harm to the Franchisor or its Affiliates, (iii) Franchisor or its Affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, (iv) the Franchisor or its Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets; and (iv) it would be very costly to Franchisor in the event competitors were to acquire or duplicate the Confidential Information and Trade Secrets.

(c) During the Initial Term of the Franchise Agreement, any Interim Period, any Successor Term and thereafter, You, Franchisee and the Recipients will not at any time, reveal, communicate, sell, use, employ, copy, reverse engineer, imitate, lecture upon, rewrite, reproduce, disseminate, publish, disclose, or divulge, directly or indirectly, for its own benefit or otherwise, the Confidential Information or Trade Secrets.

4. In-Term Covenant Not to Compete. During the Initial Term of the Franchise Agreement, any Interim Period and any Successor Term, neither You, the Franchisee or any Recipients will, on their own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, or owner of any other person or Entity, directly or indirectly, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or Entity engage in any Competitive Activity, except with the prior written consent of the Franchisor, which consent may be withheld in Franchisor's sole discretion.

5. Post-Term Covenant Not to Compete. For a period of 24 months after the later of (a) the termination, transfer, assignment or expiration of this Agreement; or (b) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, neither You, the Franchisee, or the Recipients will, on their own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, or owner of any other person or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or Entity engaged in any Competitive Activity within:

(i) the Premises;

(ii) the Designated Territory;

(iii) a 20 mile radius of the Designated Territory;

(iv) a 20 mile radius of any other DIESEL BARBERSHOP business (whether owned by a franchisee, licensee, Franchisor or its Affiliate) that is open, under lease or otherwise under development as of the date that is the later of (a) the expiration and nonrenewal, transfer or termination of this Agreement; or (b) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant; or

(v) if Franchisee signs a Development Agreement, the DMA set out in Exhibit A of the Development Agreement.

©2022 Diesel Barbershop Franchising, LLC

6. Acknowledgements.

(a) You, the Franchisee, and the Recipients expressly agree that the nature of the Franchisor's Franchised Business is such that if You, the Franchisee and or the Recipients were to directly or indirectly engage in Competitive Activity it would be virtually impossible to not to rely on or use the Confidential Information and Trade Secrets.

(b) You, the Franchisee and the Recipients agree that the limitations of time, geography, and scope of the prohibited activity are reasonable because, among other things, (i) Franchisor is engaged in a highly competitive industry, (ii) You, the Franchisee, and each Recipient will have access to the Confidential Information and Trade Secrets, including Franchisor's confidential and proprietary Manuals, (iii) these limitations are necessary to protect Franchisor's Confidential Information, Trade Secrets, goodwill and the goodwill of its other franchisees and developers, (iv) that the covenant not to compete is necessary to give the Franchisor the opportunity to resell and/or develop a new Franchised Business at or in the area near the Premises, and (v) You, the Franchisee, and each Recipient is able to engage in lawful trade and business in a suitable and satisfactory manner without violating the terms of this Agreement. You, the Franchisee and the Recipients further agree that these provisions are necessary to protect the legitimate business interests of the Franchisor, including protecting the integrity of the System and preventing duplication of the System by unauthorized third parties.

(c) You, the Franchisee and the Recipients also agree that money damages alone cannot adequately compensate the Franchisor if there is a breach of this Agreement by You, the Franchisee, or any of the Recipients, and that injunctive relief against You, the Franchisee and/or the Recipients is essential for the protection of the Franchisor and its franchisees and developers. You, the Franchisee and each Recipient agrees therefore that, if the Franchisor alleges that You, the Franchisee, or any of the Recipients breach this Agreement, then the Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against You, the Franchisee, and/or each Recipient, in addition to all other remedies that may be available to the Franchisor. The Franchisor will not be required to post a bond or other security for any injunctive proceeding. If the Franchisor is granted ex parte injunctive relief against You, the Franchisee, and/or any of the Recipients, then You, the Franchisee, and/or the Recipients will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

(d) In any litigation, arbitration or other proceeding concerning Franchisor's enforcement of its rights hereunder, You, the Franchisee and the Recipients for value, voluntarily waive such defenses as they might otherwise have under the law of the jurisdiction in which the matter is being litigated, arbitrated or otherwise relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the Parties that no action or lack of action on the part of the Franchisor will entitle or permit You, the Franchisee and/or the Recipients to use or disclose any such Confidential Information or Trade Secrets in any circumstances.

(e) The restrictions of this **Section 6** will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding.

7. Entire Agreement; Amendments; Waivers. This Agreement and the Franchise Agreement contain the entire agreement between the Parties relating to the matters set forth herein. No amendments or other variation to this Agreement will be effective unless in writing and signed by an authorized person on behalf of each Party. Any waiver of any provision of this Agreement must be in writing and signed by the Party whose rights are being waived. No waiver of any breach of any provision of this Agreement will be, or be

©2022 Diesel Barbershop Franchising, LLC

deemed to be, a waiver of any preceding or subsequent breach of the same or any other provision of this Agreement.

8. Governing Law, Jurisdiction, and Attorneys' Fees. The laws of the State of Texas will govern this Agreement (regardless of its or any other jurisdiction's choice-of-law principles). You, the Franchisee, and the Recipients expressly consents to the personal jurisdiction of the state and federal courts located in San Antonio, Texas for any lawsuit arising from or relating to this Agreement. This instrument will be governed by and construed under the laws of the State of Texas.

9. Attorneys' Fees and Costs. If Franchisor or any of its Affiliates take action to enforce this Agreement or take any action due to Your, the Franchisee's and/or Recipients breach of this Agreement, You, the Franchisee and/or the Recipients shall reimburse Franchisor and its Affiliates for their costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce or seek relief for a breach of this Agreement.

10. Severability. Franchisor has attempted to limit the right to compete only to the extent necessary to protect Franchisor's legitimate business interests. The Parties recognize, however, that reasonable people may differ in making such a determination. Consequently, You, Franchisor, Franchisee, and the Recipients hereby agree that, if the scope or enforceability of the restrictive covenant in this Agreement is in any way disputed at any time, a court may modify and enforce the covenant to the extent that the court believes to be reasonable under the circumstances existing at the time. In addition, Franchisor reserves the right to reduce the scope of said provision without Your, Franchisees, the Owners or the Recipients consent, at any time or times, effective immediately upon notice to Franchisee and the Owners. Each of the foregoing covenants is to be construed as severable and independent and is intended to protect Franchisor, its Affiliates, and their successors and assigns and may be enforced by any of them.

11. Independent Obligation. The obligations set out in this Agreement are independent of any obligation of Franchisor under this Agreement.

[SIGNATURES ON THE FOLLOWING PAGE]

©2022 Diesel Barbershop Franchising, LLC

IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.

FRANCHISOR:

DIESEL BARBERSHOP FRANCHISING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

IF AN INDIVIDUAL:

By:_____

Print Name _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

_____

By: _____

Print Name: _____

Title: _____

Date: _____

YOU/RECIPIENT

By: _____

Print Name: _____

Title _____
(indicate: Owner, Operating Principal, Executive Management, Guarantor, Spouse)

Date: _____

©2022 Diesel Barbershop Franchising, LLC

EXHIBIT E-2 TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT (DESIGNATED MANAGER/MANAGEMENT STAFF)

This Nondisclosure and Noncompetition Agreement ("**Agreement**") is made and entered into on _____ by and between _____ ("**Franchisee**") and _____ ("**Associate**"), who resides or has a principal place of address at _____. Franchisee and Associate are collectively referred to herein as the "Parties" and individually as a "**Party**". All capitalized terms not specifically defined in this Agreement, will have the meaning given to them in the franchise agreement between Franchisee and Diesel Barbershop Franchising, LLC ("**Franchisor**") dated _____ ("**Franchise Agreement**").

A. Franchisor owns, operates, and grants franchises for the establishment and operation of a business that operates a business that features haircutting and grooming, coloring, and barbering services provided to clients by a staff of trained and independently-licensed professionals, as well as related services and products that Franchisor authorizes (collectively, the "**Approved Products and Services**"), from a unique retail setting under the mark "DIESEL BARBERSHOP" and other proprietary marks, trade dress, symbols and logos using the System, Confidential Information and Trade Secrets ("**Franchised Business**").

C. Franchisor's Confidential Information and Trade Secrets are all operations, marketing, materials and data bases, advertising, development and related information which are developed and utilized in connection with the operation of the Franchised Business, the Manuals, all aspects of the System, all information regarding, the terms of the Franchise Agreement, and all Franchisor or its Affiliates proprietary information (whether in print, electronic form, or oral).

D. Franchisor and its Affiliates have established substantial goodwill and an excellent reputation with respect to the Proprietary Marks, Confidential Information and Trade Secrets, which goodwill and reputation have been and will continue to be of major benefit to Franchisor and its Affiliates.

E. Associate is a member of the Franchisee's management staff or is an employee of the Franchisee whose job duties will cause Associate to be given access to the Confidential Information and Trade Secrets;

E. Pursuant to the Franchise Agreement, Franchisee is obligated to, among other things, maintain the confidentiality of the Confidential Information and Trade Secrets and to ensure that all persons associated with Franchisee who receive access to the Confidential Information and Trade Secrets agree not to disclose or use the Confidential Information and Trade Secrets in connection with Competitive Activity as defined herein; and

NOW, THEREFORE, to confirm the obligation and covenants of the Franchisee and the Associate with respect to the prohibited use and disclosure of the Confidential Information and Trade Secrets, and for good and valuable consideration, the sufficiency of which each Party hereby acknowledges, the Parties hereby agree as follows:

1. Definitions.

(a) "**Competitive Activity**" means (i) Offering products and services that are the same as, similar to or competitive with the Franchised Business; (ii) Offering or providing haircutting, hair-coloring, barbering or the other types of haircare services; (iii) Operating a business that employs or incorporates one

©2022 Diesel Barbershop Franchising, LLC

or more distinctive elements of the System; (iv) Providing services of the type provided by Franchisor and/or its Affiliates where those services are provided in relation to businesses of the type described in **Section 1(a)(i)** or **Section 14.2(ii)**; (v) Ownership, whether directly or indirectly, and whether beneficially or of record of any capital stock, partnership interest, membership interest or any other interest in a business or entity that engages in the activities described in **Section 1(a)(i)** or **Section 1(a)(ii)**; (vi) Participation, either directly or indirectly, in the management or operation of a business as a partner, investor, shareholder, owner, director, officer, employee, principal, agent, advisor, manager, joint venture, franchisee, licensee, contractor or consultant or in any other capacity of any entity, business or person that engages in the activities described in **Section 1(a)(i)** or **Section 1(a)(ii)**; (vii) Franchise, license, conduct or be connected with or assist any person, entity or business to franchise, license, conduct or be connected with the activities described in **Section 14.2(i)** or **Section 14.2(ii)**; (viii) Lend money or extend credit to, lease or sublease space to, a business, person or Entity that that engages in the activities described in **Section 1(a)(i)** or **Section 1(a)(ii)**; and (ix)Divert or attempt to divert, directly or indirectly, any business related to, or any customer or account of, Franchisee's Franchised Business, Franchisor, Affiliates, any Other Business operated by Franchisor its franchisees, licensees or Affiliates, or any other business then being offered or operated by Franchisor or its Affiliate(s) in the Designated Area, or contact any of Franchisor's suppliers or vendors for any competitive business purpose.

(b) "**Confidential Information**" all operations information and materials, whether technical or non-technical; data bases, development, related information; documents, papers, notes, the Manuals and the System; work product containing or derived from the proprietary information or from the knowledge of, or in connection with, the operation of the Franchised Business, the Manuals or the System; the terms of this Agreement; information and materials related to the architectural plans, design, layout, equipping, build-out and/or construction of a Franchised Business; methodology, protocol and System standards/specifications for the promotion, offer and sale of any Approved Product or Service, including Franchisor's policies regarding Gift Cards; information related to Franchisor's relationship with existing or prospective Designated Suppliers or other third-party vendors (whether or not Franchisee is required to use such vendors); the reservations system, as well as Computer System and related software generally, that has been customized in any manner for use by Franchisor and/or a Franchised Business; marketing and advertising materials, as well as any other items that display the Proprietary Marks in any manner, as well as Franchisor's designated marketing/advertising/promotional campaigns; and any passwords, logins or other keys necessary to access Franchisee's POS System, reservation system, Computer System or related software used in connection with the Franchised Business; all information and data Franchisee collects regarding the customers and clientele of the Franchised Business; any other information that may be imparted to Franchisee from time to time and designated by Franchisor or its Affiliate as confidential; and all of Franchisor's and its Affiliates proprietary information (in any form).

(c) "**Manual**" means collectively, all books, pamphlets, training videos, discs, software, bulletins, memoranda, letters, notices or other publications or documents prepared by or on behalf of Franchisor, whether in printed or electronic format, for use by Franchisees, setting forth information, advice, standards, requirements, operating procedures, instructions or policies relating to the brand and the System, as same may be amended, modified or enhanced from time to time by Franchisor.

(d) "**Other Business**" means businesses that may use the System or components thereof but do not use any of the Proprietary Marks, or words that are confusingly similar to the Proprietary Marks.

(e) "**System**" means the distinctive and proprietary system, methods, and processes for operating a Franchised Business featuring haircutting and grooming, coloring, and barbering services provided to clients by a staff of trained and independently-licensed professionals, as well as related services and products that Franchisor authorizes (collectively, the "**Approved Products and Services**"), from a unique retail setting which are associated with the Proprietary Marks, copyrights, distinctive interior and

©2022 Diesel Barbershop Franchising, LLC

exterior building designs, décor, furnishings, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, marketing, advertising and instructions, Manual, Confidential Information, and Trade Secrets promulgated by the Franchisor.

(f) "**Trade Secrets**" means information, including systems, patterns, compilations, programs, methods, techniques or processes that both derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. Cumulative Rights and Remedies. The rights and obligations of the Parties set forth herein are cumulative of and do not in any way limit the rights and obligations of the Parties as set forth in the Franchise Agreement which are independently enforceable.

3. Non-Disclosure of Confidential Information.

(a) Associate acknowledges that Associate will receive from Franchisee Confidential Information and Trade Secrets pertaining to the operation of the Franchised Business.

(b) Associate acknowledges that the Confidential Information and Trade Secrets developed and utilized in connection with the operation of the Franchised Business are unique and the exclusive property of the Franchisor or its Affiliates, and that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Franchisor or its Affiliates. Associate further acknowledges that the Franchisor or its Affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that the Franchisor or its Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets

(c) During the term of Associate's employment or affiliation with Franchisee and for a period of five years after the expiration or termination of such employment or affiliation (unless such information is a Trade Secret in which case the requirements will remain in place for as long as such information constitutes a trade secret), Associate will not at any time, reveal, communicate, sell, use, employ, copy, reverse engineer, imitate, lecture upon, rewrite, reproduce, disseminate, publish, disclose, or divulge, directly or indirectly, for its own benefit or otherwise, the Confidential Information or Trade Secrets, for Associate's own benefit or otherwise.

4. In-Term Covenant Not to Compete. During the term of Associate's employment or affiliation with Franchisee Associate will not, on his/her/its own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, or owner of any other person or entity, directly or indirectly, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engage in any Competitive Activity, except with the prior written consent of the Franchisor, which consent may be withheld in Franchisor's sole discretion.

5. Post-Term Covenant Not to Compete. . For a period of 24 months after the termination or expiration of the Associate's employment or affiliation with the Franchisee, Associate will not, on Associate's own account or as an employee, principal, agent, franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or owner of any other person or entity, own, operate, lease, franchise, conduct, engage in, be employed by or

©2022 Diesel Barbershop Franchising, LLC

connected with, have any interest in or assist any person or entity engaged in any Competitive Business or Competitive Activity within:

(a) the Premises;

(b) the Designated Territory;

(c) a 20-mile radius of the Designated Territory;

(d) a 20-mile radius of any other DIESEL BARBERSHOP business (whether owned by a franchisee, licensee, Franchisor or its Affiliate) that is open, under lease or otherwise under development as of the date that is the later of (a) the expiration and nonrenewal, transfer or termination of this Agreement; or (b) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant; or

(e) if Franchisee signs a Development Agreement, the DMA set out in Exhibit A of the Development Agreement.

6. Acknowledgements.

(a) The Associate expressly agrees that the nature of both the Franchisee's and the Franchisor's business is such that if Associate were to directly or indirectly act in violation hereof in connection with Competitive Activity it would be virtually impossible for the Associate not to rely on or use the Confidential Information and Trade Secrets.

(b) The Associate further agrees that the limitations of time, geography, and scope of the prohibited activity are reasonable because, among other things, (i) the Franchisee and Franchisor are engaged in a highly competitive industry, (ii) in Associate's position with Franchisee, Associate will have access to the Confidential Information and Trade Secrets, including Franchisor's confidential and proprietary Manuals, (iii) these limitations are necessary to protect Franchisor's Confidential Information and Trade Secrets goodwill and the goodwill of its other franchisees and developers, and (iv) Associate is able to engage in lawful trade and Franchised Business in a suitable and satisfactory manner without violating the terms of this Agreement. The Associate further agrees that these provisions are necessary to protect the legitimate Franchised Business interest of the Franchisee and the Franchisor, including protecting the integrity of the Diesel Barbershop franchise system and preventing duplication of the System by unauthorized third parties.

(c) The Associate also agrees that money damages alone cannot adequately compensate the Franchisee or the Franchisor if there is a breach of this Agreement by Associate, and that injunctive relief against the Associate is essential for the protection of the Franchisor and the Franchisee. Associate agrees therefore that, if the Franchisee or the Franchisor alleges that Associate has breached this Agreement, then the Franchisee and Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against the Associate, in addition to all other remedies that may be available. The Franchisee and/or Franchisor will not be required to post a bond or other security for any injunctive proceeding. If ex parte injunctive relief is granted against the Associate, then the Associate will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

(d) In any litigation, arbitration or other proceeding concerning enforcement of Franchisee's or Franchisor's rights hereunder, Associate, for value, voluntarily waive such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated, arbitrated or otherwise relating to any claimed "prior breach" on the part of the Franchisee; it being specifically understood and

©2022 Diesel Barbershop Franchising, LLC

agreed between the Parties that no action or lack of action on the part of the Franchisee will entitle or permit the Associate to use or disclose any such Confidential Information in any circumstances.

(e) The restrictions of this **Section 6** will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding.

7. Entire Agreement; Amendments; Waivers. This Agreement and the Franchise Agreement contain the entire agreement between the Parties relating to the matters set forth herein. No amendments or other variation to this Agreement will be effective unless in writing and signed by an authorized person on behalf of each Party. Any waiver of any provision of this Agreement must be in writing and signed by the Party whose rights are being waived. No waiver of any breach of any provision of this Agreement will be, or be deemed to be, a waiver of any preceding or subsequent breach of the same or any other provision of this Agreement.

8. Third Party Beneficiary. Franchisor will be a third-party beneficiary of this Agreement and will be entitled to enforce it.

9. Governing Law, Jurisdiction, and Attorneys' Fees. The laws of the State of Texas will govern this Agreement (regardless of its or any other jurisdiction's choice-of-law principles). Associate expressly consents to the personal jurisdiction of the state and federal courts located in San Antonio, Texas for any lawsuit arising from or relating to this Agreement. This instrument will be governed by and construed under the laws of the State of Texas.

10. Attorneys' Fees and Costs. If Franchisor or any of its Affiliates take action to enforce this Agreement or take any action due to Associate's breach of this Agreement, Associate shall reimburse Franchisor and its Affiliates for their costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce or seek relief for a breach of this Agreement.

11. Severability. Franchisor has attempted to limit the right to compete only to the extent necessary to protect Franchisor's legitimate business interests. The Parties recognize, however, that reasonable people may differ in making such a determination. Consequently, Associate hereby agrees that, if the scope or enforceability of the restrictive covenant in this Agreement is in any way disputed at any time, a court may modify and enforce the covenant to the extent that the court believes to be reasonable under the circumstances existing at the time. In addition, Franchisor reserves the right to reduce the scope of said provision without Associate or Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee and Associate. Each of the foregoing covenants is to be construed as severable and independent and is intended to protect Franchisor, its Affiliates, and their successors and assigns and may be enforced by any of them.

[SIGNATURES ON THE FOLLOWING PAGE]

©2022 Diesel Barbershop Franchising, LLC

IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.

ASSOCIATE:

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

IF AN INDIVIDUAL:

By:_____

Print Name _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

_____

By: _____

Print Name: _____

Title: _____

Date: _____

©2022 Diesel Barbershop Franchising, LLC

EXHIBIT F TO THE FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND DOMAIN NAMES

_____, doing business as DIESEL BARBERSHOP (the "**Assignor**") as of the date this Agreement is signed, in exchange for valuable consideration provided by Diesel Barbershop Franchising, LLC (the "**Assignee**"), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, social media accounts, email names, domain names, as well as any listings associated therewith (collectively, the "**Assigned Property**"), utilized by Assignor in the operation of its DIESEL BARBERSHOP franchised business ("**Franchised Business**"). The Assigned Property includes the following:

Telephone Number(s): _____

Facsimile Number(s): _____

Domain Name(s): _____

E-mail Accounts: _____

Social Media Accounts: _____

Listings: _____

1. The conditional agreement will become effective automatically upon termination, expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company, social media company, listing agencies, and/or domain name registrar (the "**Companies**") to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

2. Assignor agrees to pay the Companies, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the Companies to effectuate this agreement, and agrees to fully cooperate with the Companies, as well as the Assignee, in effectuating this assignment.

[SIGNATURES ON THE FOLLOWING PAGE]

©2022 Diesel Barbershop Franchising, LLC

ASSIGNOR:

DIESEL BARBERSHOP FRANCHISING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

ASSIGNEE:

IF AN INDIVIDUAL:

By:_____

Print Name _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

_____

By: _____

Print Name: _____

Title: _____

Date: _____

©2022 Diesel Barbershop Franchising, LLC

EXHIBIT G TO THE FRANCHISE AGREEMENT

FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

As you know, Diesel Barbershop Franchising, LLC ("**we**", "**us**"), and you are preparing to enter into a Franchise Agreement and/or Development Agreement for the right to open and operate one (1) or more DIESEL BARBERSHOP franchises (each, a "**Franchised Business**"). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Development Agreement and/or Franchise Agreement and pay us the appropriate franchise/development fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement and/or Development Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?

Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No ____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes____ No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Yes____ No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement (and/or Development Agreement) with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business(es) with these professional advisor(s)?

Yes____ No ____ 6. Do you understand the success or failure of your Franchised Business(es) will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Premises (or DMA), competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes____ No ____ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement? If you entered into a Development Agreement, do you further understand that you do not have any territorial exclusivity within your DMA?

Yes____ No ____ 8. Do you understand we and our Affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the DIESEL BARBERSHOP mark or any other mark at any location (a) outside Designated Territory under the Franchise Agreement, and (b) outside or within DMA if you have entered into a Development Agreement, without regard to the proximity of these activities to the premises of your Franchised Business(es) or DMA?

© 2022 Diesel Barbershop Franchising, LLC

Yes____ No ____ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, at our then-current headquarters?

Yes____ No ____ 10. Do you understand the Franchise Agreement and Development Agreement provide that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential or other special damages?

Yes____ No ____ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement or Development Agreement is us?

Yes____ No ____ 12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Designated Managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to transfer of that Franchised Business?

Yes____ No ____ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes____ No ____ 14. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?

Yes____ No ____ 15. Do you understand that we will send written notices, as required by your Franchise Agreement and/or Development Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?

Yes____ No ____ 16. Do you understand that we will not approve your purchase of a DIESEL BARBERSHOP franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes____ No ____ 17. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

© 2022 Diesel Barbershop Franchising, LLC

Yes____ No ____ 20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated: _____	Dated: _____
_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated: _____	Dated: _____

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)

© 2022 Diesel Barbershop Franchising, LLC

EXHIBIT H TO THE FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Each of the undersigned Owners of the Franchisee hereby confirms that the Ownership Interests set forth below for each Owner are true and correct and, as a condition to the Franchisor agreeing to enter into this Agreement with the Franchisee, each Owner agrees to execute and be bound by the terms and conditions of the Personal Guaranty attached to this Agreement as **Exhibit B** and the Confidentiality and Non-Competition Agreement attached to this Agreement as **Exhibit E**.

1. Franchisee's Name: _____

2. Franchisee's Form of Ownership. Franchisee's form of ownership is (select one below):

_____ Individual (No further information needed.)

_____ Corporation (Provide the state and date of incorporation, the names and addresses of each officer and director, and the names and addresses of every shareholder, including percentage of stock owned by each below.)

State of Incorporation: _____

Date of Incorporation: _____

_____ Limited Liability Company (Provide the state and date of formation, the names and addresses of each manager, and the names and addresses of every member, including percentage of membership interest held by each member below.)

State of Formation: _____

Date of Formation: _____

_____ Partnership (Provide name and address of each partner, percentage of business owned, whether active in management, and state in which partnership was formed below.)

State Partnership Formed:_____

Date Partnership Formed:_____

Owner Name	Address/Phone Number	Ownership Interest Percentage	Title

Designated Manager: _____

Operating Principal:_____

© 2022 Diesel Barbershop Franchising, LL

Any and all changes to the above information must be reported to Franchisor within 10 business days prior to the date such changes take effect.

DIESEL BARBERSHOP FRANCHISING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

IF AN INDIVIDUAL:

By:_____

Print Name _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

_____

By: _____

Print Name: _____

Title: _____

Date: _____

© 2022 Diesel Barbershop Franchising, LL

EXHIBIT I TO THE FRANCHISE AGREEMENT

STATE RIDER

© 2022 Diesel Barbershop Franchising, LL

EXHIBIT C

TO THE DIESEL BARBERSHOP FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

© 2022 Diesel Barbershop Franchising, LLC

DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") entered into _____ ("Effective Date")between Diesel Barbershop Franchising, LLC, an Texas limited liability company with its principal place of business at 11255 Huebner Road, San Antonio, Texas 78230 (the "Franchisor"); and _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the "Developer").

BACKGROUND

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed and own a unique system (the "System") related to the establishment, development, opening, and operation of a business that features haircare and barbering services, including haircutting, grooming and coloring, provided to clients by a staff of trained and independently-licensed professionals, as well as related services and products that Franchisor authorizes (collectively, the "Approved Products and Services"), from a unique retail setting (each, a "Shop").

B. Franchisor's System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operation of a Shop; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Shop; standards and specifications for the furniture, fixtures and equipment located within a Shop; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for sales techniques, merchandising, marketing, advertising, inventory management systems, advertising, bookkeeping, sales and other aspects of operating a Shop. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Developer hereby acknowledges and agrees that: (i) while the System and Franchisor's related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.

C. The System and Shops are identified by the mark DIESEL BARBERSHOP, as well as certain other trade names, trademarks, service marks and trade dress, all of which Franchisor may modify, update, supplement or substitute in the future (collectively, the "Proprietary Marks"). The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor grants qualified third parties the non-exclusive right to develop a certain number of Shops within a designated market area (the "DMA") in accordance with the terms of this Agreement to which Developer must be strictly adhere, with each Shop within the DMA being opened and operating utilizing the Proprietary Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor's then-current form of franchise agreement (each, a "Franchise Agreement").

E. Developer recognizes the benefits from receiving the right to operate a Shop utilizing the System and desires to: (i) become a multi-unit developer subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate a certain number of Shops within the DMA as set forth in this Agreement (each, a "Franchised Business"), and Franchisor has approved such application in reliance on Developer's representations made therein.

©2022 Diesel Barbershop Franchising, LLC

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor's operations manual and other System standards and specifications, are essential to the operation of all Shops and the System as a whole.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. **DMA; Development Schedule and Obligations**. Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish _____ Franchised Businesses within the DMA defined in the Data Sheet attached hereto as **Exhibit A** (the "**Data Sheet**"), provided Developer opens and commences operations of such Franchised Businesses in strict accordance with the mandatory development schedule also set forth in the Data Sheet (the "**Development Schedule**") and otherwise subject to the terms and conditions set forth herein. The parties agree and acknowledge that Developer shall not have any exclusive territorial rights within the DMA.

2. **Development Fee.** Developer shall pay Franchisor a development fee equal to $_____ (the "**Development Fee**") for the right to develop the foregoing Franchised Businesses within the DMA under this Agreement, which is: (i) deemed fully earned upon payment and is not refundable under any circumstances; and (ii) payable in accordance with the schedule set forth in **Section 3** below. Developer must pay Franchisor the full Development Fee upon execution of this Agreement. The Development Fee is deemed fully earned and non-refundable upon payment.

3. **Initial Franchise Agreement**. Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor's current form of Franchise Agreement for the Initial Franchised Business that Developer is required to open within the DMA. In the event Developer is a business entity of any kind, then Developer's principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in **Section 4** of this Agreement.

4. **Additional Franchise Agreements.** Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each additional Franchised Business that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the agreed upon Development Schedule.

5. **Development Obligations.** Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the number of new Franchised Businesses during each of the development periods defined in the Development Schedule (each, a "**Development Period**"); and (ii) has the minimum cumulative number of Franchised Businesses open and operating at the expiration of each such Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer's failure to comply with the Development Schedule in any manner with respect to any Development Period is grounds for immediate termination of this Agreement if not timely cured as set forth in **Section 6.2** of this Agreement (and any future development rights granted hereunder). The parties agree and acknowledge that if there is more than one developer or franchisee looking to secure a site for a DIESEL BARBERSHOP Shop within the DMA, the parties will follow the Franchisor's prescribed process and procedure for how sites will be reviewed and offered to such franchisees/developers (including Developer) within the DMA, as Franchisor sets forth in its confidential operations manual(s) or otherwise.

©2022 Diesel Barbershop Franchising, LLC

6. **Term and Termination**.

6.1 This Agreement will commence as of the date it is fully executed and, unless earlier terminated by Franchisor, will expire on the earlier of: (i) the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule; or (ii) the date Developer actually opens the last Franchised Business that Developer is granted the right to open under this Agreement. Upon expiration or termination of this Agreement for any reason, Developer will not have any territorial rights other than those that might be granted in connection with a "Designated Territory" associated with a Franchised Business that Developer has opened and commenced operating as of the date this Agreement is terminated or expires (if and as such rights are granted by Franchisor under the respective Franchise Agreement(s) that Developer entered into for such Franchised Business(es)).

6.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the DMA or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an objective intent by Developer to discontinue development of the Franchised Businesses within the DMA; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations under the Development Schedule for any single Development Period, and fails to cure such default within 30 days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

7. **Reservation of Rights.** Except as provided in **Section 1** of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

8. **Sale or Assignment.** Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

9. **Acknowledgment**. Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor's Proprietary Marks or System.

10. **Notices**. All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail via recognized courier such as UPS or FedEx, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

11. **Dispute Resolution**.

11.1 Governing Law. Except as specifically otherwise provided in this **Section 11.1** and **Section 11.10**, all Disputes to be arbitrated by Developer and Franchisor pursuant to this Agreement will be governed by the United States Federal Arbitration Act, and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations, or common law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement

©2022 Diesel Barbershop Franchising, LLC

will be interpreted under the laws of the State of Texas, and any dispute between the Parties will be governed by and determined in accordance with the substantive laws of the State of Texas, which laws will prevail in the event of any conflict of law.

11.2 Dispute Resolution. Developer and Franchisor have negotiated regarding a forum and dispute resolution mechanism to resolve any disputes that may arise between Developer and Franchisor and have agreed to select forums and dispute resolution mechanism in order to promote stability in franchisee relationship with franchisor as provided in this **Section 11.**

(a) Internal Dispute Resolution. Subject to the exclusions set out in Section 0 Franchisor and Developer will use best efforts to resolve and settle by direct, private negotiation any Dispute. Both Parties may seek the advice and assistance of legal counsel in connection with any such negotiation.

(b) Mediation. Subject to the exclusions set out in Section 0 if the Parties cannot resolve and settle a dispute by private negotiation within sixty (60) days after a party gives the other written notice that a dispute exists, the Parties mutually agree that before commencing any arbitration proceeding (as provided below), the dispute will first be submitted to non-binding mediation. The mediation shall be conducted under the then current CPR Procedure For Resolution Of Franchise Disputes, except to the extent the CPR Mediation Rules differ from the terms of this Agreement, in which event, the terms of this Agreement shall be applied. Franchisor and Developer shall select the mediator from the CPR Panel Of Neutrals (unless the Parties mutually agree to the selection of another mediator). If the Parties cannot agree on the selection of a mediator, CPR shall make the selection. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. Each party agrees to send at least one representative to the mediation conference who has the authority to enter into binding contracts on that party's behalf. The cost of the mediation, including the mediator's fee and expenses, shall be split equally between Franchisor and Developer.

(c) Arbitration. If the Parties cannot fully resolve and settle a Dispute through direct mediation within 30 days after the mediation conference concludes, all unresolved issues involved in the Dispute (subject to Section 0) will be submitted to binding arbitration by the American Arbitration Association ("AAA") on demand of either party. But, a notice or request for arbitration will not operate to stay, postpone, or rescind the effectiveness of any demand for performance or notice of termination. The arbitration proceeding will be before one neutral arbitrator with contract experience. Franchisor and Developer shall select the arbitrator from a panel provided by the AAA (unless the Parties mutually agree to the selection of another arbitrator). If the Parties cannot agree on the selection of an arbitrator, the arbitrator will be appointed by the AAA in accordance with the current or successor commercial arbitration rules of the AAA. Except as otherwise provided in this Agreement, the arbitration shall be conducted in accordance with the then current or successor commercial arbitration rules of the AAA. The arbitrator will agree to follow and apply the express provisions of this Agreement in determining the arbitration award. The arbitrator will not extend or modify or suspend any of the terms of the Agreement or the reasonable standards of business performance and operation established by Franchisor. The arbitrator shall be bound to apply the applicable law and shall not rule inconsistently with applicable law. Franchisor and Developer agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by the federal rules of civil procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. Each party will, upon the written request of the other party, promptly provide the other with copies of documents relevant to the issues raised by any claim or counterclaim on which the producing party may rely in support of or in opposition to any claim or defense. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the arbitrator, which determination

©2022 Diesel Barbershop Franchising, LLC

shall be conclusive. All discovery shall be completed within sixty (60) days following the appointment of the arbitrator. At the request of a party, the arbitrator shall have the discretion to order examination by deposition of witnesses to the extent the arbitrator deems such additional discovery relevant and appropriate. Depositions shall be limited to a maximum of five (5) per party and shall be held within thirty (30) days of making of a request. Additional depositions may be scheduled only with the permission of the arbitrator and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information. Franchisor and Developer agree that the arbitration shall be conducted on an individual, not a class-wide basis and that any arbitration proceeding between Franchisor and Developer shall not be commenced, consolidated or conducted with any other arbitration proceeding. The arbitrator has no authority to rule on the enforceability of the ban on class-action arbitration. Any ruling by the arbitrator authorizing arbitration to be conducted on a class-wide basis is subject to appeal to a court of competent jurisdiction. The arbitrator will not have the authority to declare any Proprietary Mark generic, descriptive or otherwise invalid. The arbitrator may not consider any settlement discussions or offers that might have been made by Developer or Franchisor. The award shall be made within nine (9) months of the filing of the notice of intention to arbitrate, and the arbitrator shall agree to comply with this schedule before accepting appointment. This time limit may be extended by the Parties or arbitrator if necessary. The award shall include findings of fact and conclusions of law. Either party may apply to the court having jurisdiction for an order confirming or enforcing the award. The arbitrator shall have the right to award or include in the award any relief which he/she deems proper in the circumstances consistent with Section 11, including money damages (with interest on unpaid amounts from date due), specific performance, injunctive and declaratory relief, and legal fees and costs in accordance with Section 0 hereof, provided that the arbitrator shall not have the authority to award exemplary, punitive or treble damages

11.3 Forum. The mediation and arbitration proceeding will take place in San Antonio, Texas or the city nearest Franchisor's principal place of business at the time as determined by the mediator or arbitrator, as the case may be, unless the Parties mutually agree to another location.

11.4 Consent to Jurisdiction. Developer hereby irrevocably submit to the jurisdiction and venue of the courts in San Antonio, Texas and mediation and arbitration in San Antonio, Texas. Developer hereby waives any objection Developer might have to the personal jurisdiction of or venue in such courts.

11.5 Prior Relationship. The mediator and arbitrator selected in accordance with **Sections 11.2(b)** and **11.2(c)** will have no prior business or personal relationship with any Parties.

11.6 Definition of Dispute. "**Dispute**" means disputes, controversies or claims between Franchisor, its Affiliate, shareholders, owners, officers, directors, agents, employees and attorneys (in their respective capacity) and Developer and Developer's Affiliates, officers, directors, agents and employees (collectively, "**Parties**") (a) arising out of or related to this Agreement or any other agreement between the Parties relating to the Franchised Business or the relationship of the Parties hereto; (b) Developer's operation of the Franchised Business; or (c) the scope or validity of this Agreement or any other agreement between the Parties relating to the Franchised Business or the relationship of the Parties hereto or any provision thereof (including the validity and scope of the arbitration obligation, which Developer and Franchisor acknowledge will be determined by an arbitrator and not a court, unless the arbitrator invalidates the Arbitration provision in its entirety, in which case, wither party has the right to appeal such invalidation to a court of competent jurisdiction).

11.7 Business Judgment. The Parties recognize and any mediator, arbitrator and judge is affirmatively advised, that certain provisions of this Agreement reflect rights of Franchisor and Developer to take (or refrain from taking) certain actions in exercise of its business judgment based on its assessment of the

©2022 Diesel Barbershop Franchising, LLC

long term interests of the franchised System as a whole. Where such discretion has been exercised and is supported by the business judgment of Franchisor or Developer, a mediator, arbitrator or judge will not substitute his or her judgment for the judgment so exercised by Franchisor or Developer.

11.8 Confidentiality. All negotiations and mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the negotiation and mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of applicable rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose.

11.9 Costs and Attorneys Fees. If Franchisor or any of its Affiliates take action to enforce this Agreement or take any action due to Developer breach of this Agreement, Developer shall reimburse Franchisor and its Affiliates for their costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce or seek relief for a breach of this Agreement. Franchisor reserves the right, but has no obligation, to advance Developer share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with this **Section 11.9**. If either Party commences any legal action or proceeding in any court in contravention of the terms of **Section 11.2**, that Party shall pay all costs and expenses that the other party incurs in the action or proceeding, including, without limitation, costs and attorney's fees as described in this **Section 11.9.**

11.10 Disputes Not Subject to Negotiation, Mediation or Arbitration. The following disputes between the Franchisor and the Developer will not be subject to mediation or arbitration:

(a) use of the Proprietary Marks, Confidential Information, Trade Secrets or Copyrighted Materials by the Developer;

(b) conduct which is alleged to otherwise infringe the intellectual property rights of Franchisor or any of its Affiliates;

(c) any alleged breach of the provisions of this Agreement relating to Confidential Information, Trade Secrets and in-term and post-term covenants not to compete contained in the Franchise Agreement for the Initial Franchised Business;

(d) any dispute regarding the Developer's obligations to indemnify the Franchisor and/or an Affiliate for any Claims or Damages pursuant to Franchise Agreement for the Initial Franchised Business Agreement; and

(e) any injunctive actions commenced by either Party pursuant to this Agreement or pursuant to any statutory or common law rights.

11.11 Venue. The Parties agree that the exclusive venue for Disputes between them under this **Section 11.11** shall be in federal or state courts situated in San Antonio, Texas and each Party waives any objection it might have to the personal jurisdiction of or venue in such courts. Notwithstanding the foregoing, if Franchisor's principal place of business is not located in the San Antonio, Texas metropolitan area, the nearest city to franchisor's principal place of business at the time with a state and federal court will be substituted for San Antonio, Texas in Franchisor's sole determination. Developer acknowledges that this Agreement has been entered into in the State of Texas, and that Developer is to receive valuable and continuing

©2022 Diesel Barbershop Franchising, LLC

services emanating from Franchisor's headquarters in Texas, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Texas as set forth in this Section.

11.12 Survival. The provisions of this **Section 11** are intended to benefit and bind certain third-party non-signatories. The provisions of this **Section 11** will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

11.13 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this **Section 11**, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Developer.

11.14 Notice Requirement. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Developer must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

11.15 Limitation of Actions. Developer, further agrees that no cause of action arising out of or under this Agreement may be maintained by Developer against Franchisor or its Affiliates unless Developer brings an action/suit against Franchisor or its Affiliates before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Developer becomes aware of facts or circumstances reasonably indicating that Developer may have a claim against Franchisor or its Affiliates hereunder, whichever occurs sooner. Any action/suit that Developer does not bring within this period will be barred as a claim, counterclaim, defense, or set-off. Developer hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor or its Affiliates including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement.

11.16 Waiver of Punitive Damages. Developer hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor or its Affiliate arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Developer and Guarantor's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement will be construed to prevent Franchisor or its Affiliate from claiming and obtaining expectation or consequential damages, for the balance of the term of this Agreement if it is terminated due to Developer's default, which the Parties agree and acknowledge Franchisor may claim under this Agreement.

11.17 WAIVER OF JURY TRIAL. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

©2022 Diesel Barbershop Franchising, LLC

11.18 Severability. If a court of competent jurisdiction decides the requirement to mediate or arbitrate a Dispute is unenforceable because applicable law does not permit the type of claim involved to be resolved by mediation or arbitration, or because this Agreement limits a party's rights or remedies in a manner applicable law does not permit, or for any other reasons, then the requirement to mediate or arbitrate will not be void. Only those portions of the mediation or arbitration clause with respect to such claim or claims as are necessary to comply with applicable law will be invalid and considered severable, but the remainder will be enforced.

11.19 Injunctive Relief**.** Developer acknowledges and agrees that irreparable harm could be caused to Franchisor by Developer's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Developer's use of the Proprietary Marks and Franchisor's confidential information; (ii) Developer's covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement or any Franchise Agreement with Franchisor; (iii) Developer's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) prohibiting any act or omission by Developer or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Developer's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Developer waives all damage claims if the injunction is wrongfully issued.

12. **Third Party Beneficiaries**. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, including without limitation, the right to specifically utilize and exhaust the mediation procedure with respect to any and all claims asserted against such person(s) by Developer or its principals.

13. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

14. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

15. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

©2022 Diesel Barbershop Franchising, LLC

16. **Successors**. References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees.

17. **Additional Documentation.** Developer must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, as reasonably necessary to effectuate the transactions contemplated herein.

18. **No Right to Offset.** Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

19. **Entire Agreement**. This Agreement contains the entire agreement between the parties concerning Developer's development rights within the DMA; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer. This Agreement will not supersede any written agreements or contracts that are signed concurrently with this Agreement. In addition, franchise agreement between the Parties, will remain in full force and effect in accordance with the terms and conditions thereof, and will not be superseded by this Agreement.

20. **Defined Terms**. Capitalized terms not defined in this Agreement have the meaning set out in the Franchise Agreement for the Initial Franchised Business.

[SIGNATURES ON THE FOLLOWING PAGE]

©2022 Diesel Barbershop Franchising, LLC

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

DIESEL BARBERSHOP FRANCHISING, LLC

_____

Print Name: _____

Date: _____

DEVELOPER:

_____

IF AN INDIVIDUAL:

By: _____

Print Name: _____

Date: _____

Spouse Signature: _____

Spouse Name: _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

By: _____

Print Name: _____

Title: _____

Date: _____

Owner Signature: _____

Owner Name:_____

Date: _____

Owner Signature: _____

Owner Name:_____

Date: _____

©2022 Diesel Barbershop Franchising, LLC

EXHIBIT A to DEVELOPMENT AGREEMENT

DATA SHEET

1. **Designated Market Area ("DMA").** The DMA, as referred to in **Section 1** of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

_____

_____

2. **Development Schedule.** The Development Schedule referred to in **Section 5** of the Development Agreement is as follows:

Expiration of Development Period (each, a "Development Period")	# of New Franchised Businesses Opened Within Development Period	Cumulative # of Franchised Businesses that Must Be Open and Operating
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		

APPROVED AND ACCEPTED BY:

DIESEL BARBERSHOP FRANCHISING, LLC

By: _____

Title: _____

Date: _____

DEVELOPER

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

Date: _____

©2022 Diesel Barbershop Franchising, LLC

EXHIBIT D

TO THE DIESEL BARBERSHOP FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

© 2022 Diesel Barbershop Franchising, LLC

DIESEL BARBERSHOP FRANCHISING LLC

Financial Statements

November 30, 2021 and 2020

CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Members' Equity (Deficit)	5
Statements of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	7 - 13

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members
Diesel Barbershop Franchising LLC
San Antonio, Texas

We have audited the accompanying financial statements of Diesel Barbershop Franchising LLC (a Texas limited liability company), which comprise the balance sheets as of November 30, 2021 and 2020, and the related statements of operations, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diesel Barbershop Franchising LLC as of November 30, 2021 and 2020, 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 for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Diesel Barbershop Franchising LLC 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 Diesel Barbershop Franchising LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Diesel Barbershop Franchising LLC'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 Diesel Barbershop Franchising LLC'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.

Thomas, Judy & Tucker, P.A.

Raleigh, North Carolina
March 21, 2022

DIESEL BARBERSHOP FRANCHISING LLC

BALANCE SHEETS

November 30, 2021 and 2020

ASSETS	2021	2020
Current Assets:		
Cash	$ 48,449	$ 560,808
Due from Related Party	29	
Accounts Receivable	19,506	10,590
Current Portion of Deferred Costs	128,780	
Total Current Assets	196,764	571,398
Property and Equipment at Cost:		
Furniture	5,000	
Computers	6,393	
Less: Accumulated Depreciation	(1,039)	
Net Property and Equipment	10,354	
Other Assets:		
Deferred Costs, Net	2,480,292	
Total Other Assets	2,480,292	
Total Assets	$ 2,687,410	$ 571,398
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accrued Interest	$ 29,688	$ 10,041
Accrued Expenses	59,569	29,847
Current Portion of Deferred Revenue	116,565	270,000
Due to Related Party	250,000	366,193
Total Current Liabilities	455,822	676,081
Long-Term Liabilities:		
Note Payable	500,000	500,000
Deferred Revenue, Net of Current Portion	2,786,710	
Total Long-Term Liabilities	3,286,710	1,176,081
Total Liabilities	3,742,532	
Members' Deficit	(1,055,122)	(604,683)
Total Liabilities and Members' Deficit	$ 2,687,410	$ 571,398

See Accompanying Notes

DIESEL BARBERSHOP FRANCHISING LLC
STATEMENTS OF OPERATIONS
Years Ended November 30, 2021 and 2020

	2021	2020
Revenues:		
Franchise Fees	$ 116,565	$ 737,500
Royalty Fees	368,153	160,982
Technology Fee	101,600	79,745
Brand Fund Revenue	47,048	21,874
Other Revenue	30,144	6,921
Total Revenues	663,510	1,007,022
Expenses:		
General and Administrative	60,461	53,184
Payroll	606,949	354,253
Insurance	5,146	
Occupancy	9,525	19,249
Commission		701,500
Royalties	78,821	50,411
Office	13,095	11,629
Advertising and Promotion	121,553	146,671
Professional Fees	319,092	186,023
Travel	71,404	70,059
Licensing Fees		1,150
Miscellaneous	10,532	8,992
Bank Service Charges	1,170	1,510
Franchise Tax	17,740	8,869
Depreciation	1,039	
Amortization	123,749	
Conferences and Training	3,200	1,875
Total Expenses	1,443,476	1,615,375
Other Income (Expense):		
Forgiveness of Due to Related Party	366,193	
Interest Expense	(19,647)	(10,041)
Total Other Income (Expense):	346,546	(10,041)
Net Loss	$ (433,420)	$ (618,394)

See Accompanying Notes

DIESEL BARBERSHOP FRANCHISING LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)

Years Ended November 30, 2021 and 2020

Members' Equity, November 30, 2019	$	20,280
Distributions		(6,569)
Net Loss		(618,394)
Members' Deficit, November 30, 2020		(604,683)
Cumulative Effect of ASC 606 Adoption (See Note 1)		(17,019)
Net Loss		(433,420)
Members' Deficit, November 30, 2021	$	(1,055,122)

See Accompanying Notes

DIESEL BARBERSHOP FRANCHISING LLC
STATEMENTS OF CASH FLOWS
Years Ended November 30, 2021 and 2020

	2021	2020
Cash from Operating Activities:		
Net Loss	$ (433,420)	$ (618,394)
Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities:		
Depreciation	1,039	
Amortization	123,749	
Forgiveness of Due to Related Party	(366,193)	
Changes in Operating Assets and Liabilities that Provided (Used) Cash:		
Accounts Receivable	(8,916)	(4,654)
Due from Related Party	(29)	
Accounts Payable		(2,450)
Royalties Payable		(3,606)
Accrued Interest	19,647	10,041
Accrued Expenses	29,722	28,918
Deferred Revenue	(116,565)	150,000
Net Cash Used by Operating Activities	(750,966)	(440,145)
Cash from Investing Activities:		
Purchase of Property and Equipment	(11,393)	
Net Cash Used by Investing Activities	(11,393)	
Cash from Financing Activities:		
Proceeds from Note Payable		500,000
Distributions to Members		(6,569)
Due to Related Party	250,000	366,193
Net Cash Provided by Financing Activities	250,000	859,624
Net Increase (Decrease) in Cash	(512,359)	419,479
Cash, Beginning of Year	560,808	141,329
Cash, End of Year	$ 48,449	$ 560,808

See Accompanying Notes

1. Summary of Significant Accounting Policies

Business Operations
Diesel Barbershop Franchising LLC (the "Company") was organized on August 9, 2017. The Company is organized to be the franchisor of the Diesel Barbershop franchise system which are retail haircare outlets featuring haircutting, grooming, and barbering services. The Company's fiscal year-end is November 30. The Company's activities are subject to significant risks and uncertainties, including failing to find franchisees and failing to secure additional funding for operating activities.

Ownership
The members shall not be bound by, or personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the operating agreement or as required by law. Prior to November 2020, membership interest in the Company was held by five members. In November 2020 two members withdrew from the Company and forfeited their membership interest. No consideration was paid to the members upon forfeiting their membership interests.

Basis of Accounting
The financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition
The Company accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification 606 ("ASC 606"), *Revenue from Contracts with Customers*, which was adopted on December 1, 2020. Revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing the revenue when (or as) the entity satisfies a performance obligation. The Company also elected to adopt the accounting policy within Accounting Standards Update 2021-02 ("ASU 2021-02"), *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient,* which allows the Company to treat pre-opening activities provided to a franchisee as a distinct and separate performance obligation from the franchise license if the pre-opening activities are consistent with those included within a predefined list within the guidance, and therefore the pre-opening activities are recognized as revenue in the year the services are provided. Prior to ASC 606, revenue related to initial fees was recognized upon store opening and renewal and transfer fees were recognized when the related agreement became effective. Upon the adoption of ASC 606, the Company determined that the franchise license that the Company provides in exchange for the upfront franchise fee that is allocated to the franchise license is highly interrelated with the franchise right and is not individually distinct from the ongoing services that the Company provides to franchisees. As a result, upon the adoption of ASC 606, a portion of the upfront franchise fee allocated to the franchise license is recognized as revenue over the term of the respective franchise agreement. Upon the adoption of ASU 2021-02, the Company determined that the pre-opening activities are recognized as revenue in the year the services are provided.

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)
The franchise license granted for each individual store within an arrangement represents a single performance obligation. Therefore, initial franchise license fees for each arrangement are allocated to each individual store and recognized over the 10-year term of the respective franchise agreement from the date of the store opening.

Royalty income is also recognized over the term of the respective franchise agreement based on the royalties earned each period as the underlying sales occur. Renewal fees are generally recognized over the renewal term for the respective store from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer.

ASC 606 also requires that the incremental cost of acquiring a franchisee as a customer, such as broker commission fees, be capitalized and amortized over the related franchise term. Such fees are recorded as deferred costs on the accompanying balance sheets.

Deferred revenue was adjusted for $2,749,840, Deferred costs were adjusted for $2,609,072, and retained earnings was adjusted for $17,019 as of date of ASC 606 and ASU 2021-02 adoption on December 1, 2020.

Continuing fees such as royalties, brand fund development, and technology services fees, are typically billed and paid weekly. Royalty fees are based on 7.5% of the franchisee's gross store-level sales and brand fund development fees are based on 0.50% - 1% of the franchisee's store-level sales. The Company has determined the advertising services provided to franchisees are highly interrelated with the franchise right and therefore not distinct. Franchisees remit to the Company a percentage of Diesel Barbershop store-level sales as consideration for providing the advertising services. As a result, revenues for royalties and advertising services are recognized when the related store sales occur based on the application of the sales-based exception within ASC 606.

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended November 30, 2021:

Performance Obligations Satisfied Over Time	$ 218,165
Performance Obligations Satisfied at a Point in Time	445,345
	$ 663,510

1. Summary of Significant Accounting Policies (Continued)

Contract Balances
Royalty receivables relate primarily to payments due for royalties. Deferred revenue represents the Company's remaining performance obligations under its franchise and license agreements for which consideration has been received. These amounts have been separately stated in the accompanying balance sheets and therefore are not disclosed as required by ASC 606.

Allocation of Profit and Loss
In accordance with the operating agreement, net income and loss are allocated to members in proportion to their respective ownership interests after giving effect to all capital account adjustments attributable to contributions and distributions of cash and property made during the year.

Cash Equivalents
The Company considers investments in money market accounts and commercial paper with maturities of 90 days or less to be cash equivalents. At November 30, 2021 and 2020, the Company had no cash equivalents.

Accounts Receivable
Receivables are reported at the amount management expects to collect from outstanding balances net of any rebates. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined. Balances that are still outstanding after management has used reasonable collection efforts are written off.

Accounts receivable consist primarily of royalties, brand development, and technology fees due from franchisees. Royalties and brand development fees due from individual franchisees are based upon a share of monthly gross sales. Brand development revenue is used for marketing efforts on behalf of the franchisees. Total royalties and brand development fees due to the Company at November 30, 2021 and 2020 was $19,506 and $10,590, respectively. Technology fees are nonrefundable and based upon fixed rates and are used to defray costs of certain technology-related tools maintained by the Company for use by the franchise.

Based upon a review of the individual account balances, management has determined that no allowance for doubtful accounts is necessary as of November 30, 2021 and 2020.

Due from related party consists of advances made to an affiliated entity and are due on demand. Amounts due totaled $29 and $0 as of November 30, 2021 and 2020, respectively.

1. Summary of Significant Accounting Policies (Continued)

Deferred Costs
Deferred costs are initial costs related to the Company's sale of franchise agreements that are deferred and amortized over the life of the respective franchise agreement. Amortization of deferred costs totaled $123,749 and $0 for the years ended November 30, 2021 and 2020, respectively.

Property and Equipment
Property and equipment are recorded at cost. Depreciation is provided on the straight-line method for financial statement purposes over estimated useful lives of three years. Depreciation expense for the years ended November 30, 2021 and 2020 was $1,039 and $0, respectively.

Concentration of Credit Risk
The Company places its cash in a financial institution located in the San Antonio, Texas area. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The risk is managed by maintaining all deposits in high quality financial institutions. At November 30, 2021, the Company's cash balances were fully insured.

Use of Estimates and Assumptions
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. Actual results could differ from those estimates.

Income Taxes
No income tax provision has been included in the financial statements since income or loss of the Company is required to be reported by respective members on their income tax returns.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in income tax returns that require recognition or disclosure in the accompanying balance sheets. The Company is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

2. Related Party Transactions

The Company entered into a license agreement with one of the members of the Company. The license agreement has a perpetual life. No consideration was paid in connection with entering into the license agreement. The licensor receives an equity interest in the Company in exchange for entering into the agreement. Under the license agreement the Company has the right to use the service marks and trademarks identified in the agreement along with any other trademarks, trade names, service marks, logos and other commercial symbols which the licensor uses to identify the products and services offered by Diesel Barbershops.

2. Related Party Transactions (Continued)

In addition, the Company may use designs, color schemes, décor and images which the licensor uses in connection with operation of Diesel Barbershops and the Company may use any confidential and proprietary information and know-how related to the operation of Diesel Barbershops. If the licensor determines to establish an advertising or marketing fund to which all or substantially all other Diesel Barbershops contribute, the Company contributes on an equivalent basis as such as other Diesel Barbershops to such fund in an amount not to exceed 20% of gross revenues. Additionally, this member receives a percentage of franchise fees for franchise sales made exclusively by the member. During the years ended November 30, 2021 and 2020, the Company paid the member $0 and $19,000, respectively, for franchise sales commissions. This member also provides consulting services. During the years ended November 30, 2021 and 2020, the Company incurred consulting fees of $167,500 and $40,000, respectively.

In August 2017, the Company entered into a consulting and exclusive franchise sales management agreement with a company owned by two former members of the Company. Under the agreement, the Company paid a consulting fee for services provided, a percentage of the franchise fees for franchise sales made exclusively by the consultants, and a percentage of gross revenues associated with said franchises for royalty fees. During the years ended November 30, 2021 and 2020, the Company incurred professional fees of $0 and $40,000, respectively, for consulting services and $0 and $363,125, in franchise sales commissions, respectively, related to this agreement. In November 2020, this agreement was terminated.

The Company also paid royalty fees to this company based on 1.25% of gross sales of certain franchises. Royalty fees paid during the years ended November 30, 2021 and 2020 totaled $0 and $17,247, respectively.

The Company also entered into a lease agreement with this company (see Note 3). In November 2020, this agreement was terminated.

In April 2020, the Company was advanced $366,193 from an entity affiliated by common ownership. There are no formal repayment terms and amounts were due on demand. During the year ended November 30, 2021, the $366,193 advance was forgiven. Amounts due to the related party totaled $0 and $366,193 as of November 30, 2021 and 2020, respectively.

During the year ended November 30, 2021, the Company was advanced funds from an entity affiliated by common ownership. There are no formal repayment terms and amounts are due on demand. Amounts due to the related party totaled $250,000 and $0 as of November 30, 2021 and 2020, respectively.

3. Operating Lease

In January 2019, the Company entered into a lease agreement for office space located in Cary, North Carolina with a company owned by two members of the Company. Monthly payments are $2,500 and the term of the lease is month to month. Total rent expense for the years ended November 30, 2021 and 2020 was $0 and $10,588, respectively. In April 2020, the Company terminated the lease.

4. Commitments and Contingencies

The Company has royalty agreements with its Area Representative Franchises, whereby the Company is required to pay 3% of gross sales for certain franchisees. The Company paid $78,821 and $33,164 under this agreement during the years ended November 30, 2021 and 2020, respectively. Additionally, the agreement provides that the Company will pay a percentage of franchise fees for franchise sales made by the Area Representative Franchises. Amounts paid by the Company related to commissions for franchise sales made by the Area Representative Franchises were $0 and $14,375 during the years ended November 30, 2021 and 2020, respectively.

5. Future Business Risk

As shown in the accompanying financial statements, the Company generated net losses of $433,420 and $618,394 during the years ended November 30, 2021 and 2020, respectively. The accompanying financial statements have been prepared assuming that the Company will operate as a going concern. The members of the Company plan to make capital contributions or provide additional advances to fund operating activities in the event working capital is not sufficient to cover operating expenses. Management believes that cash generated from future operations and continued financial support from the members of the Company in the form of capital contributions will enable the Company to achieve its goals. Management's plans to achieve profitable operations are dependent upon its ability to continue sell additional franchises.

Should the Company not achieve its expected levels of revenues, or accurately estimate, control and manage its expenses, management may be required to alter the Company's operating plans. The attainment of profitable operations is dependent upon future events, including achieving a level of franchise fees adequate to fund operating expenses. No assurance can be given that the Company will be able to operate profitably on a consistent basis, or at all, in the future.

6. Note Payable

The Company received a $500,000 Economoc Injury Disaster Loan from the Small Business Administration in May 2020 as a result of the COVID-19 outbreak. Monthly loan payments, including principal and interest of $2,437, begin in December 2022 and continue until maturity in May 2050. Interest will accrue at 3.75%. The debt is secured by assets which totaled $2,687,410 as of November 30, 2021. The outstanding balance on the note as of November 30, 2021 and 2020 totaled $500,000. The aggregate maturities on the note payable are as follows:

2022	$
2023	8,854
2024	9,192
2025	9,543
2026	9,907
Thereafter	462,504
Total	$ 500,000

7. Uncertainties

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen which may have a negative impact on the Company's financial results in the future. The extent of the impact of COVID-19 on the operational and financial performance of the Company will depend on certain developments, including duration and spread of the outbreak, which are uncertain at this time. The extent to which COVID-19 may impact the Company's financial condition or results in the future is uncertain.

8. Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 19, 2022, which is the date the financial statements were available to be issued.

Subsequent to the year ended November 30, 2021, the Company was advanced funds from an entity affiliated by common ownership to fund operations. There are no formal repayment terms and amounts are due on demand. The additional funding received totaled $150,000.

DIESEL BARBERSHOP FRANCHISING LLC

Financial Statements

November 30, 2020 and 2019

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	2
Statements of Operations	3
Statements of Changes in Members' Equity (Deficit)	4
Statements of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6 - 10

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members
Diesel Barbershop Franchising LLC
San Antonio, Texas

We have audited the accompanying financial statements of Diesel Barbershop Franchising LLC (a Texas limited liability company), which comprise the balance sheets as of November 30, 2020 and 2019, and the related statements of operations, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diesel Barbershop Franchising LLC as of November 30, 2020 and 2019, 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.

Thomas, Judy & Tucker, P.A.

Raleigh, North Carolina
March 15, 2021

DIESEL BARBERSHOP FRANCHISING LLC

BALANCE SHEETS

November 30, 2020 and 2019

ASSETS	2020	2019
Current Assets:		
Cash	$ 560,808	$ 141,329
Accounts Receivable	10,590	5,936
Total Assets	$ 571,398	$ 147,265
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts Payable	$	$ 2,450
Royalties Payable		3,606
Accrued Interest	10,041	
Accrued Expenses	29,847	929
Deferred Revenue	270,000	120,000
Due to Related Party	366,193	
Total Current Liabilities	676,081	126,985
Long-Term Liabilities:		
Note Payable	500,000	
Total Liabilities	1,176,081	126,985
Members' Equity (Deficit)	(604,683)	20,280
Total Liabilities and Members' Equity (Deficit)	$ 571,398	$ 147,265

See Accompanying Notes

DIESEL BARBERSHOP FRANCHISING LLC
STATEMENTS OF OPERATIONS
Years Ended November 30, 2020 and 2019

	2020	2019
Revenues:		
Franchise Fees	$ 737,500	$ 1,725,000
Royalty Fees	160,982	69,407
Technology Fee	79,745	53,419
Brand Fund Revenue	21,874	8,460
Marketing Supplies Revenue		6,877
Other Revenue	6,921	1,372
Total Revenues	1,007,022	1,864,535
Expenses:		
General and Administrative Expenses	53,184	20,698
Payroll Expense	354,253	189,069
Occupancy Expense	19,249	34,585
Commission Expense	701,500	1,455,750
Royalties Expense	50,411	30,138
Office Expense	11,629	10,904
Advertising and Promotion	146,671	112,226
Professional Fees	186,023	205,276
Travel Expense	70,059	122,304
Licensing Fees	1,150	300
Miscellaneous Expense	8,992	6,578
Bank Service Charges	1,510	1,553
Franchise Tax	8,869	10,641
Conferences and Training	1,875	20,107
Total Expenses	1,615,375	2,220,129
Other Income (Expense):		
Interest Expense	(10,041)	
Total Other Income (Expense):	(10,041)	
Net Loss	$ (618,394)	$ (355,594)

See Accompanying Notes

DIESEL BARBERSHOP FRANCHISING LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)

Years Ended November 30, 2020 and 2019

Members' Equity, November 30, 2018	$	381,987
Distributions		(6,113)
Net Loss		(355,594)
Members' Equity, November 30, 2019		20,280
Distributions		(6,569)
Net Loss		(618,394)
Members' Deficit, November 30, 2020	$	(604,683)

See Accompanying Notes

DIESEL BARBERSHOP FRANCHISING LLC
STATEMENTS OF CASH FLOWS
Years Ended November 30, 2020 and 2019

	2020	2019
Cash from Operating Activities:		
Net Loss	$ (618,394)	$ (355,594)
Changes in Operating Assets and Liabilities that Provided (Used) Cash:		
Accounts Receivable	(4,654)	(5,936)
Accounts Payable	(2,450)	2,450
Royalties Payable	(3,606)	3,606
Accrued Interest	10,041	
Accrued Expenses	28,918	929
Deferred Revenue	150,000	118,171
Due to Related Party	366,193	
Net Cash Used by Operating Activities	(73,952)	(236,374)
Cash from Financing Activities:		
Proceeds from Note Payable	500,000	
Distributions to Members	(6,569)	(6,113)
Net Cash Provided (Used) by Financing Activities	493,431	(6,113)
Net Increase (Decrease) in Cash	419,479	(242,487)
Cash, Beginning of Year	141,329	383,816
Cash, End of Year	$ 560,808	$ 141,329

See Accompanying Notes

DIESEL BARBERSHOP FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
November 30, 2020 and 2019

1. Summary of Significant Accounting Policies

Business Operations
Diesel Barbershop Franchising LLC (the "Company") was organized on August 9, 2017. The Company is organized to be the franchisor of the Diesel Barbershop franchise system which are retail haircare outlets featuring haircutting, grooming, and barbering services. The Company's fiscal year-end is November 30. The Company's activities are subject to significant risks and uncertainties, including failing to find franchisees and failing to secure additional funding for operating activities.

Ownership
The members shall not be bound by, or personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the operating agreement or as required by law. Prior to November 2020, membership interest in the Company was held by five members. As of November 16, 2020 two members have withdrawn from the Company and forfeited their membership interest. No consideration was paid to the members upon forfeiting their membership interests.

Basis of Accounting
The financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition
Franchise fees are recognized upon substantial completion of the services required by the Company as stated in the franchise agreement. Other fees including royalty fees, brand development and technology fees are recognized when earned. Amounts collected for technology fees in advance of expenditure have been reclassified as deferred revenue. Amounts collected for franchise fees for franchises for which the Company has not performed substantially all obligations as outlined in the franchise agreement as of the end of the year have also been reclassified as deferred revenue. Total deferred revenue as of November 30, 2020 and 2019 was $270,000 and $120,000, respectively.

Allocation of Profit and Loss
In accordance with the operating agreement, net income and loss are allocated to members in proportion to their respective ownership interests after giving effect to all capital account adjustments attributable to contributions and distributions of cash and property made during the year.

Cash Equivalents
The Company considers investments in money market accounts and commercial paper with maturities of 90 days or less to be cash equivalents. At November 30, 2020 and 2019, the Company had no cash equivalents.

1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable
Accounts receivable consist primarily of royalties, brand development, and technology fees due from franchisees. Royalties and brand development fees due from individual franchisees are based upon a share of monthly gross sales. Brand development revenue is used for marketing efforts on behalf of the franchisees. Technology fees are nonrefundable and based upon fixed rates and are used to defray costs of certain technology-related tools maintained by the Company for use by the franchise. Based upon a review of the individual account balances, management has determined that no allowance for doubtful accounts is necessary as of November 30, 2020 and 2019.

Royalties Payable
Royalties payable consist of payments due to two separate consulting and referral companies (one of which is a related party, see Note 2) and are based on a percentage of gross sales of the individual franchisees. Royalties payable totaled $0 and $3,606 at November 30, 2020 and 2019, respectively.

Concentration of Credit Risk
The Company places its cash in a financial institution located in the San Antonio, Texas area. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The risk is managed by maintaining all deposits in high quality financial institutions. At November 30, 2020, the Company had an uninsured balance of $314,943.

Use of Estimates and Assumptions
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. Actual results could differ from those estimates.

Income Taxes
No income tax provision has been included in the financial statements since income or loss of the Company is required to be reported by respective members on their income tax returns.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in income tax returns that require recognition or disclosure in the accompanying balance sheets. The Company is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

Reclassification
Certain prior year amounts have been reclassified to conform with the current year presentation. Such reclassifications had no effect on net loss or members' equity (deficit).

2. Related Party Transactions

The Company entered into a license agreement with one of the members of the Company. The license agreement has a perpetual life. No consideration was paid in connection with entering into the license agreement. The licensor received an equity interest in the Company in exchange for entering into the agreement. Under the license agreement the Company has the right to use the service marks and trademarks identified in the agreement along with any other trademarks, trade names, service marks, logos and other commercial symbols which the licensor uses to identify the products and/or services offered by Diesel Barbershops. In addition, the Company may use designs, color schemes, décor and images which the licensor uses in connection with operation of Diesel Barbershops and the Company may use any confidential and/or proprietary information and know-how related to the operation of Diesel Barbershops. If the licensor determines to establish an advertising or marketing fund to which all or substantially all other Diesel Barbershops contribute, the Company will contribute on an equivalent basis as such as other Diesel Barbershops to such fund in an amount not to exceed 20% of gross revenues. Additionally, this member receives a percentage of franchise fees for franchise sales made exclusively by the member. During the years ended November 30, 2020 and 2019, the Company paid the member $19,000 and $37,000, respectively, for franchise sales commissions. This member also provides consulting services. During the years ended November 30, 2020 and 2019, the Company incurred consulting fees of $40,000 and $32,500, respectively.

In August 2017, the Company entered into a consulting and exclusive franchise sales management agreement with a company owned by two members of the Company. Under the agreement, the Company will pay a consulting fee for services provided, a percentage of the franchise fees for franchise sales made exclusively by the consultants, and a percentage of gross revenues associated with said franchises for royalty fees. During the years ended November 30, 2020 and 2019, the Company incurred professional fees of $40,000 and $120,000, respectively, for consulting services and $363,125 and $703,725, in franchise sales commissions, respectively, related to this agreement. The Company also paid royalty fees to this company based on 1.25% of gross sales of certain franchises. Royalty fees paid during the years ended November 30, 2020 and 2019 totaled $17,247 and $11,461, respectively, and royalty fees due at November 30, 2020 and 2019 were $0 and $476, respectively, which is included in royalties payable in the accompanying balance sheets. The Company also entered into a lease agreement with this company (see Note 3). As of November 30, 2020, the Company had terminated its agreement with the related party company.

In April 2020, the Company was advanced funds from an entity affiliated by common ownership. There are no formal repayment terms and amounts are due on demand. Amounts due to the related party totaled $366,193 and $0 as of November 30, 2020 and 2019, respectively.

3. Operating Lease

In January 2019, the Company entered into a lease agreement for office space located in Cary, North Carolina with a company owned by two members of the Company. Monthly payments are $2,500 and the term of the lease is month to month. Total rent expense for the years ended November 30, 2020 and 2019 was $10,588 and $27,500, respectively. In April 2020, the Company terminated the lease.

4. Commitments and Contingencies

The Company has royalty agreements with its Area Representative Franchises, whereby the Company is required to pay 3% of gross sales for certain franchisees. The Company paid $33,164 and $18,677 under this agreement during the years ended November 30, 2020 and 2019, respectively. Amounts due to the Area Representative Franchises related to royalties at November 30, 2020 and 2019 totaled $0 and $3,130, respectively. Additionally, the agreement provides that the Company will pay a percentage of franchise fees for franchise sales made by the Area Representative Franchises. Amounts paid by the Company related to commissions for franchise sales made by the Area Representative Franchises were $0 and $35,625 during the years ended November 30, 2020 and 2019, respectively.

5. Future Business Risk

As shown in the accompanying financial statements, the Company generated net losses of $618,394 and $355,594 during the years ended November 30, 2020 and 2019, respectively. The accompanying financial statements have been prepared assuming that the Company will operate as a going concern. The members of the Company plan to make capital contributions or provide additional advances to fund operating activities in the event working capital is not sufficient to cover operating expenses. Management believes that cash generated from future operations and continued financial support from the members of the Company in the form of capital contributions will enable the Company to achieve its goals. Management's plans to achieve profitable operations are dependent upon its ability to continue sell additional franchises.

Should the Company not achieve its expected levels of revenues, or accurately estimate, control and manage its expenses, management may be required to alter the Company's operating plans. The attainment of profitable operations is dependent upon future events, including achieving a level of franchise fees to provide adequate to fund operating expenses. No assurance can be given that the Company will be able to operate profitably on a consistent basis, or at all, in the future.

6. Note Payable

The Company received a $500,000 Economoc Injury Disaster Loan from the Small Business Administration in May 2020 as a result of the COVID-19 outbreak. Monthly loan payments, including principal and interest of $2,358, begin in May 2021 and continue until maturity in May 2050. Interest will accrue at 3.75%. The debt is secured by assets which totaled $571,398 as of November 30, 2020. The outstanding balance on the note as of November 30, 2020 and 2019 totaled $500,000 and $0, respectively. The aggregate maturities on the note payable are as follows:

2021	$
2022	10,295
2023	10,688
2024	11,096
2025	11,519
Thereafter	456,402
Total	$ 500,000

7. Uncertainties

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen which may have a negative impact on the Company's financial results in the future. The extent of the impact of COVID-19 on the operational and financial performance of the Company will depend on certain developments, including duration and spread of the outbreak, which are uncertain at this time. The extent to which COVID-19 may impact the Company's financial condition or results in the future is uncertain.

8. Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 15, 2021, which is the date the financial statements were available to be issued.

DIESEL BARBERSHOP FRANCHISING LLC

Financial Statements

November 30, 2019 and 2018

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	2
Statements of Operations	3
Statements of Changes in Members' Equity	4
Statements of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6 - 10

4700 Falls of Neuse Road
Suite 400
Raleigh, NC 27609

T J T

Thomas, Judy & Tucker, P.A.
Certified Public Accountants

300 West Morgan Street
Suite 1450
Durham, NC 27701

INDEPENDENT AUDITORS' REPORT

To the Members
Diesel Barbershop Franchising LLC
San Antonio, Texas

We have audited the accompanying financial statements of Diesel Barbershop Franchising LLC (a Texas limited liability company), which comprise the balance sheets as of November 30, 2019 and 2018, and the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diesel Barbershop Franchising LLC as of November 30, 2019 and 2018, 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.

Thomas, Judy + Tucker, P.A.

Raleigh, North Carolina
March 6, 2020

DIESEL BARBERSHOP FRANCHISING LLC

BALANCE SHEETS

November 30, 2019 and 2018

ASSETS	2019	2018
Current Assets:		
Cash	$ 141,329	$ 383,816
Accounts Receivable	2,675	
Royalties Receivable	2,858	
Brand Fund Receivable	403	
Total Assets	$ 147,265	$ 383,816
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 2,450	$
Royalties Payable	3,606	
Accrued Expenses	929	
Deferred Revenue	120,000	1,829
Total Liabilities	126,985	1,829
Members' Equity	20,280	381,987
Total Liabilities and Members' Equity	$ 147,265	$ 383,816

See Accompanying Notes

DIESEL BARBERSHOP FRANCHISING LLC

STATEMENTS OF OPERATIONS

Years Ended November 30, 2019 and 2018

	2019	2018
Revenues:		
Franchise Fees	$ 1,725,000	$ 2,539,100
Royalty Fees	69,407	
Technology Fee	53,419	9,371
Brand Fund Revenue	8,460	
Marketing Supplies Revenue	6,877	
Other Revenue	1,372	160
Total Revenues	1,864,535	2,548,631
Expenses:		
General and Administrative Expenses	20,698	17,742
Payroll Expense	189,069	56,546
Occupancy Expense	34,585	2,468
Commission Expense	1,455,750	1,995,783
Royalties Expense	30,138	
Office Expense	10,904	10,694
Advertising and Promotion	112,226	70,521
Professional Fees	205,276	168,687
Travel Expense	122,304	23,778
Licensing Fees	300	3,550
Miscellaneous Expense	8,783	4,782
Bank Service Charges	1,553	1,352
Franchise Tax	8,436	
Conferences and Training	20,107	1,381
Total Expenses	2,220,129	2,357,284
Net Income (Loss)	$ (355,594)	$ 191,347

See Accompanying Notes

DIESEL BARBERSHOP FRANCHISING LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
Years Ended November 30, 2019 and 2018

Members' Equity, November 30, 2017	$	190,640
Net Income		191,347
Members' Equity, November 30, 2018		381,987
Distributions		(6,113)
Net Loss		(355,594)
Members' Equity, November 30, 2019	$	20,280

See Accompanying Notes

DIESEL BARBERSHOP FRANCHISING LLC
STATEMENTS OF CASH FLOWS
Years Ended November 30, 2019 and 2018

	2019	2018
Cash from Operating Activities:		
Net Income (Loss)	$ (355,594)	$ 191,347
Changes in Operating Assets and Liabilities that Provided (Used) Cash:		
Accounts Receivable	(2,675)	
Royalties Receivable	(2,858)	
Brand Fund Receivable	(403)	
Accounts Payable	2,450	(45,035)
Royalties Payable	3,606	
Accrued Expenses	929	
Deferred Revenue	118,171	1,829
Net Cash Provided (Used) by Operating Activities	(236,374)	148,141
Cash from Financing Activities:		
Distributions to Members	(6,113)	
Net Cash Used by Financing Activities	(6,113)	
Net Increase (Decrease) in Cash	(242,487)	148,141
Cash, Beginning of Year	383,816	235,675
Cash, End of Year	$ 141,329	$ 383,816

See Accompanying Notes

DIESEL BARBERSHOP FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS
November 30, 2019 and 2018

1. Summary of Significant Accounting Policies

Business Operations
Diesel Barbershop Franchising LLC (the "Company") was organized on August 9, 2017. The Company is organized to be the franchisor of the Diesel Barbershop franchise system which are retail haircare outlets featuring haircutting, grooming, and barbering services. The Company's fiscal year-end is November 30. The Company's activities are subject to significant risks and uncertainties, including failing to find franchisees and failing to secure additional funding for operating activities.

Ownership
Membership interest in the Company is held by five members. The members shall not be bound by, or personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the Operating Agreement or as required by law.

Basis of Accounting
The financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition
Franchise fees are recognized upon substantial completion of the services required by the Company as stated in the franchise agreement. Other fees including royalty fees, brand development and technology fees are recognized when earned. Amounts collected for technology fees in advance of expenditure have been reclassified as deferred revenue. Amounts collected for franchise fees for franchises for which the Company has not performed substantially all obligations as outlined in the franchise agreement as of the end of the year have also been reclassified as deferred revenue. Total deferred revenue for the years ended November 30, 2019 and 2018 was $120,000 and $1,829, respectively.

Allocation of Profit and Loss
In accordance with the operating agreement, net income and loss are allocated to members in proportion to their respective ownership interests after giving effect to all capital account adjustments attributable to contributions and distributions of cash and property made during the year.

Cash Equivalents
The Company considers investments in money market accounts and commercial paper with maturities of 90 days or less to be cash equivalents. At November 30, 2019 and 2018, the Company had no cash equivalents.

Royalties and Brand Fund Receivable
Receivables are reported at the amount management expects to collect from outstanding balances net of any rebates. Differences between the amount due and the amount management expects to collect are reported in the results of operations in the year in which those differences are determined. Balances that are still outstanding after management has used reasonable collection efforts are written off.

1. Summary of Significant Accounting Policies (Continued)

Royalties and Brand Fund Receivable (Continued)
Royalties receivable consist of royalties due from individual franchises based on a share of monthly gross sales. Total royalties due to the Company at November 30, 2019 and 2018 was $2,858 and $0, respectively. Management has determined that no allowance for doubtful accounts is necessary.

Brand Fund receivable consists of brand fund contributions due from individual franchises for their share of gross sales. Brand fund revenue is used for marketing efforts on behalf of the franchisees. Brand fund revenue due to the Company totaled $403 and $0 as of November 30, 2019 and 2018, respectively. Based upon a review of the individual account balances, management has determined that no allowance for doubtful accounts is necessary.

Royalties Payable
Royalties payable consist of payments due to two separate consulting and referral companies (one of which is a related party, see Note 2) and are based on a percentage of gross sales of the individual franchisees. Royalties payable totaled $3,606 and $0 at November 30, 2019 and 2018, respectively.

Concentration of Credit Risk
The Company places its cash in a financial institution located in the San Antonio, TX area. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The risk is managed by maintaining all deposits in high quality financial institutions. At November 30, 2019, the Company did not have any uninsured cash balances.

Use of Estimates and Assumptions
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. Actual results could differ from those estimates.

Income Taxes
No income tax provision has been included in the financial statements since income or loss of the Company is required to be reported by respective members on their income tax returns.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in income tax returns that require recognition or disclosure in the accompanying balance sheets. The Company is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress.

2. Related Party Transactions

The Company entered into a license agreement with one of the members of the Company. The license agreement has a perpetual life. No consideration was paid in connection with entering into the license agreement. The licensor received an equity interest in the Company in exchange for entering into the agreement. Under the license agreement the Company has the right to use the service marks and trademarks identified in the agreement along with any other trademarks, trade names, service marks, logos and other commercial symbols which the licensor uses to identify the products and/or services offered by Diesel Barbershops. In addition, the Company may use designs, color schemes, décor and images which the licensor uses in connection with operation of Diesel Barbershops and the Company may use any confidential and/or proprietary information and know-how related to the operation of Diesel Barbershops. If the licensor determines to establish an advertising or marketing fund to which all or substantially all other Diesel Barbershops contribute, the Company will contribute on an equivalent basis as such as other Diesel Barbershops to such fund in an amount not to exceed 20% of gross revenues. Additionally, this member receives a percentage of franchise fees for franchise sales made exclusively by the member. During the years ended November 30, 2019 and 2018, the Company paid the member $37,000 and $52,500, respectively, for franchise sales commissions. This member also provides consulting services. During the years ended November 30, 2019 and 2018, the Company incurred consulting fees of $32,500 and $30,000, respectively.

In August 2017, the Company entered into a consulting and exclusive franchise sales management agreement with a company owned by two members of the Company. Under the agreement, the Company will pay a consulting fee for services provided, a percentage of the franchise fees for franchise sales made exclusively by the consultants, and a percentage of gross revenues associated with said franchises for royalty fees. During the years ended November 30, 2019 and 2018, the Company incurred professional fees of $120,000 each year for consulting services and $703,725 and $893,685, in franchise sales commissions, respectively, related to this agreement. The Company also paid royalty fees to this company based on 1.25% of gross sales of certain franchises. Royalty fees paid during the years ended November 30, 2019 and 2018 totaled $11,461 and $0, respectively, and royalty fees due at November 30, 2019 and 2018 were $476 and $0, respectively, which is included in royalties payable in the accompanying balance sheets. The Company also entered into a lease agreement with this company (see Note 3).

3. Operating Lease

In January 2019, the Company entered into a lease agreement for office space located in Cary, North Carolina with a company owned by two members of the Company. Monthly payments are $2,500 and the term of the lease is month to month. Total rent expense for the years ended November 30, 2019 and 2018 was $27,500 and $0, respectively.

4. Commitments and Contingencies

The Company has royalty agreements with its Area Representative Franchises, whereby the Company is required to pay 3% of gross sales for certain franchisees. The Company paid $18,677 and $0 under this agreement during the years ended November 30, 2019 and 2018, respectively. Amounts due to the Area Representative Franchises related to royalties at November 30, 2019 and 2018 were $3,130 and $0, respectively. Additionally, the agreement provides that the Company will pay a percentage of franchise fees for franchise sales made by the Area Representative Franchises. Amounts paid by the Company related to commissions for franchise sales made by the Area Representative Franchises were $35,625 and $23,958 during the years ended November 30, 2019 and 2018, respectively.

5. Liquidity

The members of the Company plan to make capital contributions or provide additional advances to fund operating activities in the event working capital is not sufficient to cover operating expenses. Management believes that cash generated from future operations and continued financial support from the members of the Company in the form of capital contributions will enable the Company to achieve its goals. Management's plans to achieve profitable operations are dependent upon its ability to continue sell additional franchises.

Should the Company not achieve its expected levels of revenues, or accurately estimate, control and manage its expenses, management may be required to alter the Company's operating plans. The attainment of profitable operations is dependent upon future events, including achieving a level of franchise fees to provide adequate to fund operating expenses. No assurance can be given that the Company will be able to operate profitably on a consistent basis, or at all, in the future.

6. New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued new guidance for revenue recognition related to contracts with customers. The new guidance provides a single framework in which revenue is required to be recognized to depict the transfer of goods or services to customers in amounts that reflect the consideration to which a company expects to be entitled in exchange for those goods or services.

The adoption of the new guidance will change the timing of recognition of franchise fees. Currently, these fees are generally recognized upfront upon substantial completion of the services required by the Company as stated in the franchise agreement. The new guidance will generally require these fees to be recognized over the term of the related franchise license for the respective barbershop, which will result in a material impact to revenue recognized for initial franchise fees and renewal fees. The new guidance will not materially impact the recognition of royalty income.

The new guidance is effective for the Company in fiscal year 2020. The Company continues to evaluate the impact the adoption of this new guidance will have on its financial statements.

7. Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 6, 2020, which is the date the financial statements were available to be issued.

EXHIBIT E

TO THE DIESEL BARBERSHOP FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

© 2022 Diesel Barbershop Franchising, LLC

ADDITIONAL STATE DISCLOSURES

If the franchise is located in or if franchisee is a resident of any of the following states, then the designated provisions in the Franchise Disclosure Document ("Disclosure Document") and Franchise Agreement will be amended as follows:

ILLINOIS

ADDENDUM TO DISCLOSURE DOCUMENT

1. The "**Summary**" section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety.

2. The "**Summary**" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

   Illinois law applies.

2. Illinois law governs the agreement(s) between the parties to this franchise.

3. Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that arbitration may take place outside of Illinois. 815 ILCS 705/4 (West 2010)

4. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. 815 ILCS 705/41 (West 2010)

5. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

© 2022 Diesel Barbershop Franchising, LLC

ILLINOIS

AMENDMENT TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

The Franchise Agreement and Development Agreement are specifically amended as follows:

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987 (as amended), the parties to the attached Franchise Agreement ("**Agreement**") agree as follows:

1. Governing Law.

   a. Section 16.1 of the Franchise Agreement, "**GOVERNING LAW,**" is deleted in its entirety and replaced with the following:

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), THE FEDERAL ARBITRATION ACT, OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF ILLINOIS.

   b. Section 21(A) of the Development Agreement is hereby amended to provide that Illinois law governs the agreements between the parties to this franchise.

2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement/development agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement/development agreement may provide for arbitration in a venue outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Act provide that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void. Accordingly, insofar as the Franchise Agreement requires you to waive your rights under the Illinois franchise law, these requirements are deleted from the Franchise Agreement. This provision will not prevent the franchisor from requiring you to sign a general release of claims as part of a negotiated settlement of a dispute or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Diesel Barbershop Franchising, LLC	Franchisee:_____
By: _____	By: _____
Title:_____	Title: _____

© 2022 Diesel Barbershop Franchising, LLC

MICHIGAN

ADDENDUM TO DISCLOSURE DOCUMENT

The following disclosures are required by the State of Michigan:

1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

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

B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

C. A provision that permits a franchisor to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

D. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

E. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

F. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

G. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

1) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

© 2022 Diesel Barbershop Franchising, LLC

3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

H. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (C).

I. A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.

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

3. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be direct to:

State of Michigan
Consumer Protection Division
Attention: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, MI 48933
(517) 373-1160

Note: Despite paragraph F above, we intend to enforce fully the provisions of the arbitration section contained in the Franchise Agreement. We believe that paragraph F is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as well.

© 2022 Diesel Barbershop Franchising, LLC

MINNESOTA

ADDENDUM TO DISCLOSURE DOCUMENT

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

1. Item 6 Other Fees is amended as follows:

Notwithstanding anything in the Disclosure Document to the contrary, NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

2. Item 13 **Trademarks** is amended by adding the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

3. Item 17 Renewal, Termination, Transfer and Dispute Resolution is amended by adding the following:

A. Renewal and Termination

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

B. Choice of Forum

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

C. Releases

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

These franchises have been registered under the Minnesota Franchise Act, registration does not constitute approval, recommendation, or endorsement by the Commissioner of Commerce of Minnesota or a finding by the Commissioner that the information provided herein is true, complete, and not misleading.

The Minnesota Franchise Act makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the franchisee, at least 7 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 7 days prior to the payment of any consideration, by the franchisee, whichever occurs first, a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and the franchisee.

© 2022 Diesel Barbershop Franchising, LLC

MINNESOTA

AMENDMENT TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement ("Agreement") agree as follows:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.

The franchisee cannot consent to franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. *See* Minn. Rule 2860.4400J. A court will determine if a bond is required.

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any claims brought pursuant to the Minnesota Franchises Act, § 80.C.01 et seq. must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Diesel Barbershop Franchising, LLC	Franchisee:_____
By: _____	By: _____
Title: _____	Title: _____

© 2022 Diesel Barbershop Franchising, LLC

NEW YORK

ADDENDUM TO DISCLOSURE DOCUMENT

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 THAT ANYTHINGIN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE ORPROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH 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:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptivepractices, 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 felonycharge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor chargeor 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 personfrom membership in such association or exchange; or is subject to a currently effective

© 2022 Diesel Barbershop Franchising, LLC

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, actionsaffecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions forfranchisor approval of transfer**":

> However, to the extent required by applicable law, all rights you enjoy and any causes ofaction 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 "**Terminationby 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 offorum**", 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 upon the franchisee by Article 33 of the General Business Law ofthe State of New York

© 2022 Diesel Barbershop Franchising, LLC

EXHIBIT F

TO THE DIESEL BARBERSHOP FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AND FRANCHISEES WHO HAVE LEFT OUR SYSTEM

© 2022 Diesel Barbershop Franchising, LLC

LIST OF OPEN FRANCHISEES AS OF NOVEMBER 30, 2021

Name	Address	City, State, Zip	Contact Phone
Bret and Shannon Smith	15033 N. Thompson Peak Pkwy. Ste. D107	Scottsdale, AZ 85260	(480) 272-7158
Gary & Evan Mallernee	5131 West 120th St.	Broomfield, CO 80020	(720) 600-6753
Eric Bauer	5016 Gate Parkway Unit 4	Jacksonville, FL 32256	(904) 256-4184
Peter Briggs	7754 McGinnis Ferry Rd.	Suwanee, GA 30024	(470) 655-5001
Robert Barclay	3030 Winghaven Blvd.	O'Fallon, MO 63368	(636) 330-0031
Majed Alyatim	2432 Highway K	O'Fallon, MO 63368	(636) 565-6336
Greg Warner & Kerry Heusel	7175 W. Lake Mead Blvd., Suite 145	Las Vegas, NV 89128	(725) 251-1700
Kelly and Matt Smentek	1945 Medical Drive Bldg D Suite 300 (1900 Ranch Rd. 620 S.)	Austin, TX 78734	(512) 777-2889
Edward, Richard and John Harvey	6859 Arapaho Rd., Suite #607	Dallas, TX 75248	(972) 872-8665
Edward, Richard and John Harvey	1654 FM 423, Suite 200	Frisco, TX 75034	(972) 872-8665
Ranjit Pal	22140 Westheimer Pkwy., #150	Katy, TX 77450	(832) 834-4344
Ranjit Pal	3351 Westpark Drive	Houston, TX 77005	(832) 834-4344
Edward, Richard and John Harvey	3905 W. University Dr., #130	McKinney, TX 75071	(214) 501-5724
Sangeeta Khorana	18921 University Blvd., Suite 910	Sugarland, TX 77479	(281) 890-9900
Wes DeNeve	24811 Katy Freeway Ste. 200	Katy, TX 77494	(832) 617-1073
Eric & Maryjo Jones	2994 Gold Court	Delafield, WI 53018	(262) 217-1105

© 2022 Diesel Barbershop Franchising, LLC

Name	Address	City, State, Zip	Contact Phone
Eric & Maryjo Jones	120 West Town Square Way	Oak Creek, WI 53154	(262) 217-1105
Dan Moriarty	137 Center Square Dr, Suite C	Mooresville, NC 28117	(980) 444-5217
Mike Baker	155 Bartram Market Drive, Suite 114	Jacksonville, FL 32259	(904) 671-7306
Spencer and Garrett Watkins	1150 State Street, Ste 170	Richardson, TX 75082	(469) 207-1815
Frank Louis	3013 Yamato Rd Suite B17	Boca Raton, FL 33434	(561) 717-7991
Yogish Patel	9615 Spring Green Blvd. Suite 600	Katy, TX 77494	(281) 769-3602
Amanda Jerez	3929 1/2 Butler St	Pittsburgh, PA 15201	(412) 910-9301
Bo Maness	504 Nexton Square Drive	Summerville, SC 29486	(843) 868-8151

LIST OF ACTIVE AREA REPRESENTATIVES AS OF ISSUE DATE

Name	Address	City, State, Zip	Contact Number
Eric Bauer	5016 Gate Parkway Unit #4	Jacksonville, FL 32256	(678) 427-6327
Majed Alyatim	2432 Highway K	O'Fallon, MO 63368	(636) 565-6336
Dan Moriarty	137 Center Square Dr, Suite C	Mooresville, NC 28117	(980) 444-5217
Ray Bruening	235 Lake Forest Drive SW	Pinehurst, NC 28374	(720) 412-2222
Greg Warner	7175 W Lake Mead Blvd Suite #145	Las Vegas, NV 89128	(725) 251-1700
Amanda Jerez	3929 1/2 Butler St	Pittsburgh, PA 15201	(412) 910-9301
Edward, Richard and John Harvey	3905 W. University Drive Suite 200	McKinney, TX 75071	(806) 584-9113

© 2022 Diesel Barbershop Franchising, LLC

SOLD BUT UNOPENED FRANCHISEES AS OF NOVEMBER 30, 2021

Name	City and State	Contact Phone	Number of Signed Franchise Agreements
Wyron & Jennifer Bobis	Phoenix, AZ	(480) 280-4057	1
Sam Botros	Raleigh, NC	(551) 655-1357	1
Ray Bruening	Raleigh, NC	(720) 412-2222	1
Adam Remington	Dallas, TX	(469) 450-8563	1
Edward, John & Richard Harvey	Flower Mound, TX	(214) 501-5724	2
Numan Dharani	McKinney, TX	(979) 575-3127	1
Ryan & Molly Wilgreen	Menasha, WI	(920) 960-9847	1
Vicki Shamion	Milwaukee, WI	(262) 804-7360	1
Terri O'Donnell	Milwaukee, WI		1

LIST OF FRANCHISEES THAT HAVE LEFT THE SYSTEM IN THE PAST FISCAL YEAR OR THAT HAVE FAILED TO COMMUNICATE WITH US IN THE 10 WEEKS PRECEDING THE ISSUE DATE OF THIS DISCLOSURE DOCUMENT

None

Name	Address	City, State, Zip	Contact Number	Number of Franchise Agreements Terminated

EXHIBIT G

TO THE DIESEL BARBERSHOP FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

© 2022 Diesel Barbershop Franchising, LLC

Operations Manual
Table of Contents

Introduction to the Diesel Barbershops® Operations Manual
How to Use this Manual
Confidentiality of the Operations Manual
Keeping the Operations Manual Current

SECTION 1: INTRODUCTION

1.1 Welcome Letter
1.2 Diesel Barbershop® History
1.3 Diesel Barbershop® Culture, Mission and Vision
1.4 Franchisee/Franchisor Responsibilities
- 1.4.1 Relationship and Roles
- 1.4.2 Training and Support
- 1.4.3 Who's Who
- 1.4.4 Submitting Suggestions

1.5 Opening Checklist

SECTION 2: ESTABLISHING THE BUSINESS

2.1 Business Overview
- 2.1.1 Your Business is a Startup
- 2.1.2 Business Structure
- 2.1.3 Overview of Entity Choices
- 2.1.4 Naming Your Entity
- 2.1.5 Banking

2.2 Site Selection Process
- 2.2.1 Site Selection Criteria
- 2.2.2 Seeking Approval of Proposed Sites
- 2.2.3 Letter of Intent
- 2.2.4 Lease Considerations
- 2.2.5 Hiring a Real Estate Attorney
- 2.2.6 Lease Negotiation and Approval

2.3 Licenses, Permits and Taxes
- 2.3.1 Introduction
- 2.3.2 Business Licenses and Permits
- 2.3.3 Tax Registrations and Payments
- 2.3.4 State Information Websites
- 2.3.5 Recommended Professional Memberships

2.4 Training
- 2.4.1 Initial Training
- 2.4.2 Training Outline
- 2.4.3 Ongoing Training and Online Resources

2.5 Setting Up Your Barbershop
- 2.5.1 Build Out
- 2.5.2 Construction and Signage Specifications
- 2.5.3 Required Fixtures, Furnishings and Equipment

2.6 Initial Inventory and Supplies
- 2.6.1 List of Approved Suppliers
- 2.6.2 Required Supplies and Inventory Items
- 2.6.3 Initial Inventory

2.7 Utilities/Services
2.8 Uniforms/Team Member Appearance
2.9 Insurance Coverage
- 2.9.1 General Insurance Requirements
- 2.9.2 Minimum Coverage Amounts

SECTION 3: PERSONNEL

3.1 Introduction
3.2 Employment Law Basics
- 3.2.1 Employee Rights/Employer Responsibilities
- 3.2.2 Federal Regulations on Employment Relationships
- 3.2.3 State Employment Laws
- 3.2.4 OSHA

3.3 Job Responsibilities and Employee Profiles
- 3.3.1 Job Descriptions
- 3.3.2 Profile of Ideal Employee

3.4 Recruiting Employees
- 3.4.1 Sources of Employee Candidates
- 3.4.2 Job Advertisements

3.5 Job Applications and Hiring Laws
- 3.5.1 Application Form
- 3.5.2 Confidentiality of Applications
- 3.5.3 Hiring Laws

3.6 Interviewing Job Applicants
- 3.6.1 Preparing for Interviews
- 3.6.2 Conducting Successful Interviews
- 3.6.3 Questions to Avoid

3.7 Employment Records
3.8 New Employee Paperwork
3.9 New Employee Orientation
3.10 New Employee Training
3.11 Personnel Policies
- 3.11.1 Introduction
- 3.11.2 Communicating Work Rules

3.12 Employee Scheduling
3.13 Performance Evaluations

SECTION 4: OPERATING PROCEDURES

4.1 Introduction
4.2 Types of Services
- 4.2.1 The Diesel Plus
- 4.2.2 Regular Diesel
- 4.2.3 Fades & Flat Tops
- 4.2.4 Full Service
- 4.2.5 Hippie Cut
- 4.2.6 Partial Shave
- 4.2.7 Face Shave
- 4.2.8 Head Shave
- 4.2.9 Basic Beard Trim
- 4.2.10 Beard Trim & Line Up
- 4.2.11 George Clooney
- 4.2.12 Wax Job
- 4.2.13 Clean Up

4.3 The Importance of Client Satisfaction
- 4.3.1 Client Service Experience
  - 4.3.1.1 The Welcome
  - 4.3.1.2 The Consultation
  - 4.3.1.3 Service & Product Discussion
  - 4.3.1.4 Schedule Next Appointment
  - 4.3.1.5 Cash Out and Thank
- 4.3.2 Performance Reports
- 4.3.3 Handling Inquiries, Questions and Complaints

4.4 Hours of Operations
4.5 Cleaning and Maintenance Guidelines
- 4.5.1 General Interior of Barbershop
- 4.5.2 Specific Equipment
- 4.5.3 General Exterior of Barbershop

4.6 Retail Products
- 4.6.1 Ordering
- 4.6.2 Inventory
- 4.6.3 Product Placement

4.7 Office Responsibilities
- 4.7.1 Daily Activities
- 4.7.2 Accounting
- 4.7.3 Banking Procedures
- 4.7.4 Payroll
- 4.7.5 Scheduling
- 4.7.6 Daily Shop Journal

4.8 Safety and Security Procedures
- 4.8.1 Building Security
- 4.8.2 Fire
- 4.8.3 Bloodborne Pathogen Safety
- 4.8.4 Preventing and Handling Accidents
- 4.8.5 OSHA – Material Safety Data Sheets

4.9 POS System
- 4.9.1 Introduction
- 4.9.2 Clocking In
- 4.9.3 Scheduling Appointments
- 4.9.4 Team Scheduling
- 4.9.5 Cashing Out
- 4.9.6 Discounts

4.10 Franchise Fees and Reporting Requirements
- 4.10.1 Royalty Fee
- 4.10.2 Brand Development Fee
- 4.10.3 Technology Fee
- 4.10.4 Required Reports
- 4.10.5 Financial Statements
- 4.10.6 Standard Chart of Accounts

SECTION 5: MARKETING

5.1 Promoting Your Business
- 5.1.1 Your General Obligations
- 5.1.2 Marketing Standards
- 5.1.3 Web Site/Web Design

5.2 Logo Specifications and Brand Standards
- 5.2.1 Logo Design
- 5.2.2 Brand Identity Guide
- 5.2.3 Communication of Brand in Digital Marketing

5.3 Required Marketing Expenditures
- 5.3.1 Local Marketing Requirements
- 5.3.2 Ordering Marketing and Advertising Materials

5.4 Obtaining Marketing Approval

5.5 Local Marketing
- 5.5.1 Introduction
- 5.5.2 Networking
- 5.5.3 Internet/SEO/SEM
- 5.5.4 E-mail and Newsletters
- 5.5.5 Print
- 5.5.6 Direct Mail
- 5.5.7 Social Media
- 5.5.8 Outdoor/Bill Boards
- 5.5.9 Signs

5.6 Public Relations and Community Involvement
5.6.1 Local Chamber of Commerce
5.6.2 Community Service
5.6.3 Sponsorships
5.6.4 Press Release

EXHIBITS

Exhibit

Total pages: 211

EXHIBIT H

TO THE DIESEL BARBERSHOP FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE RELEASE AGREEMENT

© 2022 Diesel Barbershop Franchising, LLC

SAMPLE RELEASE AGREEMENT

In consideration for the consent of Diesel Barbershop Franchising, LLC (the "Franchisor"), to the assignment by _____("Franchisee") of its interest in that certain franchise agreement entered into by and between Franchisor and Franchisee dated _____ (the "Franchise Agreement"), Franchisee and its principals hereby remises, releases, and forever discharges Franchisor, its affiliates, parents, subsidiaries, principals, officers, directors and employees and agents, and their respective successors, assigns, heirs and personal representatives, from all debts, covenants, liabilities, actions, and causes of action of every kind and nature through the date of this Release, including but not limited to those arising out of or existing under (a) the Franchise Agreement and the parties respective rights and obligations thereunder, (b) the offer and sale of the franchised business described therein, and (c) the franchise relationship between the parties hereto, whether in law or in equity. Franchisee acknowledges that this Release is intended to release all claims held by any person against the parties to be released, arising out of any of the matters to be released.

This Release has been entered into and agreed to as of the _____ day of _____, 20____

FRANCHISEE:

By: _____

Print Name: _____

By: _____

Print Name: _____

© 2022 Diesel Barbershop Franchising, LLC

EXHIBIT I

TO THE DIESEL BARBERSHOP FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF AREA REPRESENTATIVES

© 2022 Diesel Barbershop Franchising, LLC

LIST OF AREA REPRESENTATIVES

AREA, JACKSONVILLE, FLORIDA

Eric Bauer

Mr. Bauer has been our Area Representative for the State of Florida since December 2018 through his ownership of E. Bauer Enterprises, LLC located in Ponte Verde, Florida.

AREA, ST. LOUIS, MISSOURI

Majed Alyatim

Mr. Alvatim has been our Area Representative for the State of Missouri since December 2019 through his ownership of Ellen LLC located in St. Peters, Missouri.

AREA, CHARLOTTE, NORTH CAROLINA

Dan Moriarty

Mr. Moriarty has been our Area Representative for Charlotte, North Carolina since August 2019 through his ownership of Area Representative Charlotte, LLC located in Charlotte, North Carolina.

AREA, RALEIGH-DURHAM, GREENSBORO AND WINSTON-SALEM, NORTH CAROLINA

Ray Bruening

Mr. Bruening has been our Are Representative for the State of North Carolina in the Raleigh-Durham, Greensboro, and Winston-Salem areas since June 2020 through his ownership of Black Ink Assets, Inc. located in Pinehurst, North Carolina.

AREA, LAS VEGAS, NEVADA

Greg Warner and Kerry Heusel

Mr. Warner and Ms. Heusel have been our Area Representatives in Las Vegas, Nevada since June 2018 through their ownership of Desert Star Enterprises, LLC located in Las Vegas, Nevada.

AREA, PITTSBURGH/WESTERN PENNSYLVANIA

Amanda Jerez

Ms. Jerez has been our Area Representative for Pittsburgh/Western Pennsylvania in the State of Pennsylvania since September 2019 through her ownership of Pittsburgh Manliness Inc. located in Glenshaw, Pennsylvania.

AREA, DALLAS, DALLAS-FT. WORTH, TYLER-LONGVIEW, TEXAS

Edward, Richard and John Harvey

Mr. Edward Harvey, Mr. Richard Harvey and Mr. John Harvey have been our Area Representatives for the State of Texas since July 2018 through their ownership of Harvey Big Adventures, LLC located in Amarillo, Texas.

© 2022 Diesel Barbershop Franchising, LLC

EXHIBIT J

TO THE DIESEL BARBERSHOP FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

© 2022 Diesel Barbershop Franchising, LLC

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, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	NOT REGISTERED
Florida (exemption)	December 29, 2021
Hawaii	NOT REGISTERED
Illinois	NOT REGISTERED
Indiana	
Kentucky*	January 9, 2018
Maryland	NOT REGISTERED
Michigan	April 27, 2021
Minnesota	NOT REGISTERED
Nebraska*	December 29, 2017
New York	NOT REGISTERED
North Dakota	NOT REGISTERED
Rhode Island	NOT REGISTERED
South Dakota	NOT REGISTERED
Texas*	December 11, 2017
Utah	January 25, 2022
Virginia	NOT REGISTERED
Washington	NOT REGISTERED
Wisconsin	

*One-time filing, perpetual registration.

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.

© 2022 Diesel Barbershop Franchising, LLC

EXHIBIT K

TO THE DIESEL BARBERSHOP FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

© 2022 Diesel Barbershop Franchising, LLC

RECEIPTS (YOUR COPY)

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 Diesel Barbershop Franchising, LLC offers you a franchise it must provide this Disclosure Document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we 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 Diesel Barbershop 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of our agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

The Issue Date of this Disclosure Document is March 31, 2022 .

I have received a Franchise Disclosure Document with an issue date of March 31,2022 , which contained the following Exhibits.

A. List of State Franchise Administrators/Agents for Service of Process
B. Franchise Agreement (and Exhibits)
C. Development Agreement (and Exhibits)
D. Financial Statements
E. State Specific Addenda
F. List of Franchisees and Franchisees That Left Our System
G. Operations Manual Table of Contents
H. Sample Termination and Release Agreement
I. List of Area Representatives
J. State Effective Dates
K. Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows: Shayne Brown, Diesel Barbershop Franchising, LLC, 11255 Hubner Road, Suite 104, San Antonio, TX 78230, (919) 446-8163.

_____

_____

If an individual:

By: _____

Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

By: _____

Name: _____

Title: _____

Name of Entity: _____

Address: _____

Date: _____

© 2022 Diesel Barbershop Franchising, LLC

RECEIPTS (OUR COPY)

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 Diesel Barbershop Franchising, LLC offers you a franchise it must provide this Disclosure Document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we 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 Diesel Barbershop 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of our agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

The Issue Date of this Disclosure Document is March 31, 2022.

I have received a Franchise Disclosure Document with an issue date of March 31, 2022, which contained the following Exhibits.

A. List of State Franchise Administrators/Agents for Service of Process
B. Franchise Agreement (and Exhibits)
C. Development Agreement (and Exhibits)
D. Financial Statements
E. State Specific Addenda
F. List of Franchisees and Franchisees That Left Our System
G. Operations Manual Table of Contents
H. Sample Termination and Release Agreement
I. List of Area Representatives
J. State Effective Dates
K. Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows: Shayne Brown, Diesel Barbershop Franchising, LLC, 11255 Hubner Road, Suite 104, San Antonio, TX 78230, (919) 446-8163.

_____

_____

<u>If an individual:</u>

By: _____

Name: _____

Date: _____

Telephone Number: _____

<u>If a Partnership, Corporation or Limited Liability Corporation:</u>

By: _____

Name: _____

Title: _____

Name of Entity: _____

Address: _____

Date: _____

© 2022 Diesel Barbershop Franchising, LLC